

CITY OF MELROSE, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2023

Cover photo: The Gazebo at Ell Pond



Tower at Melrose's Mt. Hood

CITY OF MELROSE, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



YEAR ENDED JUNE 30, 2023

Prepared by:

Patrick D. Dello Russo, Chief Financial Officer / Auditor

CITY OF MELROSE, MASSACHUSETTS
ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30, 2023

TABLE OF CONTENTS

| | |
|--|-----------|
| Introductory Section | 1 |
| Letter of Transmittal..... | 3 |
| Organizational Chart | 12 |
| Principal Executive Officers..... | 13 |
| Financial Section | 15 |
| Independent Auditor's Report | 17 |
| Management's Discussion and Analysis..... | 20 |
| Basic Financial Statements..... | 28 |
| Statement of net position..... | 29 |
| Statement of activities | 30 |
| Governmental funds – balance sheet..... | 32 |
| Reconciliation of the governmental funds balance sheet total fund balances to the statement of net position..... | 33 |
| Governmental funds – statement of revenues, expenditures and changes in fund balances | 34 |
| Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities | 35 |
| Proprietary funds – statement of net position..... | 36 |
| Proprietary funds – statement of revenues, expenses and changes in net position..... | 37 |
| Proprietary funds – statement of cash flows | 38 |
| Fiduciary funds – statement of fiduciary net position | 39 |
| Fiduciary funds – statement of changes in fiduciary net position..... | 40 |
| Notes to basic financial statements..... | 41 |
| Required Supplementary Information | 82 |
| General fund budgetary schedule | 83 |
| Schedule of revenues, expenditures and changes in fund balance – general fund – budget and actual | 84 |
| Pension plan schedules – Retirement System..... | 89 |
| Schedule of changes in the net pension liability and related ratios..... | 90 |
| Schedule of contributions | 92 |
| Schedule of investment returns | 93 |
| Pension plan schedules – City | 94 |
| Schedule of the City's proportionate share of net pension liability | 95 |
| Schedule of the City's contributions..... | 96 |
| Schedule of the special funding amounts of the net pension liability | 97 |
| Other postemployment benefit plan schedules | 98 |
| Schedule of changes in the City's net OPEB liability and related ratios..... | 99 |

| | |
|--|------------|
| Schedule of the City's contributions..... | 100 |
| Schedule of investment returns | 101 |
| Notes to required supplementary information | 102 |
| Combining Fund Statements..... | 106 |
| Nonmajor governmental funds..... | 107 |
| Nonmajor governmental funds – combining balance sheet | 108 |
| Nonmajor governmental funds – combining statement of revenues, expenditures, and changes in fund balances | 110 |
| Statistical Section..... | 113 |
| Net position by component – last ten years | 114 |
| Changes in net position – last ten years | 115 |
| Fund balances, governmental funds – last ten years..... | 117 |
| Changes in fund balances, governmental funds – last ten years | 118 |
| Assessed value and actual value of taxable property by classification and tax rates – last ten years | 119 |
| Principal taxpayers – current year and nine years ago..... | 120 |
| Property tax levies and collections – last ten years | 121 |
| Ratios of outstanding debt by type – last ten years | 122 |
| Ratios of outstanding debt and general bonded debt – last ten years..... | 123 |
| Direct and overlapping governmental activities debt – as of June 30, 2023..... | 124 |
| Computation of legal debt margin – last ten years..... | 125 |
| Demographic and economic statistics – last ten years | 126 |
| Principal employers (excluding City) – current year and nine years ago..... | 127 |
| Full-time equivalent City employees by function – last ten years | 128 |
| Operating indicators by function/program – last ten years..... | 129 |
| Capital asset statistics by function/program – last ten years | 130 |
| Free cash and stabilization fund balances – last ten years | 131 |

Introductory Section



Melrose Public Library

Introductory Section

This page intentionally left blank.



CITY OF MELROSE

AUDITOR'S OFFICE

PATRICK D. DELLORUSSO
CFO/CITY AUDITOR

City Hall, 562 Main Street
Melrose, Massachusetts 02176
Telephone - (781) 665-2377
Fax - (781) 662-2182

Letter of Transmittal

January 29, 2024

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, 2023.

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, 2023, 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, 2023 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion of the City of Melrose's financial statement for the year ended June 30, 2023 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 \$126,305 compared to \$96,505 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 \$733,465 (based upon calendar 2022 sales data), an increase of approximately 4.0% 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.

Commercial vacancies in the downtown and the neighborhood commercial districts continue to be rare, as small retail and food businesses continue to be attracted to Melrose and several new establishments have opened.

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 \$10.0 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 16.1% 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 \$2.5 million 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 a direct grant in the amount of \$2,932,394 and our reallocation through the Middlesex County Federal ARPA Assessment of \$5,441,780 for a total of \$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. This past year the City provided over \$2.9 million in supplementing funding to assist the School District address Special Education and Transportation expenses. 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 \$8.9 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 under \$4 million dollars. The City's goal is to have the fund equate to 5% of the operating budget. In Fiscal 2023 that amount would be just over \$4.7 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 just over \$1 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. \$1 million. 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 just under \$505,000 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 \$354,000. The target balance for this fund is \$750,000.
- **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 just under \$1.2 million. 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 \$72,000 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 \$208,000. 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 \$749,000.

Financial Practices – Standard & Poor's

The City, through its prudent financial planning, saw its bond rating reaffirmed recently and earlier (September 6, 2023) 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.
- **Strong budgetary flexibility**, with an available fund balance in fiscal 2022 of 19.5% of operating expenditures.
- **Very strong liquidity**, with total government available cash at 21% of total government expenditures and debt service at 4.4% of governmental expenditures, 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. 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 unflinching support for maintaining the highest standards of professionalism in the management of the City of Melrose.

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

Sincerely,

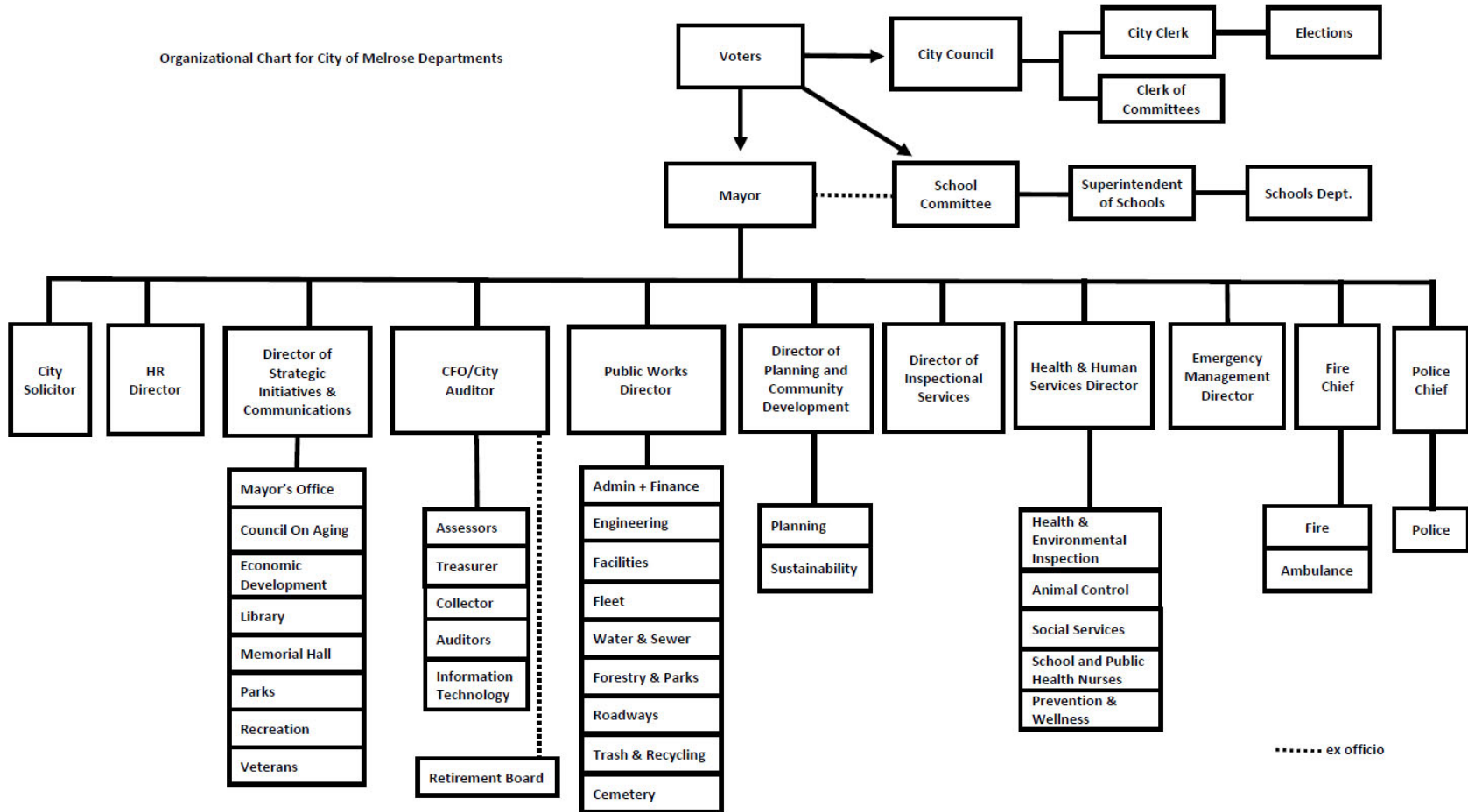
Patrick D. Dello Russo

Patrick D. Dello Russo,
Chief Financial Officer / Auditor

This page intentionally left blank.

Informational City of Melrose Organizational Chart

Organizational Chart for City of Melrose Departments



..... ex officio

*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, 2023

| 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 Obremski | 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 | |

This page left intentionally blank.

Financial Section



Melrose City Hall

Financial Section

This page left intentionally blank.

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, 2023, (except for the Melrose Contributory Retirement System which is as of and for the year ended December 31, 2022), 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, 2023 (except for the Melrose Contributory Retirement System which is as of and for the year ended December 31, 2022), 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.

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 January 29, 2024, 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.



January 29, 2024

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, 2023. 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 \$87.6 million (net position).
- At the end of the current year, the City's general fund reported an ending fund balance of \$21.1 million, a decrease of \$2.0 million in comparison with the prior year. This total represents 19.2% of total general fund expenditures.
- The net other postemployment benefit (OPEB) liability year-end balance totaled \$167.7 million.
- The net pension liability (NPL) year-end balance totaled \$61.8 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 \$87.6 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, \$99.7 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, \$7.0 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 \$194.3 million. The primary reason for this deficit balance is the recognition of other postemployment benefit liabilities totaling \$167.7 million and a net pension liability of \$61.8 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 \$199.5 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 decreased the City's net position by \$1.3 million. Key components of the City's governmental-type activities follow.

| | 2023 | 2022 |
|--|-------------------------|-------------------------|
| Assets: | | |
| Current assets..... | \$ 47,202,614 | \$ 43,897,704 |
| Noncurrent assets (excluding capital)..... | 1,178,742 | 1,369,961 |
| Capital assets, nondepreciable..... | 21,147,154 | 11,871,378 |
| Capital assets, net of accumulated depreciation..... | 94,817,888 | 97,512,152 |
| Total assets..... | 164,346,398 | 154,651,195 |
| Deferred outflows of resources..... | 28,559,381 | 31,909,821 |
| Liabilities: | | |
| Current liabilities (excluding debt)..... | 9,596,767 | 4,807,135 |
| Noncurrent liabilities (excluding debt)..... | 224,303,058 | 203,403,695 |
| Current debt..... | 10,432,870 | 5,868,648 |
| Noncurrent debt..... | 32,203,069 | 36,455,906 |
| Total liabilities..... | 276,535,764 | 250,535,384 |
| Deferred inflows of resources..... | 31,676,900 | 50,050,027 |
| Net position: | | |
| Net investment in capital assets..... | 77,161,027 | 72,061,536 |
| Restricted..... | 6,991,895 | 6,151,749 |
| Unrestricted..... | (199,459,807) | (192,237,680) |
| Total net position..... | \$ (115,306,885) | \$ (114,024,395) |

| | <u>2023</u> | <u>2022</u> |
|---|----------------------|----------------------|
| Program Revenues: | | |
| Charges for services..... \$ | 11,451,600 | \$ 10,207,141 |
| Operating grants and contributions..... | 31,220,942 | 30,096,746 |
| Capital grants and contributions..... | 3,248,236 | 1,843,586 |
| General Revenues: | | |
| Real estate and personal property taxes, net of tax refunds payable..... | 72,819,400 | 70,666,950 |
| Tax and other liens..... | 669,446 | 825,460 |
| Motor vehicle and other excise taxes..... | 4,797,365 | 4,382,534 |
| Penalties and interest on taxes..... | 278,316 | 357,284 |
| Grants and contributions not restricted to specific programs..... | 6,317,231 | 6,807,550 |
| Unrestricted investment income (loss)..... | 890,157 | (47,421) |
| Total revenues..... | 131,692,693 | 125,139,830 |
| Expenses: | | |
| General government..... | 7,636,779 | 7,277,871 |
| Public safety..... | 19,725,950 | 16,753,599 |
| Education..... | 82,135,105 | 73,982,560 |
| Public works..... | 16,148,433 | 15,362,455 |
| Community development..... | 44,066 | 44,837 |
| Health and human services..... | 3,021,895 | 2,619,930 |
| Culture and recreation..... | 3,456,314 | 3,476,361 |
| Interest..... | 1,166,111 | 1,226,392 |
| Total expenses..... | 133,334,653 | 120,744,005 |
| Excess (Deficiency) before transfers..... | (1,641,960) | 4,395,825 |
| Transfers..... | 359,470 | 352,769 |
| Change in net position..... | (1,282,490) | 4,748,594 |
| Net position, beginning of year..... | (114,024,395) | (118,772,989) |
| Net position, end of year..... \$ | (115,306,885) | (114,024,395) |

The governmental activities net position decreased by \$1.3 million during the current year. This was primarily due to positive budgetary results as well as a \$938,000 million increase in investment income, offset by a \$6.0 million increase in the net OPEB liability and related deferred outflows/inflows of resources.

The governmental expenses totaled \$133.3 million of which \$45.9 million (34%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$85.8 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 \$8.2 million increase in education expense is primarily due to an increase in the general fund budget, state financing for the Massachusetts' Teacher's Retirement System (MTRS) of \$849,000, a \$645,000 increase in the Melrose Enrichment Program, a \$780,000 increase in Melrose Pre-K.

Business-type activities. Business-type activities increased net position by \$2.0 million. Key components of the City's business activities follow.

| | <u>2023</u> | <u>2022</u> |
|--|-----------------------------|-----------------------------|
| Assets: | | |
| Current assets..... | \$ 12,648,252 | \$ 11,605,295 |
| Capital assets, nondepreciable..... | 1,322,440 | 944,750 |
| Capital assets, net of accumulated depreciation..... | <u>27,249,766</u> | <u>27,459,553</u> |
| Total assets..... | <u>41,220,458</u> | <u>40,009,598</u> |
| Deferred outflows of resources..... | <u>774,308</u> | <u>472,298</u> |
| Liabilities: | | |
| Current liabilities (excluding debt)..... | 154,551 | 207,896 |
| Noncurrent liabilities (excluding debt)..... | 5,524,785 | 4,495,652 |
| Current debt..... | 1,698,700 | 1,574,498 |
| Noncurrent debt..... | <u>6,139,455</u> | <u>6,787,905</u> |
| Total liabilities..... | <u>13,517,491</u> | <u>13,065,951</u> |
| Deferred inflows of resources..... | <u>774,083</u> | <u>1,756,154</u> |
| Net position: | | |
| Net investment in capital assets..... | 22,561,510 | 21,157,181 |
| Unrestricted..... | <u>5,141,682</u> | <u>4,502,610</u> |
| Total net position..... | <u>\$ 27,703,192</u> | <u>\$ 25,659,791</u> |
| | | |
| | <u>2023</u> | <u>2022</u> |
| Program Revenues: | | |
| Charges for services..... | \$ 19,358,939 | \$ 17,921,178 |
| Operating grants and contributions..... | 55,435 | 205,934 |
| Capital grants and contributions..... | 1,086,750 | - |
| General Revenues: | | |
| Penalties and interest on taxes..... | 96,959 | 106,969 |
| Unrestricted investment income (loss)..... | <u>158,122</u> | <u>(39,562)</u> |
| Total revenues..... | <u>20,756,205</u> | <u>18,194,519</u> |
| Expenses: | | |
| Water..... | 6,447,354 | 6,238,213 |
| Sewer..... | 9,288,438 | 8,858,649 |
| Mt. Hood Golf..... | 1,628,381 | 1,490,179 |
| Ambulance..... | <u>989,161</u> | <u>940,451</u> |
| Total expenses..... | <u>18,353,334</u> | <u>17,527,492</u> |
| Excess (Deficiency) before transfers..... | 2,402,871 | 667,027 |
| Transfers..... | <u>(359,470)</u> | <u>(352,769)</u> |
| Change in net position..... | 2,043,401 | 314,258 |
| Net position, beginning of year..... | <u>25,659,791</u> | <u>25,345,533</u> |
| Net position, end of year..... | <u>\$ 27,703,192</u> | <u>\$ 25,659,791</u> |

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 increased by \$647,000. This was mainly due to a continued decrease in consumption to pre-pandemic levels. Rates were also increased for FY23 to help offset the decrease in consumption.

Sewer net position increased by \$906,000. This was mainly due to a continued decrease in consumption to pre-pandemic levels. Rates were also increased for FY23 to help offset the decrease in consumption. In addition, there were capital contributions in the current year in the amount of \$1.1 million.

Mt. Hood Golf Course net position increased by \$202,000. 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 as well coming under new management.

Ambulance net position increased by \$288,000. 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 \$2.9 million while total fund balance equaled \$21.1 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 2.6% of total general fund expenditures, while total fund balance represents 19.2% of that same amount. Fund balance of \$14.3 million is assigned for encumbrances to be carried forward to the next year while \$3.9 million is considered committed because it relates to the stabilization funds voted on by the City Council. The general fund had a decrease in fund balance of \$2.0 million in 2023. This was due to the budgeted use of free cash, offset by revenues coming in over budget by \$3.7 million and appropriation turnback's of \$1.7 million.

The COVID grants fund is used to account for the City's COVID-19 related grant revenues and expenditures. The City spent \$1.9 million on COVID related costs in 2023, 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 \$9.3 million and received transfers of \$500,000 from the COVID grant funds and received \$3.2 million in state grant funds. This resulted in an ending fund balance deficit of \$3.1 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 \$12.5 million compared to a fund balance of \$10.6 million in the prior year. The increase 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 2023 budget authorized \$107.3 million in appropriations and other amounts to be raised, which includes \$7.2 million of amounts carried forward from the prior year. During 2023, the Council approved supplemental appropriations totaling \$7.6 million, which included \$1.7 million of transfers to the stabilization funds and capital project funds. Total revenue came in over budget by \$3.7 million, mainly due to better than anticipated collections on motor vehicle and other excise taxes and departmental revenues. The total unexpended appropriations were \$1.7 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, 2023, amounts to \$144.5 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 2023 totaled \$13.7 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 \$36.5 million. The City's bonds are rated AA+ by Standard & Poor's.

The City's agreements to finance energy efficiency upgrades classified as capital financing long-term debt total \$1.1 million.

Outstanding long-term debt of the enterprise funds, as of June 30, 2023, totaled \$7.8 million. This debt is fully supported by the rates. Of this total \$2.2 million relates to sewer projects, \$5.5 million relates to water projects, and \$70,000 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, 2023

| | Primary Government | | |
|---|--------------------------------|-----------------------------|-------------------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| CURRENT: | | | |
| Cash and cash equivalents..... | \$ 24,955,817 | \$ 6,292,423 | \$ 31,248,240 |
| Investments..... | 17,785,227 | 2,063,573 | 19,848,800 |
| Receivables, net of allowance for uncollectibles: | | | |
| Real estate and personal property taxes..... | 670,945 | - | 670,945 |
| Tax liens..... | 437,772 | 55,228 | 493,000 |
| Motor vehicle and other excise taxes..... | 698,464 | - | 698,464 |
| User charges..... | 56,452 | 3,996,369 | 4,052,821 |
| Departmental and other..... | 769,995 | 240,659 | 1,010,654 |
| Intergovernmental..... | 1,655,058 | - | 1,655,058 |
| Loans..... | 2,205 | - | 2,205 |
| Lease receivables..... | 170,679 | - | 170,679 |
| Total current assets..... | <u>47,202,614</u> | <u>12,648,252</u> | <u>59,850,866</u> |
| NONCURRENT: | | | |
| Receivables, net of allowance for uncollectibles: | | | |
| Loans..... | 60,797 | - | 60,797 |
| Lease receivables..... | 1,117,945 | - | 1,117,945 |
| Capital assets, nondepreciable..... | 21,147,154 | 1,322,440 | 22,469,594 |
| Capital assets, net of accumulated depreciation..... | <u>94,817,888</u> | <u>27,249,766</u> | <u>122,067,654</u> |
| Total noncurrent assets..... | <u>117,143,784</u> | <u>28,572,206</u> | <u>145,715,990</u> |
| TOTAL ASSETS..... | <u>164,346,398</u> | <u>41,220,458</u> | <u>205,566,856</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows for refunding debt..... | 273,380 | - | 273,380 |
| Deferred outflows related to pensions..... | 8,268,004 | 569,325 | 8,837,329 |
| Deferred outflows related to other postemployment benefits..... | <u>20,017,997</u> | <u>204,983</u> | <u>20,222,980</u> |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES..... | <u>28,559,381</u> | <u>774,308</u> | <u>29,333,689</u> |
| LIABILITIES | | | |
| CURRENT: | | | |
| Warrants payable..... | 2,197,060 | 51,173 | 2,248,233 |
| Accrued payroll..... | 277,746 | 13,619 | 291,365 |
| Tax refunds payable..... | 669,925 | - | 669,925 |
| Accrued interest..... | 293,433 | 18,961 | 312,394 |
| Other liabilities..... | 346,922 | - | 346,922 |
| Unearned revenue..... | 4,439,218 | - | 4,439,218 |
| Compensated absences..... | 1,262,383 | 70,798 | 1,333,181 |
| Notes payable..... | 6,162,471 | - | 6,162,471 |
| Long-term debt..... | <u>4,270,399</u> | <u>1,698,700</u> | <u>5,969,099</u> |
| Total current liabilities..... | <u>20,029,637</u> | <u>1,853,251</u> | <u>21,882,888</u> |
| NONCURRENT: | | | |
| Workers' compensation..... | 330,238 | - | 330,238 |
| Net pension liability..... | 57,829,574 | 3,982,074 | 61,811,648 |
| Net other postemployment benefits..... | 166,143,246 | 1,542,711 | 167,685,957 |
| Long-term debt..... | <u>32,203,069</u> | <u>6,139,455</u> | <u>38,342,524</u> |
| Total noncurrent liabilities..... | <u>256,506,127</u> | <u>11,664,240</u> | <u>268,170,367</u> |
| TOTAL LIABILITIES..... | <u>276,535,764</u> | <u>13,517,491</u> | <u>290,053,255</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows related to lease receivables..... | 1,288,624 | - | 1,288,624 |
| Deferred inflows related to pensions..... | 1,210,747 | 83,371 | 1,294,118 |
| Deferred inflows related to other postemployment benefits..... | <u>29,177,529</u> | <u>690,712</u> | <u>29,868,241</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | <u>31,676,900</u> | <u>774,083</u> | <u>32,450,983</u> |
| NET POSITION | | | |
| Net investment in capital assets..... | 77,161,027 | 22,561,510 | 99,722,537 |
| Restricted for: | | | |
| Loans..... | 126,829 | - | 126,829 |
| Permanent funds: | | | |
| Expendable..... | 1,532,017 | - | 1,532,017 |
| Nonexpendable..... | 3,247,027 | - | 3,247,027 |
| Gifts and grants..... | 2,086,022 | - | 2,086,022 |
| Unrestricted..... | <u>(199,459,807)</u> | <u>5,141,682</u> | <u>(194,318,125)</u> |
| TOTAL NET POSITION..... | <u>\$ (115,306,885)</u> | <u>\$ 27,703,192</u> | <u>\$ (87,603,693)</u> |

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue |
|--|-----------------------|----------------------|------------------------------------|----------------------------------|------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary Government: | | | | | |
| <i>Governmental Activities:</i> | | | | | |
| General government..... | \$ 7,636,779 | \$ 1,964,127 | \$ 1,682,064 | \$ - | \$ (3,990,588) |
| Public safety..... | 19,725,950 | 3,427,783 | 495,853 | - | (15,802,314) |
| Education..... | 82,135,105 | 2,975,435 | 26,433,358 | - | (52,726,312) |
| Public works..... | 16,148,433 | 2,178,491 | 1,733,695 | 50,020 | (12,186,227) |
| Community development..... | 44,066 | 42,993 | - | - | (1,073) |
| Health and human services..... | 3,021,895 | 273,674 | 532,205 | - | (2,216,016) |
| Culture and recreation..... | 3,456,314 | 589,097 | 343,767 | 3,198,216 | 674,766 |
| Interest..... | 1,166,111 | - | - | - | (1,166,111) |
| Total Governmental Activities..... | 133,334,653 | 11,451,600 | 31,220,942 | 3,248,236 | (87,413,875) |
| <i>Business-Type Activities:</i> | | | | | |
| Water..... | 6,447,354 | 6,945,131 | - | - | 497,777 |
| Sewer..... | 9,288,438 | 8,960,546 | 55,435 | 1,086,750 | 814,293 |
| Mt. Hood Golf..... | 1,628,381 | 2,179,614 | - | - | 551,233 |
| Ambulance..... | 989,161 | 1,273,648 | - | - | 284,487 |
| Total Business-Type Activities..... | 18,353,334 | 19,358,939 | 55,435 | 1,086,750 | 2,147,790 |
| Total Primary Government..... | \$ 151,687,987 | \$ 30,810,539 | \$ 31,276,377 | \$ 4,334,986 | \$ (85,266,085) |

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

| | Primary Government | | |
|---|----------------------------|-----------------------------|--------------|
| | Governmental Activities | Business-Type Activities | Total |
| Changes in net position: | | | |
| Net (expense) revenue from previous page..... \$ | (87,413,875) | 2,147,790 | (85,266,085) |
| <i>General revenues:</i> | | | |
| Real estate and personal property taxes, net of tax refunds payable..... | 72,819,400 | - | 72,819,400 |
| Tax and other liens..... | 669,446 | - | 669,446 |
| Motor vehicle and other excise taxes..... | 4,797,365 | - | 4,797,365 |
| Penalties and interest on taxes..... | 278,316 | 96,959 | 375,275 |
| Grants and contributions not restricted to specific programs..... | 6,317,231 | - | 6,317,231 |
| Unrestricted investment income (loss)..... | 890,157 | 158,122 | 1,048,279 |
| <i>Transfers, net</i> | 359,470 | (359,470) | - |
| Total general revenues and transfers..... | 86,131,385 | (104,389) | 86,026,996 |
| Change in net position..... | (1,282,490) | 2,043,401 | 760,911 |
| <i>Net position:</i> | | | |
| Beginning of year..... | (114,024,395) | 25,659,791 | (88,364,604) |
| End of year..... \$ | (115,306,885) | 27,703,192 | (87,603,693) |

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2023

| | General | COVID Grants | City Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|-----------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents..... | \$ 9,254,955 | \$ 3,013,727 | \$ 4,836,809 | \$ 7,850,326 | \$ 24,955,817 |
| Investments..... | 13,144,042 | - | - | 4,641,185 | 17,785,227 |
| Receivables, net of uncollectibles: | | | | | |
| Real estate and personal property taxes..... | 670,945 | - | - | - | 670,945 |
| Tax liens..... | 437,772 | - | - | - | 437,772 |
| Motor vehicle and other excise taxes..... | 698,464 | - | - | - | 698,464 |
| User charges..... | 56,452 | - | - | - | 56,452 |
| Departmental and other..... | 425,183 | - | - | 344,812 | 769,995 |
| Intergovernmental..... | - | 1,634,058 | - | 21,000 | 1,655,058 |
| Loans..... | - | - | - | 63,002 | 63,002 |
| Lease receivables..... | 1,288,624 | - | - | - | 1,288,624 |
| TOTAL ASSETS..... | \$ 25,976,437 | \$ 4,647,785 | \$ 4,836,809 | \$ 12,920,325 | \$ 48,381,356 |
| LIABILITIES | | | | | |
| Warrants payable..... | \$ 217,122 | \$ 208,567 | \$ 1,763,163 | \$ 8,208 | \$ 2,197,060 |
| Accrued payroll..... | 277,746 | - | - | - | 277,746 |
| Tax refunds payable..... | 669,925 | - | - | - | 669,925 |
| Other liabilities..... | 346,922 | - | - | - | 346,922 |
| Unearned revenue..... | - | 4,439,218 | - | - | 4,439,218 |
| Notes payable..... | - | - | 6,162,471 | - | 6,162,471 |
| TOTAL LIABILITIES..... | 1,511,715 | 4,647,785 | 7,925,634 | 8,208 | 14,093,342 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue..... | 2,121,662 | - | - | 365,812 | 2,487,474 |
| Deferred inflows related to lease receivables..... | 1,288,624 | - | - | - | 1,288,624 |
| TOTAL DEFERRED INFLOWS OF RESOURCES.. | 3,410,286 | - | - | 365,812 | 3,776,098 |
| FUND BALANCES | | | | | |
| Nonspendable..... | - | - | - | 3,242,788 | 3,242,788 |
| Restricted..... | - | - | - | 9,303,517 | 9,303,517 |
| Committed..... | 3,878,219 | - | - | - | 3,878,219 |
| Assigned..... | 14,315,724 | - | - | - | 14,315,724 |
| Unassigned..... | 2,860,493 | - | (3,088,825) | - | (228,332) |
| TOTAL FUND BALANCES..... | 21,054,436 | - | (3,088,825) | 12,546,305 | 30,511,916 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES..... | \$ 25,976,437 | \$ 4,647,785 | \$ 4,836,809 | \$ 12,920,325 | \$ 48,381,356 |

See notes to basic financial statements.

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

JUNE 30, 2023

| | | |
|--|--------------------|-------------------------|
| Total governmental fund balances..... | | \$ 30,511,916 |
| Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds..... | | 115,965,042 |
| Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds..... | | 2,487,474 |
| 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..... | | (1,828,895) |
| In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due..... | | (293,433) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds: | | |
| Long-term debt..... | (36,473,468) | |
| Net pension liability..... | (57,829,574) | |
| Net other postemployment benefits..... | (166,143,246) | |
| Workers' compensation..... | (440,318) | |
| Compensated absences..... | <u>(1,262,383)</u> | |
| Net effect of reporting long-term liabilities..... | | <u>(262,148,989)</u> |
| Net position of governmental activities..... | | \$ <u>(115,306,885)</u> |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

| | General | COVID Grants | City Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|------------------|-----------------------------|-----------------------------------|--------------------------------|
| REVENUES: | | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 72,992,836 | \$ - | \$ - | \$ - | \$ 72,992,836 |
| Tax liens..... | 526,410 | - | - | 143,036 | 669,446 |
| Motor vehicle and other excise taxes..... | 4,835,178 | - | - | - | 4,835,178 |
| Trash disposal..... | 1,661,805 | - | - | - | 1,661,805 |
| Penalties and interest on taxes..... | 449,696 | - | - | - | 449,696 |
| Intergovernmental - Teachers Retirement..... | 7,380,728 | - | - | - | 7,380,728 |
| Intergovernmental - other..... | 16,629,808 | 1,875,221 | 3,197,316 | 8,036,921 | 29,739,266 |
| Departmental and other..... | 3,245,265 | - | 4,750 | 9,586,408 | 12,836,423 |
| Contributions and donations..... | 50,000 | - | 900 | 511,768 | 562,668 |
| Investment income (loss)..... | 596,126 | - | 13,528 | 280,503 | 890,157 |
| TOTAL REVENUES..... | 108,367,852 | 1,875,221 | 3,216,494 | 18,558,636 | 132,018,203 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government..... | 3,760,726 | 402,664 | 8,669,427 | 1,276,978 | 14,109,795 |
| Public safety..... | 11,818,351 | 212,522 | 44,206 | 2,240,840 | 14,315,919 |
| Education..... | 39,297,610 | 18,836 | - | 11,705,785 | 51,022,231 |
| Public works..... | 10,712,920 | 631,658 | 547,696 | 1,042,597 | 12,934,871 |
| Community development..... | - | - | - | 44,066 | 44,066 |
| Health and human services..... | 1,866,925 | 74,194 | - | 294,040 | 2,235,159 |
| Culture and recreation..... | 1,865,770 | 35,347 | - | 765,523 | 2,666,640 |
| Pension benefits..... | 7,039,967 | - | - | - | 7,039,967 |
| Pension benefits - Teachers Retirement..... | 7,380,728 | - | - | - | 7,380,728 |
| Employee benefits..... | 15,023,743 | - | - | - | 15,023,743 |
| State and county charges..... | 4,425,901 | - | - | - | 4,425,901 |
| Capital outlay..... | 1,446,315 | - | - | - | 1,446,315 |
| Debt service: | | | | | |
| Principal..... | 3,954,837 | - | - | - | 3,954,837 |
| Interest..... | 1,318,778 | - | - | - | 1,318,778 |
| TOTAL EXPENDITURES..... | 109,912,571 | 1,375,221 | 9,261,329 | 17,369,829 | 137,918,950 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | (1,544,719) | 500,000 | (6,044,835) | 1,188,807 | (5,900,747) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in..... | 555,419 | - | 500,000 | 1,464,878 | 2,520,297 |
| Transfers out..... | (963,114) | (500,000) | - | (697,713) | (2,160,827) |
| TOTAL OTHER FINANCING SOURCES (USES)..... | (407,695) | (500,000) | 500,000 | 767,165 | 359,470 |
| NET CHANGE IN FUND BALANCES..... | (1,952,414) | - | (5,544,835) | 1,955,972 | (5,541,277) |
| FUND BALANCES AT BEGINNING OF YEAR..... | 23,006,850 | - | 2,456,010 | 10,590,333 | 36,053,193 |
| FUND BALANCES AT END OF YEAR..... | \$ 21,054,436 | \$ - | \$ (3,088,825) | \$ 12,546,305 | \$ 30,511,916 |

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, 2023

| | | |
|--|--------------------|------------------------------|
| Net change in fund balances - total governmental funds..... | | \$ (5,541,277) |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> | | |
| Capital outlay..... | 12,335,621 | |
| Depreciation expense..... | <u>(5,754,109)</u> | |
| Net effect of reporting capital assets..... | | 6,581,512 |
| <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> | | |
| | | (325,510) |
| <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..... | 225,778 | |
| Net change in deferred charge on refunding..... | (117,801) | |
| Debt service principal payments..... | <u>3,954,837</u> | |
| Net effect of reporting long-term debt..... | | 4,062,814 |
| <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..... | (73,391) | |
| Net change in accrued interest on long-term debt..... | 44,690 | |
| Net change in deferred outflow/(inflow) of resources related to pensions..... | 17,490,636 | |
| Net change in net pension liability..... | (17,579,588) | |
| Net change in deferred outflow/(inflow) of resources related to other postemployment benefits..... | (2,512,521) | |
| Net change in net other postemployment benefits liability..... | (3,463,933) | |
| Net change in workers' compensation liability..... | <u>34,078</u> | |
| Net effect of recording long-term liabilities..... | | <u>(6,060,029)</u> |
| Change in net position of governmental activities..... | | \$ <u><u>(1,282,490)</u></u> |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2023

| | Business-type Activities - Enterprise Funds | | | | |
|---|---|----------------------|-------------------------|---------------------|----------------------|
| | Water | Sewer | Mt. Hood Golf Course | Ambulance | Total |
| ASSETS | | | | | |
| CURRENT: | | | | | |
| Cash and cash equivalents..... | \$ 1,807,738 | \$ 3,470,486 | \$ 480,375 | \$ 533,824 | \$ 6,292,423 |
| Investments..... | 645,551 | 875,383 | 403,565 | 139,074 | 2,063,573 |
| Receivables, net of allowance for uncollectibles: | | | | | |
| Liens - user charges..... | 23,229 | 31,999 | - | - | 55,228 |
| User charges..... | 1,765,474 | 2,230,895 | - | - | 3,996,369 |
| Departmental and other..... | - | - | - | 240,659 | 240,659 |
| Total current assets..... | 4,241,992 | 6,608,763 | 883,940 | 913,557 | 12,648,252 |
| NONCURRENT: | | | | | |
| Capital assets, non depreciable..... | - | 23,290 | 1,299,150 | - | 1,322,440 |
| Capital assets, net of accumulated depreciation..... | 15,272,410 | 11,584,180 | 367,193 | 25,983 | 27,249,766 |
| Total noncurrent assets..... | 15,272,410 | 11,607,470 | 1,666,343 | 25,983 | 28,572,206 |
| TOTAL ASSETS..... | 19,514,402 | 18,216,233 | 2,550,283 | 939,540 | 41,220,458 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred outflows related to pensions..... | 237,575 | 133,683 | 25,193 | 172,874 | 569,325 |
| Deferred outflows related to other postemployment benefits..... | 105,428 | 50,557 | 14,619 | 34,379 | 204,983 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES..... | 343,003 | 184,240 | 39,812 | 207,253 | 774,308 |
| LIABILITIES | | | | | |
| CURRENT: | | | | | |
| Warrants payable..... | 28,528 | 22,645 | - | - | 51,173 |
| Accrued payroll..... | 9,834 | 3,785 | - | - | 13,619 |
| Accrued interest..... | 10,077 | 8,301 | - | 583 | 18,961 |
| Compensated absences..... | 35,627 | 15,002 | 20,169 | - | 70,798 |
| Long-term debt..... | 1,116,700 | 547,000 | - | 35,000 | 1,698,700 |
| Total current liabilities..... | 1,200,766 | 596,733 | 20,169 | 35,583 | 1,853,251 |
| NONCURRENT: | | | | | |
| Net pension liability..... | 1,661,693 | 935,027 | 176,207 | 1,209,147 | 3,982,074 |
| Net other postemployment benefits liability..... | 754,587 | 419,215 | 83,843 | 285,066 | 1,542,711 |
| Long-term debt..... | 4,421,800 | 1,682,655 | - | 35,000 | 6,139,455 |
| Total noncurrent liabilities..... | 6,838,080 | 3,036,897 | 260,050 | 1,529,213 | 11,664,240 |
| TOTAL LIABILITIES..... | 8,038,846 | 3,633,630 | 280,219 | 1,564,796 | 13,517,491 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred inflows related to pensions..... | 34,790 | 19,577 | 3,689 | 25,315 | 83,371 |
| Deferred inflows related to other postemployment benefits..... | 322,431 | 161,162 | 51,013 | 156,106 | 690,712 |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | 357,221 | 180,739 | 54,702 | 181,421 | 774,083 |
| NET POSITION | | | | | |
| Net investment in capital assets..... | 10,859,578 | 10,031,571 | 1,666,343 | 4,018 | 22,561,510 |
| Unrestricted..... | 601,760 | 4,554,533 | 588,831 | (603,442) | 5,141,682 |
| TOTAL NET POSITION..... | \$ 11,461,338 | \$ 14,586,104 | \$ 2,255,174 | \$ (599,424) | \$ 27,703,192 |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

| | Business-type Activities - Enterprise Funds | | | | |
|--|---|---------------|-------------------------|--------------|---------------|
| | Water | Sewer | Mt. Hood Golf Course | Ambulance | Total |
| OPERATING REVENUES: | | | | | |
| Charges for services..... | \$ 6,988,569 | \$ 9,052,571 | \$ 2,179,614 | \$ 1,273,648 | \$ 19,494,402 |
| OPERATING EXPENSES: | | | | | |
| Cost of services and administration..... | 1,294,271 | 1,018,841 | 1,417,895 | 226,859 | 3,957,866 |
| Salaries and wages..... | 1,006,410 | 566,305 | 106,720 | 732,320 | 2,411,755 |
| MWRA assessment..... | 3,499,715 | 7,190,600 | - | - | 10,690,315 |
| Depreciation..... | 609,812 | 472,581 | 103,766 | 25,982 | 1,212,141 |
| TOTAL OPERATING EXPENSES..... | 6,410,208 | 9,248,327 | 1,628,381 | 985,161 | 18,272,077 |
| OPERATING INCOME (LOSS)..... | 578,361 | (195,756) | 551,233 | 288,487 | 1,222,325 |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| Investment income (loss)..... | 105,802 | 38,426 | 10,333 | 3,561 | 158,122 |
| Interest expense..... | (37,146) | (40,111) | - | (4,000) | (81,257) |
| Intergovernmental..... | - | 16,931 | - | - | 16,931 |
| TOTAL NONOPERATING REVENUES (EXPENSES), NET..... | 68,656 | 15,246 | 10,333 | (439) | 93,796 |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS..... | 647,017 | (180,510) | 561,566 | 288,048 | 1,316,121 |
| CAPITAL CONTRIBUTIONS..... | - | 1,086,750 | - | - | 1,086,750 |
| TRANSFERS: | | | | | |
| Transfers out..... | - | - | (359,470) | - | (359,470) |
| CHANGE IN NET POSITION..... | 647,017 | 906,240 | 202,096 | 288,048 | 2,043,401 |
| NET POSITION AT BEGINNING OF YEAR..... | 10,814,321 | 13,679,864 | 2,053,078 | (887,472) | 25,659,791 |
| NET POSITION AT END OF YEAR..... | \$ 11,461,338 | \$ 14,586,104 | \$ 2,255,174 | \$ (599,424) | \$ 27,703,192 |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

| Business-type Activities - Enterprise Funds | | | | | |
|--|---------------------|---------------------|-------------------------|-------------------|---------------------|
| | Water | Sewer | Mt. Hood Golf Course | Ambulance | Total |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Receipts from customers and users..... | \$ 6,876,223 | \$ 9,106,958 | \$ 2,179,614 | \$ 1,280,237 | \$ 19,443,032 |
| Payments to vendors..... | (4,814,365) | (8,319,242) | (1,448,914) | (321,380) | (14,903,901) |
| Payments to employees..... | (1,047,511) | (580,182) | (89,863) | (739,595) | (2,457,151) |
| NET CASH FROM OPERATING ACTIVITIES..... | 1,014,347 | 207,534 | 640,837 | 219,262 | 2,081,980 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Transfers out..... | - | - | (359,470) | - | (359,470) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | |
| Capital contributions..... | - | 1,086,750 | - | - | 1,086,750 |
| Proceeds from the issuance of bonds..... | 688,000 | 362,250 | - | - | 1,050,250 |
| Acquisition and construction of capital assets..... | (829,125) | (126,191) | (424,728) | - | (1,380,044) |
| Principal payments on bonds and notes..... | (1,037,900) | (506,598) | - | (30,000) | (1,574,498) |
| Interest expense..... | (40,790) | (26,463) | - | (4,250) | (71,503) |
| NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES..... | (1,219,815) | 789,748 | (424,728) | (34,250) | (889,045) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | |
| Purchase of investments..... | (11,379) | (16,762) | (9,733) | (3,354) | (41,228) |
| Investment income (loss)..... | 105,802 | 38,426 | 10,333 | 3,561 | 158,122 |
| NET CASH FROM INVESTING ACTIVITIES..... | 94,423 | 21,664 | 600 | 207 | 116,894 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS..... | (111,045) | 1,018,946 | (142,761) | 185,219 | 950,359 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR..... | 1,918,783 | 2,451,540 | 623,136 | 348,605 | 5,342,064 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR..... | \$ 1,807,738 | \$ 3,470,486 | \$ 480,375 | \$ 533,824 | \$ 6,292,423 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH | | | | | |
| FROM OPERATING ACTIVITIES: | | | | | |
| Operating income (loss)..... | \$ 578,361 | \$ (195,756) | \$ 551,233 | \$ 288,487 | \$ 1,222,325 |
| Adjustments to reconcile operating income to net cash from operating activities: | | | | | |
| Depreciation..... | 609,812 | 472,581 | 103,766 | 25,982 | 1,212,141 |
| Deferred (outflows)/inflows related to pensions..... | (508,388) | (295,050) | (55,742) | (383,367) | (1,242,547) |
| Deferred (outflows)/inflows related to other postemployment benefits..... | (39,551) | (7,264) | 12,556 | (7,275) | (41,534) |
| Changes in assets and liabilities: | | | | | |
| Liens - user charges..... | 19,387 | 24,359 | - | - | 43,746 |
| User charges..... | (131,733) | 30,028 | - | - | (101,705) |
| Departmental and other..... | - | - | - | 6,589 | 6,589 |
| Warrants payable..... | 6,264 | (43,881) | (4,689) | - | (42,306) |
| Accrued payroll..... | (941) | (160) | - | - | (1,101) |
| Compensated absences..... | (609) | (6,453) | 4,301 | - | (2,761) |
| Net pension liability..... | 482,736 | 236,981 | 44,123 | 299,441 | 1,063,281 |
| Net other postemployment benefits liability..... | (991) | (7,851) | (14,711) | (10,595) | (34,148) |
| Total adjustments..... | 435,986 | 403,290 | 89,604 | (69,225) | 859,655 |
| NET CASH FROM OPERATING ACTIVITIES..... | \$ 1,014,347 | \$ 207,534 | \$ 640,837 | \$ 219,262 | \$ 2,081,980 |

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

| | Pension and Other Employee Benefit Trust Fund (1) | Private Purpose Trust Fund |
|--|--|----------------------------------|
| ASSETS | | |
| Cash and cash equivalents..... | \$ 5,387,719 | \$ 52,704 |
| Investments: | | |
| Investments in Pension Reserve Investment Trust..... | 101,663,590 | - |
| Equity securities..... | 880,706 | 48,463 |
| Corporate bonds..... | 269,127 | 160,444 |
| Government sponsored enterprises..... | - | 141,752 |
| Fixed income mutual funds..... | - | 4,504 |
| Receivables, net of allowance for uncollectibles: | | |
| Departmental and other..... | <u>6,342</u> | <u>-</u> |
| TOTAL ASSETS..... | <u>108,207,484</u> | <u>407,867</u> |
| NET POSITION | | |
| Restricted for pensions..... | 107,052,031 | - |
| Restricted for other postemployment benefits..... | 1,155,453 | - |
| Held in trust for other purposes..... | <u>-</u> | <u>407,867</u> |
| TOTAL NET POSITION..... | <u>\$ 108,207,484</u> | <u>\$ 407,867</u> |

(1) The Pension Trust Fund for the year ended December 31, 2022.

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

| | Pension and Other Employee Benefit Trust Fund (1) | Private Purpose Trust Fund |
|--|--|----------------------------------|
| ADDITIONS: | | |
| Contributions: | | |
| Employer contributions..... | \$ 7,290,258 | \$ - |
| Employer contributions for other postemployment benefit payments..... | 5,752,766 | - |
| Member contributions..... | 2,525,875 | - |
| Transfers from other systems..... | 1,097,348 | - |
| Contributions and donations..... | - | 14,419 |
| Total contributions..... | 16,666,247 | 14,419 |
| Net investment income: | | |
| Investment income (loss)..... | (12,578,265) | 9,120 |
| Less: investment expense..... | (532,841) | - |
| Net investment income (loss)..... | (13,111,106) | 9,120 |
| TOTAL ADDITIONS..... | 3,555,141 | 23,539 |
| DEDUCTIONS: | | |
| Administration..... | 256,148 | - |
| 3(8)c transfer to other systems..... | 961,281 | - |
| Retirement benefits and refunds..... | 10,728,750 | - |
| Other postemployment benefit payments..... | 5,752,766 | - |
| Human service expenses..... | - | 10,030 |
| Educational scholarships..... | - | 1,400 |
| TOTAL DEDUCTIONS..... | 17,698,945 | 11,430 |
| NET INCREASE (DECREASE) IN NET POSITION..... | (14,143,804) | 12,109 |
| NET POSITION AT BEGINNING OF YEAR..... | 122,351,288 | 395,758 |
| NET POSITION AT END OF YEAR..... | \$ 108,207,484 | \$ 407,867 |

(1) The Pension Trust Fund for the year ended December 31, 2022.

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 2023 assessment was \$1,050,138. 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 projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets of the governmental funds 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 or donated works of art and similar items should be reported at acquisition value rather than fair value. Capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

All purchases and construction costs in excess of \$50,000 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:

| <u>Capital Asset Type</u> | <u>Estimated Useful Life (in years)</u> |
|---------------------------------|---|
| 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 transfers in and transfers out.

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Net position 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, 2023, the OPEB Fund has deposits totaling \$5,620 and investments totaling \$1,149,833. 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 and investments. 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 \$26,302,585 and the City's bank balance totaled \$28,507,615. Of the bank balance, \$1,137,605 was covered by Federal Depository Insurance, \$2,853,215 was covered by Depositors Insurance Fund, \$6,895,534 was collateralized, and \$17,621,261 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2022, the carrying amount of deposits for the System totaled \$1,196,950, and the bank balance totaled \$1,285,250. 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, 2022, the System had the following investments:

| | |
|--|-----------------------|
| <u>Other investments:</u> | |
| Pension Reserve Investment Trust (PRIT)..... | \$ 101,663,590 |
| MMDT - Cash portfolio..... | <u>4,185,149</u> |
| Total investments..... | \$ <u>105,848,739</u> |

As of June 30, 2023, the City of Melrose had the following investments:

| Investment Type | Fair value | Maturities | | | |
|---------------------------------------|---------------|--------------|--------------|------------|---------------|
| | | Under 1 Year | 1-5 Years | 6-10 Years | Over 10 Years |
| <u>Debt securities:</u> | | | | | |
| U.S. treasury notes..... | \$ 10,221,535 | \$ 5,906,061 | \$ 4,315,474 | \$ - | \$ - |
| Government sponsored enterprises..... | 656,705 | - | 656,705 | - | - |
| Corporate bonds..... | 5,956,056 | 1,209,556 | 4,068,116 | 678,384 | - |
| Total debt securities..... | 16,834,296 | \$ 7,115,617 | \$ 9,040,295 | \$ 678,384 | \$ - |
| <u>Other investments:</u> | | | | | |
| Equity securities..... | 2,569,187 | | | | |
| Equity mutual funds..... | 801,520 | | | | |
| Fixed income mutual funds..... | 1,148,793 | | | | |
| MMDT - Cash portfolio..... | 4,947,895 | | | | |
| Total investments..... | \$ 26,301,691 | | | | |

The effective weighted duration rate for PRIT investments ranged from 1.98 to 14.64 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 \$19,403,483 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.

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.

The City participates in MMDT, which maintains a cash portfolio with average maturity of 33 days.

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, 2023, the City’s government sponsored enterprises totaling \$10,878,240 were rated AAA and the City’s corporate bonds were rated as follows:

| <u>Quality Rating</u> | <u>Corporate Bonds</u> |
|-----------------------|------------------------|
| AAA..... | \$ 555,123 |
| A+..... | 1,739,148 |
| A..... | 528,894 |
| A-..... | 1,337,324 |
| BBB+..... | 620,031 |
| BBB..... | <u>1,175,536</u> |
| Total..... | \$ <u>5,956,056</u> |

Concentration of Credit Risk

The City places no limit on the amount the government may invest in any one issuer. 50.81% 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, 2023:

| Investment Type | June 30, 2023 | Fair Value Measurements Using | | |
|--|------------------|---|--|--|
| | | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| Investments measured at fair value: | | | | |
| <u>Debt securities:</u> | | | | |
| U.S. treasury notes..... | \$ 10,221,535 | \$ 10,221,535 | \$ - | - |
| Government sponsored enterprises..... | 656,705 | 656,705 | - | - |
| Corporate bonds..... | 5,956,056 | - | 5,956,056 | - |
| Total debt securities..... | 16,834,296 | 10,878,240 | 5,956,056 | - |
| <u>Other investments:</u> | | | | |
| Equity securities..... | 2,569,187 | 2,569,187 | - | - |
| Equity mutual funds..... | 801,520 | 801,520 | - | - |
| Fixed income mutual funds..... | 1,148,793 | 1,148,793 | - | - |
| Total other investments..... | 4,519,500 | 4,519,500 | - | - |
| Total investments measured at fair value..... | 21,353,796 | \$ 15,397,740 | \$ 5,956,056 | \$ - |
| Investments measured at amortized cost: | | | | |
| MMDT - Cash portfolio..... | 4,947,895 | | | |
| Total investments..... | \$ 26,301,691 | | | |

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, 2022:

| <u>Investment Type</u> | <u>December 31, 2022</u> |
|---|------------------------------|
| Investments measured at amortized cost: | |
| MMDT - Cash portfolio..... | \$ 4,185,149 |
| Investments measured at net asset value: | |
| Pension Reserve Investment Trust (PRIT)... | <u>101,663,590</u> |
| Total investments..... | <u>\$ 105,848,739</u> |

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, 2023, receivables for the individual major governmental funds, nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

| | <u>Gross Amount</u> | <u>Allowance for Uncollectibles</u> | <u>Net Amount</u> |
|--|-------------------------|---|-----------------------|
| <u>Receivables:</u> | | | |
| Real estate and personal property taxes..... | \$ 781,149 | \$ (110,204) | \$ 670,945 |
| Tax liens..... | 437,772 | - | 437,772 |
| Motor vehicle and other excise taxes..... | 698,464 | - | 698,464 |
| User charges..... | 56,452 | - | 56,452 |
| Departmental and other..... | 769,995 | - | 769,995 |
| Intergovernmental..... | 1,655,058 | - | 1,655,058 |
| Loans..... | 63,002 | - | 63,002 |
| Lease receivables..... | <u>1,288,624</u> | <u>-</u> | <u>1,288,624</u> |
| Total..... | <u>\$ 5,750,516</u> | <u>\$ (110,204)</u> | <u>\$ 5,640,312</u> |

At June 30, 2023, 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..... | \$ 23,229 | \$ - | \$ 23,229 |
| Water user charges..... | 1,765,474 | - | 1,765,474 |
| Sewer liens - user charges..... | 31,999 | - | 31,999 |
| Sewer user charges..... | 2,230,895 | - | 2,230,895 |
| Ambulance - other..... | 240,659 | - | 240,659 |
| Total..... | <u>\$ 4,292,256</u> | <u>\$ -</u> | <u>\$ 4,292,256</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..... | \$ 503,791 | \$ - | \$ 503,791 |
| Tax liens..... | 437,772 | - | 437,772 |
| Motor vehicle and other excise taxes..... | 698,464 | - | 698,464 |
| User charges..... | 56,452 | - | 56,452 |
| Departmental and other..... | 425,183 | 344,812 | 769,995 |
| Intergovernmental..... | - | 21,000 | 21,000 |
| Total..... | <u>\$ 2,121,662</u> | <u>\$ 365,812</u> | <u>\$ 2,487,474</u> |

NOTE 4 – RIGHT-TO-USE LEASE RECEIVABLE

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 2023, the City received \$200,004 of lease revenues.

| Years ending June 30: | Lease Revenues | Interest | Total Lease Payments |
|-----------------------|---------------------|-------------------|-------------------------|
| 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..... | 240,041 | 5,816 | 245,857 |
| 2030..... | 63,289 | 317 | 63,606 |
| Total..... | <u>\$ 1,288,624</u> | <u>\$ 130,891</u> | <u>\$ 1,419,515</u> |

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, 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..... | 439,061 | 9,313,311 | (37,535) | 9,714,837 |
| Total capital assets not being depreciated..... | 11,871,378 | 9,313,311 | (37,535) | 21,147,154 |
| <u>Capital assets being depreciated:</u> | | | | |
| Land improvements..... | 8,298,484 | - | - | 8,298,484 |
| Buildings and improvements..... | 104,551,931 | 151,205 | - | 104,703,136 |
| Machinery and equipment..... | 16,138,294 | 1,377,905 | (2,107,933) | 15,408,266 |
| Textbooks..... | 2,301,392 | - | - | 2,301,392 |
| Library books..... | 611,974 | - | (342,601) | 269,373 |
| Infrastructure..... | 47,862,660 | 1,530,735 | (865,462) | 48,527,933 |
| Total capital assets being depreciated..... | 179,764,735 | 3,059,845 | (3,315,996) | 179,508,584 |
| <u>Less accumulated depreciation for:</u> | | | | |
| Land improvements..... | (4,691,580) | (220,564) | - | (4,912,144) |
| Buildings and improvements..... | (44,236,705) | (2,545,088) | - | (46,781,793) |
| Machinery and equipment..... | (10,424,612) | (1,409,939) | 2,107,933 | (9,726,618) |
| Textbooks..... | (2,301,392) | - | - | (2,301,392) |
| Library books..... | (611,974) | - | 342,601 | (269,373) |
| Infrastructure..... | (19,986,320) | (1,578,518) | 865,462 | (20,699,376) |
| Total accumulated depreciation..... | (82,252,583) | (5,754,109) | 3,315,996 | (84,690,696) |
| Total capital assets being depreciated, net..... | 97,512,152 | (2,694,264) | - | 94,817,888 |
| Total governmental activities capital assets, net..... | \$ 109,383,530 | \$ 6,619,047 | \$ (37,535) | \$ 115,965,042 |
| | | | | |
| | Beginning Balance | Increases | Decreases | Ending Balance |
| Water: | | | | |
| <u>Capital assets:</u> | | | | |
| Land improvements..... | \$ 623,923 | \$ - | \$ - | \$ 623,923 |
| Machinery and equipment..... | 1,995,465 | - | - | 1,995,465 |
| Infrastructure..... | 21,893,327 | 829,126 | - | 22,722,453 |
| Total capital assets being depreciated..... | 24,512,715 | 829,126 | - | 25,341,841 |
| <u>Less accumulated depreciation for:</u> | | | | |
| Land improvements..... | (436,746) | (31,197) | - | (467,943) |
| Machinery and equipment..... | (1,330,355) | (170,576) | - | (1,500,931) |
| Infrastructure..... | (7,692,517) | (408,040) | - | (8,100,557) |
| Total accumulated depreciation..... | (9,459,618) | (609,813) | - | (10,069,431) |
| Total water activities capital assets, net..... | \$ 15,053,097 | \$ 219,313 | \$ - | \$ 15,272,410 |

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|--------------------|---------------------------|
| Sewer: | | | | |
| <u>Capital assets not being depreciated:</u> | | | | |
| Land..... | \$ 23,290 | \$ - | \$ - | \$ 23,290 |
| Construction in progress..... | <u>47,038</u> | <u>-</u> | <u>(47,038)</u> | <u>-</u> |
| Total capital assets not being depreciated..... | <u>70,328</u> | <u>-</u> | <u>(47,038)</u> | <u>23,290</u> |
| <u>Capital assets being depreciated:</u> | | | | |
| Machinery and equipment..... | 1,700,975 | 126,191 | - | 1,827,166 |
| Infrastructure..... | <u>15,991,363</u> | <u>47,038</u> | <u>-</u> | <u>16,038,401</u> |
| Total capital assets being depreciated..... | <u>17,692,338</u> | <u>173,229</u> | <u>-</u> | <u>17,865,567</u> |
| <u>Less accumulated depreciation for:</u> | | | | |
| Machinery and equipment..... | (1,078,803) | (171,077) | - | (1,249,880) |
| Infrastructure..... | <u>(4,730,003)</u> | <u>(301,504)</u> | <u>-</u> | <u>(5,031,507)</u> |
| Total accumulated depreciation..... | <u>(5,808,806)</u> | <u>(472,581)</u> | <u>-</u> | <u>(6,281,387)</u> |
| Total capital assets being depreciated, net..... | <u>11,883,532</u> | <u>(299,352)</u> | <u>-</u> | <u>11,584,180</u> |
| Total sewer activities capital assets, net..... | <u>\$ 11,953,860</u> | <u>\$ (299,352)</u> | <u>\$ (47,038)</u> | <u>\$ 11,607,470</u> |
| | | | | |
| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
| Mt. Hood Golf: | | | | |
| <u>Capital assets not being depreciated:</u> | | | | |
| Land..... | \$ 874,422 | \$ - | \$ - | \$ 874,422 |
| Construction in progress..... | <u>-</u> | <u>424,728</u> | <u>-</u> | <u>424,728</u> |
| Total capital assets not being depreciated..... | <u>874,422</u> | <u>424,728</u> | <u>-</u> | <u>1,299,150</u> |
| <u>Capital assets being depreciated:</u> | | | | |
| Land improvements..... | 1,441,158 | - | - | 1,441,158 |
| Buildings and improvements..... | 738,151 | - | - | 738,151 |
| Machinery and equipment..... | <u>153,585</u> | <u>-</u> | <u>-</u> | <u>153,585</u> |
| Total capital assets being depreciated..... | <u>2,332,894</u> | <u>-</u> | <u>-</u> | <u>2,332,894</u> |
| <u>Less accumulated depreciation for:</u> | | | | |
| Land improvements..... | (1,261,526) | (73,205) | - | (1,334,731) |
| Buildings and improvements..... | (462,254) | (26,977) | - | (489,231) |
| Machinery and equipment..... | <u>(138,155)</u> | <u>(3,584)</u> | <u>-</u> | <u>(141,739)</u> |
| Total accumulated depreciation..... | <u>(1,861,935)</u> | <u>(103,766)</u> | <u>-</u> | <u>(1,965,701)</u> |
| Total capital assets being depreciated, net..... | <u>470,959</u> | <u>(103,766)</u> | <u>-</u> | <u>367,193</u> |
| Total Mt. Hood golf activities capital assets, net..... | <u>\$ 1,345,381</u> | <u>\$ 320,962</u> | <u>\$ -</u> | <u>\$ 1,666,343</u> |

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|-------------|-----------|-------------------|
| Ambulance: | | | | |
| <u>Capital assets:</u> | | | | |
| Machinery and equipment..... | \$ 489,982 | \$ - | \$ - | \$ 489,982 |
| <u>Less accumulated depreciation for:</u> | | | | |
| Machinery and equipment..... | (438,017) | (25,982) | - | (463,999) |
| Total ambulance activities capital assets, net..... | \$ 51,965 | \$ (25,982) | \$ - | \$ 25,983 |

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

Governmental Activities:

| | |
|---|--------------|
| General government..... | \$ 505,524 |
| Public safety..... | 536,883 |
| Education..... | 2,722,328 |
| Public works..... | 1,865,815 |
| Health and human services..... | 9,690 |
| Culture and recreation..... | 113,869 |
| Total depreciation expense - governmental activities..... | \$ 5,754,109 |

Business-Type Activities:

| | |
|--|--------------|
| Water..... | \$ 609,813 |
| Sewer..... | 472,581 |
| Mt. Hood Golf..... | 103,766 |
| Ambulance..... | 25,982 |
| Total depreciation expense - business-type activities..... | \$ 1,212,142 |

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

| | Transfers In: | | | | |
|----------------------------------|-----------------|-----------------------------|-----------------------------------|--------------|-----|
| | General fund | City Capital Projects | Nonmajor governmental funds | Total | |
| Transfers Out: | | | | | |
| General fund..... | \$ - | \$ - | \$ 963,114 | \$ 963,114 | (1) |
| COVID grants..... | - | 500,000 | - | 500,000 | (2) |
| Nonmajor governmental funds..... | 195,949 | - | 501,764 | 697,713 | (2) |
| Mt. Hood Enterprise fund..... | 359,470 | - | - | 359,470 | (3) |
| Total..... | \$ 555,419 | \$ 500,000 | \$ 1,464,878 | \$ 2,520,297 | |

- (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, 2023, the City had the following short-term debt:

| Type | Purpose | Rate (%) | Due Date | Balance at June 30, 2022 | Renewed/ Issued | Retired/ Redeemed | Balance at June 30, 2023 |
|-------------------------------|------------------------------------|----------|----------|--------------------------|-----------------|-------------------|--------------------------|
| Governmental Funds: | | | | | | | |
| BAN | General Obligation BAN of 2022.... | 1.25% | 09/22/22 | \$ 1,670,471 | \$ - | \$ 1,670,471 | \$ - |
| BAN | General Obligation BAN of 2022.... | 4.00% | 09/21/23 | - | 6,162,471 | - | 6,162,471 |
| Total Governmental Funds..... | | | | \$ 1,670,471 | \$ 6,162,471 | \$ 1,670,471 | \$ 6,162,471 |

On September 21, 2023, the \$6.2 million BAN was renewed with new money into a \$9.0 million BAN with an interest rate of 4.00% due on August 22, 2024.

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".

Details related to the outstanding indebtedness at June 30, 2023, 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, 2023 |
|---|-----------------------|----------------------------|-------------------------|------------------------------------|
| Capital Financing: | | | | |
| Ameresco Capital Financing..... | 2028 | \$ 2,311,817 | 2.49 | \$ <u>1,070,134</u> |
| General Obligation Bonds Payable: | | | | |
| Municipal Purpose Bonds of 2005..... | 2025 | 3,765,000 | 3.00-4.70 | 345,000 |
| Municipal Purpose Bonds of 2008..... | 2028 | 3,398,187 | 2.00 | 1,019,462 |
| Municipal Purpose Bonds of 2012..... | 2037 | 5,420,000 | 2.00-3.25 | 1,575,000 |
| Municipal Purpose Bonds of 2014..... | 2037 | 6,380,000 | 2.00-4.13 | 3,800,000 |
| Municipal Purpose Bonds of 2015..... | 2035 | 3,165,000 | 2.37-5.00 | 2,155,000 |
| Municipal Purpose Bonds of 2016..... | 2037 | 4,200,000 | 2.00-5.00 | 2,530,000 |
| Municipal Purpose Refunding Bonds of 2016.. | 2028 | 18,635,000 | 2.00-4.00 | 8,570,000 |
| Municipal Purpose Bonds of 2017..... | 2043 | 8,040,000 | 2.00-5.00 | 6,525,000 |
| Municipal Purpose Bonds of 2019..... | 2037 | 6,831,000 | 2.00-5.00 | 5,895,000 |
| Municipal Purpose Refunding Bonds of 2020.. | 2029 | 2,391,500 | 4.00-5.00 | <u>1,551,000</u> |
| Total General Obligation Bonds Payable..... | | | | 33,965,462 |
| Add: Unamortized premium on bonds..... | | | | <u>1,437,872</u> |
| Total Long-term Debt, net..... | | | | <u>\$ 36,473,468</u> |

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 |
| 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..... | <u>243,942</u> | <u>4,740</u> | <u>248,682</u> |
| Total..... | <u>\$ 1,070,134</u> | <u>\$ 79,785</u> | <u>\$ 1,149,919</u> |

| General Obligation Bonds Payable: | | | |
|-----------------------------------|----------------------|---------------------|----------------------|
| Year | Principal | Interest | Total |
| 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..... | \$ <u>33,965,462</u> | \$ <u>6,522,807</u> | \$ <u>40,488,269</u> |

Long-term Debt Schedule – Enterprise Funds

| Project | Maturities Through | Original Loan Amount | Interest Rate (%) | Outstanding at June 30, 2023 |
|--|-----------------------|----------------------------|-------------------------|------------------------------------|
| General Obligation Bonds Payable: | | | | |
| Sewer Meter Replacement Bonds..... | 2025 | \$ 1,250,000 | 3.00-5.00 | \$ 225,000 |
| Water Bonds of 2005..... | 2026 | 2,285,000 | 3.00-4.70 | 220,000 |
| Meter Replacement Bonds of 2015..... | 2025 | 1,250,000 | 3.00-5.00 | 225,000 |
| Municipal Purpose Loan of 2019..... | 2034 | 504,000 | 2.00-5.00 | 415,000 |
| Ambulance Bonds of 2016..... | 2025 | 260,000 | 2.00-5.00 | 70,000 |
| Refunding Bonds of 2020..... | 2029 | 238,500 | 4.00-5.00 | 139,000 |
| Subtotal General Obligation Bonds Payable..... | | | | \$ <u>1,294,000</u> |

| Project | Maturities Through | Original Loan Amount | Interest Rate (%) | Outstanding at June 30, 2023 |
|---|--------------------|----------------------|-------------------|------------------------------|
| Direct Borrowings Payable: | | | | |
| MCWT Sewer Bonds of 2004..... | 2024 | \$ 400,693 | 2.00-3.75 | \$ 30,000 |
| MCWT Sewer Bonds of 2008 (1)..... | 2027 | 2,627,046 | 2.00 | 613,693 |
| MCWT Sewer Bonds of 2008 (2)..... | 2028 | 663,609 | 2.00 | 191,837 |
| MWRA Sewer Bonds of 2017..... | 2027 | 270,250 | 0.00 | 108,100 |
| MWRA Sewer Bonds of 2018..... | 2027 | 270,250 | 0.00 | 135,125 |
| MWRA Sewer Bonds of 2019..... | 2029 | 270,250 | 0.00 | 162,150 |
| MWRA Sewer Bonds of 2020..... | 2030 | 375,000 | 0.00 | 262,500 |
| MWRA Sewer Bonds of 2023..... | 2033 | 362,250 | 0.00 | 362,250 |
| MWRA Water Bonds of 2014..... | 2024 | 1,000,000 | 0.00 | 100,000 |
| MWRA Water Bonds of 2015..... | 2025 | 1,000,000 | 0.00 | 200,000 |
| MWRA Water Bonds of 2016..... | 2026 | 440,000 | 0.00 | 132,000 |
| MWRA Water Bonds of 2017..... | 2028 | 954,000 | 0.00 | 477,000 |
| MWRA Water Bonds of 2018..... | 2029 | 1,025,000 | 0.00 | 615,000 |
| MWRA Water Bonds of 2019..... | 2030 | 1,440,000 | 0.00 | 1,150,000 |
| MWRA Water Bonds of 2020..... | 2031 | 875,000 | 0.00 | 700,000 |
| MWRA Water Bonds of 2022..... | 2032 | 685,000 | 0.00 | 616,500 |
| MWRA Water Bonds of 2023..... | 2033 | 688,000 | 0.00 | 688,000 |
| Subtotal Direct Borrowings Payable..... | | | | 6,544,155 |
| Total Long-term Debt, net..... | | | | \$ <u>7,838,155</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 |
| 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>1,294,000</u> | \$ <u>127,511</u> | \$ <u>1,421,511</u> |

| Year | Direct Borrowings: | | |
|------------|--------------------|-----------|--------------|
| | Principal | Interest | Total |
| 2024..... | \$ 1,197,200 | \$ 10,784 | \$ 1,207,984 |
| 2025..... | 1,085,952 | 7,778 | 1,093,730 |
| 2026..... | 994,778 | 4,710 | 999,488 |
| 2027..... | 954,683 | 1,580 | 956,263 |
| 2028..... | 765,392 | - | 765,392 |
| 2029..... | 593,050 | - | 593,050 |
| 2030..... | 398,525 | - | 398,525 |
| 2031..... | 276,025 | - | 276,025 |
| 2032..... | 173,525 | - | 173,525 |
| 2033..... | 105,025 | - | 105,025 |
| Total..... | \$ 6,544,155 | \$ 24,852 | \$ 6,569,007 |

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, 2023, the outstanding principal amount of these loans totaled \$5,708,625.

The City is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$1,270 and interest costs for \$750. Thus, net MCWT loan repayments, including interest, on existing loans are scheduled to be \$27,980. 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 \$2,125.

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, 2023, 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)..... | 151,624 |
| High School Science Lab Renovations..... | 835,004 |
| Sewer Improvements (MWRA)..... | 412,050 |
| School Feasibility Study (Windows and Doors)..... | 60,000 |
| Window & Door Replacements at Hoover Elementary School..... | 212,558 |
| Water Enterprise System..... | 106,000 |
| Roadway, Sidewalk, & Public Lot Improvements..... | 7,740 |
| Salt Shed Planning & Design..... | 100,000 |
| Memorial Hall Building Envelope Repair..... | 586,205 |
| Parking Lot, Road and Sidewalk..... | 245,000 |
| Public Library Renovations..... | 21,010,000 |
| Lead Water Line Replacement Planning..... | 165,000 |
| Golf Course Equipment..... | 563,000 |
| Horace Mann School Roof Replacement..... | 1,460,177 |
| Hoover School Roof Replacement..... | 2,306,449 |
| Sewer (MWRA)..... | 1,086,750 |
| Total..... | \$ 29,336,432 |

Changes in Long-term Liabilities

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

| | Beginning Balance | Bonds and Notes Issued | Bonds and Notes Redeemed | Other Increases | Other Decreases | Ending Balance | Due Within One Year |
|--|-------------------|------------------------|--------------------------|-----------------|-----------------|----------------|---------------------|
| Governmental Activities: | | | | | | | |
| Long-term bonds payable..... | \$ 37,744,371 | \$ - | \$ (3,778,909) | \$ - | \$ - | \$ 33,965,462 | \$ 3,848,409 |
| Long-term capital financing..... | 1,246,062 | - | (175,928) | - | - | 1,070,134 | 187,660 |
| Add: Unamortized premium on bonds..... | 1,663,650 | - | - | - | (225,778) | 1,437,872 | 234,330 |
| Total long-term debt..... | 40,654,083 | - | (3,954,837) | - | (225,778) | 36,473,468 | 4,270,399 |
| Compensated absences..... | 1,188,992 | - | - | 1,262,383 | (1,188,992) | 1,262,383 | 1,262,383 |
| Workers' compensation..... | 474,396 | - | - | (34,078) | - | 440,318 | 110,080 |
| Net pension liability..... | 40,249,986 | - | - | 24,166,021 | (6,586,433) | 57,829,574 | - |
| Net other postemployment benefits..... | 162,679,313 | - | - | 11,747,633 | (8,283,700) | 166,143,246 | - |
| Total governmental activity long-term liabilities.... | \$ 245,246,770 | \$ - | \$ (3,954,837) | \$ 37,141,959 | \$ (16,284,903) | \$ 262,148,989 | \$ 5,642,862 |
| Business-Type Activities: | | | | | | | |
| Long-term bonds payable..... | \$ 1,795,001 | \$ 362,250 | \$ (501,001) | \$ - | \$ - | \$ 1,656,250 | \$ 501,500 |
| Long-term direct borrowing payable..... | 6,567,402 | 688,000 | (1,073,497) | - | - | 6,181,905 | 1,197,200 |
| Total long-term debt..... | 8,362,403 | 1,050,250 | (1,574,498) | - | - | 7,838,155 | 1,698,700 |
| Compensated absences..... | 73,559 | - | - | 70,798 | (73,559) | 70,798 | 70,798 |
| Net pension liability..... | 2,918,793 | - | - | 1,516,815 | (453,534) | 3,982,074 | - |
| Net other postemployment benefits..... | 1,576,859 | - | - | 990,897 | (1,025,045) | 1,542,711 | - |
| Total business-type activity long-term liabilities.... | \$ 12,931,614 | \$ 1,050,250 | \$ (1,574,498) | \$ 2,578,510 | \$ (1,552,138) | \$ 13,433,738 | \$ 1,769,498 |

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..... | \$ - | \$ - | \$ 3,242,788 | \$ 3,242,788 |
| Restricted for: | | | | |
| Grants..... | - | - | 618,152 | 618,152 |
| Revolving Funds..... | - | - | 1,366,241 | 1,366,241 |
| Reserved for Appropriations..... | - | - | 801,103 | 801,103 |
| School Revolving Fund..... | - | - | 657,061 | 657,061 |
| School Grants..... | - | - | 1,446,870 | 1,446,870 |
| School Other Funds..... | - | - | 1,331,831 | 1,331,831 |
| Special Revenue Trust Fund..... | - | - | 305,615 | 305,615 |
| Other Special Revenue..... | - | - | 755,490 | 755,490 |
| School Capital Projects..... | - | - | 484,898 | 484,898 |
| Florence A Connor Library..... | - | - | 865,487 | 865,487 |
| Cemetery Perpetual Care..... | - | - | 201,123 | 201,123 |
| Permanent Trust Fund..... | - | - | 469,646 | 469,646 |
| Committed to: | | | | |
| Contract Stabilization Fund..... | 1,028,179 | - | - | 1,028,179 |
| Capital Stabilization Fund..... | 1,034,742 | - | - | 1,034,742 |
| Suits & Claims Stabilization Fund..... | 504,789 | - | - | 504,789 |
| Special Education Stabilization Fund..... | 354,068 | - | - | 354,068 |
| OSHA Stabilization Fund..... | 207,564 | - | - | 207,564 |
| Marijuana Stabilization Fund..... | 748,877 | - | - | 748,877 |
| Assigned to: | | | | |
| City Council..... | 162 | - | - | 162 |
| Mayor..... | 1,640 | - | - | 1,640 |
| Assessor..... | 23,275 | - | - | 23,275 |
| Treasurer/Collector..... | 740 | - | - | 740 |
| City Solicitor..... | 8,939 | - | - | 8,939 |
| Human Resources..... | 90,056 | - | - | 90,056 |
| Information Technology..... | 401,491 | - | - | 401,491 |
| City Clerk..... | 2,880 | - | - | 2,880 |
| Election/Registrar..... | 31,837 | - | - | 31,837 |
| Conservation..... | 34,118 | - | - | 34,118 |
| Planning Board..... | 175,765 | - | - | 175,765 |
| Police..... | 74,571 | - | - | 74,571 |
| Fire..... | 29,540 | - | - | 29,540 |
| Inspectional Services..... | 32,765 | - | - | 32,765 |
| Emergency Management..... | 2,495 | - | - | 2,495 |
| Parking..... | 2,931 | - | - | 2,931 |
| School..... | 1,205,782 | - | - | 1,205,782 |
| Public Works Administration..... | 246,046 | - | - | 246,046 |
| Facility Maintenance..... | 940,328 | - | - | 940,328 |
| Highway..... | 343,414 | - | - | 343,414 |
| Sanitation..... | 109,945 | - | - | 109,945 |
| Park & Forestry..... | 766,073 | - | - | 766,073 |
| Automotive..... | 26,405 | - | - | 26,405 |
| Cemetery..... | 114,104 | - | - | 114,104 |
| Health..... | 4,489 | - | - | 4,489 |
| Beebe Estate..... | 195 | - | - | 195 |
| Council on Aging..... | 14,510 | - | - | 14,510 |
| Veterans..... | 2,460 | - | - | 2,460 |
| Pine Banks..... | 86,135 | - | - | 86,135 |
| Memorial Building..... | 4,611 | - | - | 4,611 |
| Departmental Equipment..... | 1,537,555 | - | - | 1,537,555 |
| Capital Outlay..... | 840,561 | - | - | 840,561 |
| Free cash used for subsequent year budget.... | 7,159,906 | - | - | 7,159,906 |
| Unassigned..... | 2,860,493 | (3,088,825) | - | (228,332) |
| Total Fund Balances..... | \$ 21,054,436 | \$ (3,088,825) | \$ 12,546,305 | \$ 30,511,916 |

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 \$3,961,818, \$1,028,179, \$1,034,742, \$504,789, \$354,068, \$207,564 and \$748,877 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, 2023, the amount of the liability for workers’ compensation claims totaled \$440,000.

Changes in the reported liability since July 1, 2021, are as follows:

| | Balance at Beginning of Year | Current Year Claims and Changes in Estimate | Claims Payments | Balance at Year-End | Current Portion |
|-----------|------------------------------------|--|--------------------|------------------------|--------------------|
| 2022..... | \$ 693,887 | \$ 113,623 | \$ (333,114) | \$ 474,396 | \$ 118,599 |
| 2023..... | 474,396 | 475,351 | (509,429) | 440,318 | 110,080 |

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://www.macomptroller.org/gasb-68-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, 2022. The City’s portion of the collective pension expense, contributed by the Commonwealth, of \$7,380,728 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 \$89,724,652 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, 2022, the System’s membership consists of the following:

| | |
|--|---------------------|
| Active members..... | 468 |
| Inactive members..... | 313 |
| Retirees and beneficiaries currently receiving benefits..... | <u>398</u> |
| Total..... | <u><u>1,179</u></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, 2022 was \$7,218,258 or 29.06% 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 97.53%, which equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2023 were as follows:

| | | |
|---|----|----------------------|
| Total pension liability..... | \$ | 170,429,092 |
| Total pension plan's fiduciary net position..... | | <u>(107,052,031)</u> |
| Total net pension liability..... | \$ | <u>63,377,061</u> |
| | | |
| The pension plan's fiduciary net position as a percentage of the total pension liability..... | | 62.81% |

At June 30, 2023, the City reported a liability of \$61,811,648 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 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, 2022, the City's proportion was 97.53%, which decreased from its proportion of 97.63% measured at December 31, 2021.

Pension Expense

For the year ended June 30, 2023, the City recognized a pension expense of \$6,949,653. At June 30, 2023, the City reported deferred outflows of resources related to pensions of \$8,837,329 and deferred inflow of resources related to pensions of \$1,294,118. 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..... | \$ 66,456 | \$ (1,180,282) | \$ (1,113,826) |
| Difference between projected and actual earnings, net..... | 7,929,957 | - | 7,929,957 |
| Changes in assumptions..... | 829,099 | - | 829,099 |
| Changes in proportion and proportionate share of contributions... | <u>11,817</u> | <u>(113,836)</u> | <u>(102,019)</u> |
| Total deferred outflows/(inflows) of resources..... | \$ <u>8,837,329</u> | \$ <u>(1,294,118)</u> | \$ <u>7,543,211</u> |

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

| | |
|----------------------------|-------------------------|
| <u>Year ended June 30:</u> | |
| 2024..... | \$ 152,096 |
| 2025..... | 1,090,236 |
| 2026..... | 2,017,080 |
| 2027..... | <u>4,283,799</u> |
| Total..... | \$ <u>7,543,211</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, 2022, are summarized in the following table:

| Asset Class | Long-Term Expected Asset Allocation | Long-Term Expected Real Rate of Return |
|---------------------------------|--|---|
| Global Equity: | 32-42% | |
| US equity..... | | 4.39% |
| International equities..... | | 4.19% |
| Emerging equities..... | | 6.82% |
| Core Fixed Income: | 12-18% | |
| Core bonds..... | | 2.05% |
| Short-term fixed income..... | | 1.17% |
| Long duration treasuries..... | | 1.66% |
| Inflation-linked bonds..... | | 1.46% |
| Value added fixed income..... | 5-11% | 5.07% |
| Private equity..... | 13-19% | 7.41% |
| Real estate..... | 7-13% | 3.02% |
| Timberland..... | 1-7% | 4.29% |
| Portfolio completion (PCS)..... | 7-13% | 3.80% |

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -10.92%. 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%) |
|--|------------------------|--------------------------------|------------------------|
| <u>December 31, 2022 Measurement Date</u> | | | |
| The City's proportionate share of the net pension liability..... | \$ 78,950,686 | \$ 61,811,648 | \$ 47,275,956 |
| MCRS total net pension liability..... | \$ 80,950,155 | \$ 63,377,061 | \$ 48,473,245 |

Changes of Assumptions

- None.

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, 2023, the City contributed \$5,824,766.

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 2023, the City pre-funded future OPEB liabilities totaling \$72,000 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, 2023, the net position of the OPEB trust fund totaled \$1,155,453.

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, 2023:

| | |
|--|--------------|
| Active members..... | 775 |
| Inactive members currently receiving benefits..... | <u>531</u> |
| Total..... | <u>1,306</u> |

Components of OPEB Liability

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

| | |
|--|-----------------------|
| Total OPEB liability..... | \$ 168,841,410 |
| Less: OPEB plan's fiduciary net position..... | <u>(1,155,453)</u> |
| Net OPEB liability..... | <u>\$ 167,685,957</u> |
| The OPEB plan's fiduciary net position | |
| as a percentage of the total OPEB liability..... | 0.68% |

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..... | 3.67% per year net of investment expenses as of 06/30/2023. In the calculation of the discount rate, the 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (3.65%) 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..... | CPI-U of 2.50% per year. |
| Mortality rates..... | Active Non-Teachers: The RPH-2014 Headcount-weighted Mortality Tables 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 Tables, 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. Set forward 2 years for disabled retirees. Retired Teachers: The PubT.H-2010 Headcount-weighted Teachers Mortality Tables, sex-distinct, for Healthy Retirees, projected using generational mortality and scale MP-2021. Set forward 2 years for disabled retirees. |

Discount rate

The discount rate used to measure the total OPEB liability was 3.67% as of June 30, 2023 and 3.56% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to the 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, 2023, was applied to all periods thereafter.

Rate of return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 9.12%. 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

2.5% 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, 2023 are summarized in the following table:

| Asset Class | Long-Term Expected Asset Allocation | Long-Term Expected Real Rate of Return |
|---------------------------|--|---|
| Domestic Equity..... | 34.00% | 4.40% |
| Domestic Bond..... | 20.00% | 2.00% |
| International Equity..... | 22.00% | 4.20% |
| International Bond..... | 4.00% | 2.00% |
| Alternatives..... | 12.00% | 3.80% |
| Private Equity..... | 5.00% | 7.40% |
| Real Estate..... | 3.00% | 3.00% |
| 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, 2022..... | \$ 165,247,862 | \$ 991,690 | \$ 164,256,172 |
| Changes for the year: | | | |
| Service cost..... | 6,006,183 | | 6,006,183 |
| Interest..... | 5,994,245 | | 5,994,245 |
| Changes in assumptions and other inputs..... | (2,654,114) | | (2,654,114) |
| Contributions - employer..... | - | 5,824,766 | (5,824,766) |
| Net investment income..... | - | 91,763 | (91,763) |
| Benefit payments..... | (5,752,766) | (5,752,766) | - |
| Net change..... | 3,593,548 | 163,763 | 3,429,785 |
| Balances at June 30, 2023..... | \$ 168,841,410 | \$ 1,155,453 | \$ 167,685,957 |

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 3.67%, 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 (2.67%) or 1-percentage-point higher (4.67%) than the current rate.

| | 1% Decrease (2.67%) | Current Discount Rate (3.67%) | 1% Increase (4.67%) |
|-------------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB liability..... | \$ 191,817,846 | \$ 167,685,957 | \$ 144,207,790 |

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.

| | <u>1% Decrease</u> | <u>Current Trend</u> | <u>1% Increase</u> |
|-------------------------|-----------------------|-----------------------|-----------------------|
| Net OPEB liability..... | \$ <u>141,480,921</u> | \$ <u>167,685,957</u> | \$ <u>201,672,476</u> |

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$11,725,538. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| <u>Deferred Category</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>Total</u> |
|--|---|--|-----------------------|
| Differences between expected and actual experience..... | \$ 13,779,567 | \$ (4,336,056) | \$ 9,443,511 |
| Difference between projected and actual earnings, net..... | - | (1,018) | (1,018) |
| Changes in assumptions..... | <u>6,443,413</u> | <u>(25,531,167)</u> | <u>(19,087,754)</u> |
| Total deferred outflows/(inflows) of resources..... | \$ <u>20,222,980</u> | \$ <u>(29,868,241)</u> | \$ <u>(9,645,261)</u> |

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

| <u>Measurement date year ended June 30:</u> | |
|---|-----------------------|
| 2024..... | \$ (1,376,728) |
| 2025..... | (2,350,579) |
| 2026..... | (2,784,345) |
| 2027..... | (2,717,364) |
| 2028..... | <u>(416,245)</u> |
| Total deferred outflows/(inflows) of resources..... | \$ <u>(9,645,261)</u> |

Changes of Assumptions

- The discount rate was changed to 3.67%, previously 3.56%.

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 Employee Benefit Trust Fund follow.

| | Pension Trust Fund (as of December 31, 2022) | Other Postemployment Benefit Trust Fund | Total Pension and Other Employee Benefit Trust Fund |
|---|---|--|---|
| ASSETS | | | |
| Cash and cash equivalents..... | \$ 5,382,099 | \$ 5,620 | \$ 5,387,719 |
| Investments: | | | |
| Investments in Pension Reserve Investment Trust..... | 101,663,590 | - | 101,663,590 |
| Corporate bonds..... | - | 269,127 | 269,127 |
| Equity securities..... | - | 880,706 | 880,706 |
| Receivables, net of allowance for uncollectibles: | | | |
| Departmental and other..... | 6,342 | - | 6,342 |
| TOTAL ASSETS..... | 107,052,031 | 1,155,453 | 108,207,484 |
| NET POSITION | | | |
| Restricted for pensions..... | 107,052,031 | - | 107,052,031 |
| Restricted for other postemployment benefits..... | - | 1,155,453 | 1,155,453 |
| TOTAL NET POSITION..... | \$ 107,052,031 | \$ 1,155,453 | \$ 108,207,484 |
| ADDITIONS: | | | |
| Contributions: | | | |
| Employer contributions..... | \$ 7,218,258 | \$ 72,000 | \$ 7,290,258 |
| Employer contributions for other postemployment benefit payments... | - | 5,752,766 | 5,752,766 |
| Member contributions..... | 2,525,875 | - | 2,525,875 |
| Retirement benefits - transfers from other systems..... | 1,097,348 | - | 1,097,348 |
| Total contributions..... | 10,841,481 | 5,824,766 | 16,666,247 |
| Net investment income: | | | |
| Investment income (loss)..... | (12,670,028) | 91,763 | (12,578,265) |
| Less: investment expense..... | (532,841) | - | (532,841) |
| Net investment income (loss)..... | (13,202,869) | 91,763 | (13,111,106) |
| TOTAL ADDITIONS..... | (2,361,388) | 5,916,529 | 3,555,141 |
| DEDUCTIONS: | | | |
| Administration..... | 256,148 | - | 256,148 |
| Retirement benefits - 3(8)c transfer to other systems..... | 961,281 | - | 961,281 |
| Retirement benefits and refunds..... | 10,728,750 | - | 10,728,750 |
| Other postemployment benefit payments..... | - | 5,752,766 | 5,752,766 |
| TOTAL DEDUCTIONS..... | 11,946,179 | 5,752,766 | 17,698,945 |
| NET INCREASE (DECREASE) IN NET POSITION..... | (14,307,567) | 163,763 | (14,143,804) |
| NET POSITION AT BEGINNING OF YEAR..... | 121,359,598 | 991,690 | 122,351,288 |
| NET POSITION AT END OF YEAR..... | \$ 107,052,031 | \$ 1,155,453 | \$ 108,207,484 |

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, 2023, 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, 2023, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2023.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 29, 2024, which is the date the financial statements were available to be issued.

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2023, the following GASB pronouncements were implemented:

- GASB Statement #91, *Conduit Debt Obligations*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #96, *Subscription-Based Information Technology Arrangements*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #99, *Omnibus 2022*. This pronouncement did not impact the annual comprehensive financial report.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #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 annual comprehensive financial report.

This page left intentionally blank.

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, 2023

| | 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 | | | |
| REVENUES: | | | | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ - | \$ 73,476,192 | \$ 73,476,192 | \$ 73,476,192 | \$ 73,644,014 | \$ - | \$ 167,822 |
| Tax liens..... | - | - | - | - | 526,410 | - | 526,410 |
| Motor vehicle and other excise taxes..... | - | 2,912,865 | 2,912,865 | 2,912,865 | 4,541,695 | - | 1,628,830 |
| Trash Disposal..... | - | 1,330,812 | 1,330,812 | 1,330,812 | 1,661,805 | - | 330,993 |
| Penalties and interest on taxes..... | - | 300,000 | 300,000 | 300,000 | 449,696 | - | 149,696 |
| Intergovernmental..... | - | 16,816,659 | 16,816,659 | 16,816,659 | 16,629,808 | - | (186,851) |
| Departmental and other..... | - | 2,552,301 | 2,552,301 | 2,552,301 | 3,245,265 | - | 692,964 |
| Investment income (loss)..... | - | 7,500 | 7,500 | 7,500 | 423,801 | - | 416,301 |
| TOTAL REVENUES..... | - | 97,396,329 | 97,396,329 | 97,396,329 | 101,122,494 | - | 3,726,165 |
| EXPENDITURES: | | | | | | | |
| Current: | | | | | | | |
| General government: | | | | | | | |
| City Council..... | | | | | | | |
| Salaries..... | - | 105,750 | 105,750 | 109,061 | 108,761 | - | 300 |
| Expenses..... | - | 31,086 | 31,086 | 31,086 | 29,886 | 162 | 1,038 |
| Total..... | - | 136,836 | 136,836 | 140,147 | 138,647 | 162 | 1,338 |
| Mayor..... | | | | | | | |
| Salaries..... | - | 311,268 | 311,268 | 321,425 | 319,335 | - | 2,090 |
| Expenses..... | 35,300 | 58,384 | 93,684 | 93,684 | 85,833 | 1,640 | 6,211 |
| Total..... | 35,300 | 369,652 | 404,952 | 415,109 | 405,168 | 1,640 | 8,301 |
| Auditor..... | | | | | | | |
| Salaries..... | - | 394,042 | 394,042 | 402,201 | 401,980 | - | 221 |
| Expenses..... | 8,120 | 63,640 | 71,760 | 71,760 | 64,049 | - | 7,711 |
| Total..... | 8,120 | 457,682 | 465,802 | 473,961 | 466,029 | - | 7,932 |
| Assessor..... | | | | | | | |
| Salaries..... | - | 233,867 | 233,867 | 243,095 | 240,974 | - | 2,121 |
| Expenses..... | 20,509 | 131,850 | 152,359 | 152,359 | 114,557 | 23,275 | 14,527 |
| Total..... | 20,509 | 365,717 | 386,226 | 395,454 | 355,531 | 23,275 | 16,648 |
| Treasurer/Collector..... | | | | | | | |
| Salaries..... | - | 380,331 | 380,331 | 385,083 | 384,351 | - | 732 |
| Expenses..... | 9,001 | 108,975 | 117,976 | 117,976 | 81,385 | 740 | 35,851 |
| Total..... | 9,001 | 489,306 | 498,307 | 503,059 | 465,736 | 740 | 36,583 |
| City Solicitor..... | | | | | | | |
| Salaries..... | - | 323,269 | 323,269 | 330,032 | 329,766 | - | 266 |
| Expenses..... | 113,611 | 761,480 | 875,091 | 914,593 | 896,941 | 8,939 | 8,713 |
| Total..... | 113,611 | 1,084,749 | 1,198,360 | 1,244,625 | 1,226,707 | 8,939 | 8,979 |
| Human Resources..... | | | | | | | |
| Salaries..... | - | 146,614 | 146,614 | 160,758 | 160,335 | - | 423 |
| Expenses..... | 103,470 | 24,105 | 127,575 | 127,576 | 31,678 | 90,056 | 5,842 |
| Total..... | 103,470 | 170,719 | 274,189 | 288,334 | 192,013 | 90,056 | 6,265 |
| Information Technology..... | | | | | | | |
| Salaries..... | - | 396,766 | 396,766 | 418,883 | 418,883 | - | - |
| Expenses..... | 174,053 | 481,693 | 655,746 | 855,745 | 442,000 | 401,491 | 12,254 |
| Total..... | 174,053 | 878,459 | 1,052,512 | 1,274,628 | 860,883 | 401,491 | 12,254 |
| City Clerk..... | | | | | | | |
| Salaries..... | - | 293,137 | 293,137 | 273,340 | 255,935 | - | 17,405 |
| Expenses..... | 6,210 | 30,200 | 36,410 | 36,410 | 23,027 | 2,880 | 10,503 |
| Total..... | 6,210 | 323,337 | 329,547 | 309,750 | 278,962 | 2,880 | 27,908 |
| Election/Registrar..... | | | | | | | |
| Salaries..... | - | 45,569 | 45,569 | 45,569 | 38,401 | - | 7,168 |
| Expenses..... | 3,400 | 47,575 | 50,975 | 90,042 | 58,190 | 31,837 | 15 |
| Total..... | 3,400 | 93,144 | 96,544 | 135,611 | 96,591 | 31,837 | 7,183 |
| Liquor Commission..... | | | | | | | |
| Expenses..... | - | 2,000 | 2,000 | 2,000 | 472 | - | 1,528 |
| Conservation..... | | | | | | | |
| Salaries..... | - | 15,200 | 15,200 | 15,200 | 15,200 | - | - |
| Expenses..... | 30,395 | 11,390 | 41,785 | 41,785 | 7,504 | 34,118 | 163 |
| Total..... | 30,395 | 26,590 | 56,985 | 56,985 | 22,704 | 34,118 | 163 |

(Continued)

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

YEAR ENDED JUNE 30, 2023

| | 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 | | | |
| Planning Board..... | | | | | | | |
| Salaries..... | - | 362,014 | 362,014 | 370,386 | 370,386 | - | - |
| Expenses..... | 62,897 | 12,110 | 75,007 | 203,507 | 26,610 | 175,765 | 1,132 |
| Total..... | 62,897 | 374,124 | 437,021 | 573,893 | 396,996 | 175,765 | 1,132 |
| Energy Commission..... | | | | | | | |
| Expenses..... | 321 | 2,500 | 2,821 | 2,821 | 2,437 | - | 384 |
| Total General government..... | 567,287 | 4,774,815 | 5,342,102 | 5,816,377 | 4,908,876 | 770,903 | 136,598 |
| Public safety: | | | | | | | |
| Police..... | | | | | | | |
| Salaries..... | - | 5,184,560 | 5,184,560 | 5,859,422 | 5,754,497 | - | 104,925 |
| Expenses..... | 58,116 | 291,136 | 349,252 | 374,251 | 264,621 | 74,571 | 35,059 |
| Total..... | 58,116 | 5,475,696 | 5,533,812 | 6,233,673 | 6,019,118 | 74,571 | 139,984 |
| Fire..... | | | | | | | |
| Salaries..... | - | 5,019,672 | 5,019,672 | 5,115,800 | 5,102,726 | - | 13,074 |
| Expenses..... | 13,411 | 361,021 | 374,432 | 374,433 | 232,581 | 29,540 | 112,312 |
| Total..... | 13,411 | 5,380,693 | 5,394,104 | 5,490,233 | 5,335,307 | 29,540 | 125,386 |
| Inspectional Services..... | | | | | | | |
| Salaries..... | - | 330,407 | 330,407 | 330,407 | 324,507 | - | 5,900 |
| Expenses..... | - | 14,780 | 14,780 | 47,545 | 8,195 | 32,765 | 6,585 |
| Total..... | - | 345,187 | 345,187 | 377,952 | 332,702 | 32,765 | 12,485 |
| Emergency Management..... | | | | | | | |
| Salaries..... | - | 250 | 250 | 250 | - | - | 250 |
| Expenses..... | - | 32,205 | 32,205 | 32,205 | 28,768 | 2,495 | 942 |
| Total..... | - | 32,455 | 32,455 | 32,455 | 28,768 | 2,495 | 1,192 |
| Parking..... | | | | | | | |
| Salaries..... | - | 13,370 | 13,370 | 14,749 | 14,527.00 | - | 222 |
| Expenses..... | 562 | 58,500 | 59,062 | 59,062 | 52,167 | 2,931 | 3,964 |
| Total..... | 562 | 71,870 | 72,432 | 73,811 | 66,694 | 2,931 | 4,186 |
| Total Public safety..... | 72,089 | 11,305,901 | 11,377,990 | 12,208,124 | 11,782,589 | 142,302 | 283,233 |
| Education: | | | | | | | |
| School..... | | | | | | | |
| Expenses..... | 885,263 | 35,511,659.00 | 36,396,922 | 39,296,922.00 | 38,091,140 | 1,205,782 | - |
| Regional School..... | - | 1,194,123 | 1,194,123 | 1,229,434 | 1,229,434 | - | - |
| Total Education..... | 885,263 | 36,705,782 | 37,591,045 | 40,526,356 | 39,320,574 | 1,205,782 | - |
| Public works: | | | | | | | |
| Public Works Administration..... | | | | | | | |
| Salaries..... | - | 773,429 | 773,429 | 793,020 | 792,924 | - | 96 |
| Expenses..... | 167,908 | 140,765 | 308,673 | 452,172 | 171,345 | 246,046 | 34,781 |
| Total..... | 167,908 | 914,194 | 1,082,102 | 1,245,192 | 964,269 | 246,046 | 34,877 |
| Facility Maintenance..... | | | | | | | |
| Salaries..... | - | 1,450,084 | 1,450,084 | 1,474,290 | 1,449,213 | - | 25,077 |
| Expenses..... | 1,158,190 | 2,957,942 | 4,116,132 | 4,416,134 | 3,347,883 | 940,328 | 127,923 |
| Total..... | 1,158,190 | 4,408,026 | 5,566,216 | 5,890,424 | 4,797,096 | 940,328 | 153,000 |
| Highway..... | | | | | | | |
| Salaries..... | - | 306,989 | 306,989 | 314,845 | 314,681 | - | 164 |
| Expenses..... | 470,079 | 453,836 | 923,915 | 973,917 | 610,591 | 343,414 | 19,912 |
| Total..... | 470,079 | 760,825 | 1,230,904 | 1,288,762 | 925,272 | 343,414 | 20,076 |
| Snow..... | | | | | | | |
| Salaries..... | - | 125,000 | 125,000 | 162,396 | 162,396 | - | - |
| Expenses..... | - | 600,000 | 600,000 | 653,563 | 653,563 | - | - |
| Total..... | - | 725,000 | 725,000 | 815,959 | 815,959 | - | - |
| Sanitation..... | | | | | | | |
| Salaries..... | - | 193,560 | 193,560 | 195,801 | 192,762 | - | 3,039 |
| Expenses..... | 54,531 | 1,619,000 | 1,673,531 | 1,673,530 | 1,514,161 | 109,945 | 49,424 |
| Total..... | 54,531 | 1,812,560 | 1,867,091 | 1,869,331 | 1,706,923 | 109,945 | 52,463 |

(Continued)

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

YEAR ENDED JUNE 30, 2023

| | 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 | | | |
| Park & Forestry..... | | | | | | |
| Salaries..... | - | 641,294 | 641,294 | 652,624 | 586,002 | 66,622 |
| Expenses..... | 1,156,626 | 225,900 | 1,382,526 | 1,450,176 | 652,628 | 31,475 |
| Total..... | 1,156,626 | 867,194 | 2,023,820 | 2,102,800 | 1,238,630 | 98,097 |
| Automotive..... | | | | | | |
| Salaries..... | - | 197,673 | 197,673 | 197,673 | 154,459 | 43,214 |
| Expenses..... | 7,159 | 311,591 | 318,750 | 318,750 | 231,179 | 61,166 |
| Total..... | 7,159 | 509,264 | 516,423 | 516,423 | 385,638 | 104,380 |
| Cemetery..... | | | | | | |
| Salaries..... | - | 230,351 | 230,351 | 235,240 | 229,337 | 5,903 |
| Expenses..... | 62,047 | 33,550 | 95,597 | 162,098 | 30,484 | 17,510 |
| Total..... | 62,047 | 263,901 | 325,948 | 397,338 | 259,821 | 23,413 |
| Total Public works..... | 3,076,540 | 10,260,964 | 13,337,504 | 14,126,229 | 11,093,608 | 486,306 |
| Health and human services: | | | | | | |
| Health..... | | | | | | |
| Salaries..... | - | 473,959 | 473,959 | 526,748 | 525,963 | 785 |
| Expenses..... | 30,694 | 742,719 | 773,413 | 786,133 | 738,551 | 43,093 |
| Total..... | 30,694 | 1,216,678 | 1,247,372 | 1,312,881 | 1,264,514 | 43,878 |
| Beebe Estate..... | - | | | | | |
| Expenses..... | - | 7,900 | 7,900 | 7,900 | 5,466 | 2,239 |
| Council on Aging..... | | | | | | |
| Salaries..... | - | 252,442 | 252,442 | 261,804 | 257,971 | 3,833 |
| Expenses..... | 13,890 | 5,685 | 19,575 | 19,575 | 3,819 | 1,246 |
| Total..... | 13,890 | 258,127 | 272,017 | 281,379 | 261,790 | 5,079 |
| Women's Commission..... | | | | | | |
| Expenses..... | - | 2,000 | 2,000 | 2,000 | 798 | 1,202 |
| Veterans..... | | | | | | |
| Salaries..... | - | 152,962 | 152,962 | 154,384 | 152,120 | 2,264 |
| Expenses..... | 4,729 | 285,910 | 290,639 | 220,877 | 177,547 | 40,870 |
| Total..... | 4,729 | 438,872 | 443,601 | 375,261 | 329,667 | 43,134 |
| Human Rights..... | | | | | | |
| Expenses..... | 215 | 3,000 | 3,215 | 3,215 | 3,215 | - |
| Disability Commission..... | | | | | | |
| Expenses..... | - | 2,500 | 2,500 | 2,500 | 824 | 1,676 |
| Total Health and human services..... | 49,528 | 1,929,077 | 1,978,605 | 1,985,136 | 1,866,274 | 97,208 |
| Culture and recreation: | | | | | | |
| Library..... | | | | | | |
| Salaries..... | - | 1,003,593 | 1,003,593 | 1,013,302 | 1,009,181 | 4,121 |
| Expenses..... | - | 189,404 | 189,404 | 189,404 | 185,878 | 3,526 |
| Total..... | - | 1,192,997 | 1,192,997 | 1,202,706 | 1,195,059 | 7,647 |
| Recreation..... | | | | | | |
| Salaries..... | - | 64,130 | 64,130 | 64,130 | 64,130 | - |
| Expenses..... | 10,000 | 19,900 | 29,900 | 29,900 | 29,900 | - |
| Total..... | 10,000 | 84,030 | 94,030 | 94,030 | 94,030 | - |
| Pine Banks..... | | | | | | |
| Salaries..... | - | 219,614 | 219,614 | 215,389 | 208,558 | 6,831 |
| Expenses..... | 34,010 | 102,525 | 136,535 | 226,896 | 140,760 | 86,135 |
| Total..... | 34,010 | 322,139 | 356,149 | 442,285 | 349,318 | 6,832 |
| Memorial & Veterans Community Events..... | | | | | | |
| Expenses..... | 1,370 | 8,000 | 9,370 | 9,370 | 9,369 | 1 |
| Memorial Building..... | | | | | | |
| Salaries..... | - | 152,183 | 152,183 | 157,497 | 136,166 | 21,331 |
| Expenses..... | 5,254 | 66,438 | 71,692 | 84,002 | 79,305 | 86 |
| Total..... | 5,254 | 218,621 | 223,875 | 241,499 | 215,471 | 21,417 |
| Total Culture and recreation..... | 50,634 | 1,825,787 | 1,876,421 | 1,989,890 | 1,863,247 | 35,897 |

(Continued)

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

YEAR ENDED JUNE 30, 2023

| | 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 | | | |
| Pension benefits..... | - | 7,039,967 | 7,039,967 | 7,039,967 | - | - |
| Employee benefits: | | | | | | |
| Worker's Compensation..... | - | 420,000 | 420,000 | 520,000 | - | 10,571 |
| Unemployment..... | 2,297 | 100,000 | 102,297 | 102,297 | - | 2,914 |
| Health Contractual..... | 234,556 | 14,423,636 | 14,658,192 | 14,655,268 | - | 415,166 |
| Medicare..... | - | 885,000 | 885,000 | 933,000 | - | 8,313 |
| Total Employee benefits..... | 236,853 | 15,828,636 | 16,065,489 | 15,773,601 | - | 436,964 |
| State and county charges..... | - | 4,838,455 | 4,838,455 | 4,633,937 | - | 208,036 |
| Capital outlay: | | | | | | |
| Departmental Equipment..... | 643,916 | 151,036 | 794,952 | 1,842,080 | 1,537,555 | 34,017 |
| Capital Outlay..... | 1,592,852 | 249,893 | 1,842,745 | 1,842,745 | 840,561 | 1 |
| Stabilization Funds..... | - | 100,000 | 100,000 | 100,000 | - | - |
| Total Capital outlay..... | 2,236,768 | 500,929 | 2,737,697 | 3,784,825 | 2,378,116 | 34,018 |
| Debt service: | | | | | | |
| Principal..... | - | 3,778,910 | 3,778,910 | 3,778,910 | - | 1 |
| Interest..... | - | 1,273,534 | 1,273,534 | 1,273,533 | - | 1 |
| Projected Debt and Temporary Interest..... | - | 31,777 | 31,777 | 14,037 | - | - |
| Total Debt service..... | - | 5,084,221 | 5,084,221 | 5,066,481 | - | 2 |
| TOTAL EXPENDITURES..... | 7,174,962 | 100,094,534 | 107,269,496 | 113,387,887 | 104,513,807 | 1,718,262 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | (7,174,962) | (2,698,205) | (9,873,167) | (15,991,558) | (7,155,818) | 5,444,427 |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Use of prior year reserves..... | 7,174,962 | - | 7,174,962 | 7,145,054 | - | (7,145,054) |
| Use of Free Cash..... | - | - | - | 7,159,906 | - | (7,159,906) |
| Use of overlay surplus..... | - | 144,129 | 144,129 | 144,129 | - | (144,129) |
| Transfers in..... | - | 2,554,076 | 2,554,076 | 3,201,683 | - | - |
| Transfers out..... | - | - | - | (1,659,214) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES)..... | 7,174,962 | 2,698,205 | 9,873,167 | 15,991,558 | 1,542,469 | (14,449,089) |
| NET CHANGE IN FUND BALANCE..... | - | - | - | - | (1,848,844) | (9,004,662) |
| BUDGETARY FUND BALANCE, Beginning of year..... | - | 15,846,580 | 15,846,580 | 15,846,580 | - | - |
| BUDGETARY FUND BALANCE, End of year..... | \$ - | \$ 15,846,580 | \$ 15,846,580 | \$ 15,846,580 | \$ 13,997,736 | \$ (9,004,662) |

(Concluded)

See notes to required supplementary information.

This page intentionally left blank.

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 | December 31, 2017 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability: | | | | |
| Service cost..... | \$ 2,370,000 | \$ 2,678,000 | \$ 2,798,000 | \$ 2,711,000 |
| Interest..... | 9,398,000 | 9,534,000 | 10,620,000 | 10,789,000 |
| Differences between expected and actual experience..... | - | 2,548,000 | - | (3,406,000) |
| Changes in assumptions..... | - | 7,402,000 | - | 1,643,000 |
| Benefit payments..... | <u>(8,769,000)</u> | <u>(8,211,000)</u> | <u>(8,766,000)</u> | <u>(9,170,000)</u> |
| Net change in total pension liability..... | 2,999,000 | 13,951,000 | 4,652,000 | 2,567,000 |
| Total pension liability - beginning..... | <u>119,490,000</u> | <u>122,489,000</u> | <u>136,440,000</u> | <u>141,092,000</u> |
| Total pension liability - ending (a)..... | <u>\$ 122,489,000</u> | <u>\$ 136,440,000</u> | <u>\$ 141,092,000</u> | <u>\$ 143,659,000</u> |
| Plan fiduciary net position: | | | | |
| Employer contributions..... | \$ 5,519,000 | \$ 5,665,000 | \$ 5,814,000 | \$ 6,032,000 |
| Member contributions..... | 2,080,000 | 1,962,000 | 2,030,000 | 2,204,000 |
| Net investment income (loss)..... | 5,002,000 | 144,000 | 4,849,000 | 12,199,000 |
| Administrative expenses..... | (292,000) | (232,000) | (249,000) | (249,000) |
| Retirement benefits and refunds..... | <u>(8,769,000)</u> | <u>(8,211,000)</u> | <u>(8,766,000)</u> | <u>(9,170,000)</u> |
| Net increase (decrease) in fiduciary net position..... | 3,540,000 | (672,000) | 3,678,000 | 11,016,000 |
| Fiduciary net position - beginning of year..... | <u>69,986,000</u> | <u>73,526,000</u> | <u>72,854,000</u> | <u>76,532,000</u> |
| Fiduciary net position - end of year (b)..... | <u>\$ 73,526,000</u> | <u>\$ 72,854,000</u> | <u>\$ 76,532,000</u> | <u>\$ 87,548,000</u> |
| Net pension liability - ending (a)-(b)..... | <u>\$ 48,963,000</u> | <u>\$ 63,586,000</u> | <u>\$ 64,560,000</u> | <u>\$ 56,111,000</u> |
| Plan fiduciary net position as a percentage of the total pension liability..... | 60.03% | 53.40% | 54.24% | 60.94% |
| Covered payroll..... | \$ 19,298,000 | \$ 20,268,000 | \$ 21,221,000 | \$ 21,353,000 |
| Net pension liability as a percentage of covered payroll..... | 253.72% | 313.73% | 304.23% | 262.78% |

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, 2018 | December 31, 2019 | December 31, 2020 | December 31, 2021 | December 31, 2022 |
|----|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 2,833,000 | \$ 2,960,000 | \$ 3,266,000 | \$ 3,412,000 | \$ 3,567,000 |
| | 10,981,000 | 11,317,000 | 11,662,000 | 12,008,000 | 11,879,000 |
| | - | 977,000 | - | (2,484,000) | - |
| | - | 3,930,000 | - | 1,182,000 | - |
| | <u>(9,608,000)</u> | <u>(9,591,000)</u> | <u>(10,457,000)</u> | <u>(10,471,000)</u> | <u>(10,593,000)</u> |
| | 4,206,000 | 9,593,000 | 4,471,000 | 3,647,000 | 4,853,000 |
| | <u>143,659,000</u> | <u>147,865,000</u> | <u>157,458,000</u> | <u>161,929,000</u> | <u>165,576,000</u> |
| \$ | <u>147,865,000</u> | <u>157,458,000</u> | <u>161,929,000</u> | <u>165,576,000</u> | <u>170,429,000</u> |
| \$ | 6,028,000 | \$ 6,112,000 | \$ 6,546,000 | \$ 6,812,000 | \$ 7,218,000 |
| | 2,204,000 | 2,271,000 | 2,366,000 | 2,417,000 | 2,526,000 |
| | (1,966,000) | 12,728,000 | 10,197,000 | 19,269,000 | (13,203,000) |
| | (254,000) | (273,000) | (228,000) | (290,000) | (256,000) |
| | <u>(9,608,000)</u> | <u>(9,591,000)</u> | <u>(10,457,000)</u> | <u>(10,471,000)</u> | <u>(10,593,000)</u> |
| | (3,596,000) | 11,247,000 | 8,424,000 | 17,737,000 | (14,308,000) |
| | <u>87,548,000</u> | <u>83,952,000</u> | <u>95,199,000</u> | <u>103,623,000</u> | <u>121,360,000</u> |
| \$ | <u>83,952,000</u> | <u>95,199,000</u> | <u>103,623,000</u> | <u>121,360,000</u> | <u>107,052,000</u> |
| \$ | <u>63,913,000</u> | <u>62,259,000</u> | <u>58,306,000</u> | <u>44,216,000</u> | <u>63,377,000</u> |
| | 56.78% | 60.46% | 63.99% | 73.30% | 62.81% |
| \$ | 22,191,000 | \$ 22,575,000 | \$ 23,570,000 | \$ 23,795,000 | \$ 24,838,000 |
| | 288.01% | 275.79% | 247.37% | 185.82% | 255.16% |

SCHEDULE OF CONTRIBUTIONS
MELROSE CONTRIBUTORY RETIREMENT SYSTEM

| Year | Actuarially determined contribution | Contributions in relation to the actuarially determined contribution | Contribution deficiency (excess) | Covered payroll | Contributions as a percentage of covered payroll |
|------------------------|---|--|--|--------------------|---|
| December 31, 2022..... | \$ 7,218,000 | \$ (7,218,000) | \$ - | \$ 24,838,000 | 29.06% |
| 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% |

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, 2022..... | -10.92% |
| 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% |

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 payroll | Net pension liability as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|------------------------|---|---|--------------------|--|--|
| December 31, 2022..... | 97.53% | \$ 61,811,648 | \$ 24,221,401 | 255.19% | 62.81% |
| 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% |

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 payroll | Contributions as a percentage of covered payroll |
|--------------------|---|--|--|--------------------|---|
| June 30, 2023..... | \$ 7,039,967 | \$ (7,039,967) | - | \$ 24,705,829 | 28.50% |
| 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 |
|-----------|--|---|---|
| 2023..... | \$ 89,724,652 | \$ 7,380,728 | 57.75% |
| 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% |

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 | June 30, 2023 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total OPEB Liability | | | | | | | |
| Service cost..... | \$ 6,401,978 | \$ 6,658,057 | \$ 4,897,981 | \$ 5,561,672 | \$ 7,693,970 | \$ 8,015,557 | \$ 6,006,183 |
| Interest..... | 5,701,415 | 5,972,623 | 5,502,180 | 5,504,926 | 3,815,636 | 3,923,738 | 5,994,245 |
| 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) | (2,654,114) |
| Benefit payments..... | (4,498,759) | (5,029,414) | (3,998,445) | (4,456,372) | (4,452,974) | (5,249,984) | (5,752,766) |
| Net change in total OPEB liability..... | 7,604,634 | (23,779,687) | 14,146,497 | 11,816,874 | 8,087,785 | (7,713,285) | 3,593,548 |
| Total OPEB liability - beginning..... | 155,085,044 | 162,689,678 | 138,909,991 | 153,056,488 | 164,873,362 | 172,961,147 | 165,247,862 |
| Total OPEB liability - ending (a)..... | \$ 162,689,678 | \$ 138,909,991 | \$ 153,056,488 | \$ 164,873,362 | \$ 172,961,147 | \$ 165,247,862 | \$ 168,841,410 |
| Plan fiduciary net position | | | | | | | |
| Employer contributions..... | \$ 72,000 | \$ 72,000 | \$ 72,000 | \$ 172,000 | \$ 172,000 | \$ 122,000 | \$ 72,000 |
| Employer contributions for OPEB payments..... | 4,498,759 | 5,029,414 | 3,998,445 | 4,456,372 | 4,452,974 | 5,249,984 | 5,752,766 |
| Net investment income (loss)..... | 19,457 | 18,309 | 25,545 | 16,735 | 177,704 | (154,006) | 91,763 |
| Benefit payments..... | (4,498,759) | (5,029,414) | (3,998,445) | (4,456,372) | (4,452,974) | (5,249,984) | (5,752,766) |
| Net change in plan fiduciary net position..... | 91,457 | 90,309 | 97,545 | 188,735 | 349,704 | (32,006) | 163,763 |
| Plan fiduciary net position - beginning of year..... | 205,946 | 297,403 | 387,712 | 485,257 | 673,992 | 1,023,696 | 991,690 |
| Plan fiduciary net position - end of year (b)..... | \$ 297,403 | \$ 387,712 | \$ 485,257 | \$ 673,992 | \$ 1,023,696 | \$ 991,690 | \$ 1,155,453 |
| Net OPEB liability - ending (a)-(b)..... | \$ 162,392,275 | \$ 138,522,279 | \$ 152,571,231 | \$ 164,199,370 | \$ 171,937,451 | \$ 164,256,172 | \$ 167,685,957 |
| Plan fiduciary net position as a percentage of the total OPEB liability..... | 0.18% | 0.28% | 0.32% | 0.41% | 0.59% | 0.60% | 0.68% |
| Covered-employee payroll..... | \$ 38,148,337 | \$ 42,881,892 | \$ 42,881,892 | \$ 46,375,131 | \$ 50,494,945 | \$ 53,540,555 | \$ 63,314,162 |
| Net OPEB liability as a percentage of covered-employee payroll..... | 425.69% | 323.03% | 355.79% | 354.07% | 340.50% | 306.79% | 264.85% |

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, 2023..... | \$ 5,824,766 | \$ 63,314,162 | 9.20% |
| June 30, 2022..... | 5,371,984 | 53,540,555 | 10.03% |
| 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, 2023..... | 9.12% |
| 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 ACCOUNTABILITY

Budgetary 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 2023 approved budget includes \$100.1 million in current year appropriations and other amounts to be raised and \$7.2 million in prior year articles and encumbrances carried forward. During 2023, the Council also approved supplemental appropriations and transfers totaling approximately \$7.8 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, 2023, is presented below:

| | |
|--|-----------------------|
| Net change in fund balance - budgetary basis..... | \$ (1,848,844) |
| <u>Perspective differences:</u> | |
| Activity of the stabilization fund recorded in the general fund for GAAP..... | 564,303 |
| <u>Basis of accounting differences:</u> | |
| Net change in recording tax refunds payable..... | (567,703) |
| Net change in recording 60 day receipts..... | (83,475) |
| Net change in recording accrued payroll..... | (16,695) |
| Recognition of revenue for on-behalf payments..... | 7,380,728 |
| Recognition of expenditures for on-behalf payments..... | <u>(7,380,728)</u> |
| Net change in fund balance - GAAP basis..... | <u>\$ (1,952,414)</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 Liability

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 of Assumptions

- None

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..... | 3.67% per year net of investment expenses as of 06/30/2023. In the calculation of the discount rate, the 20-year Municipal General Obligation bonds as shown in the Bond Buyer 20 Bond Index (3.65%) 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..... | CPI-U of 2.50% per year. |
| Mortality rates..... | Active Non-Teachers: The RPH-2014 Headcount-weighted Mortality Tables 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 Tables, 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. Set forward 2 years for disabled retirees. Retired Teachers: The PubT.H-2010 Headcount-weighted Teachers Mortality Tables, sex-distinct, for Healthy Retirees, projected using generational mortality and scale MP-2021. Set forward 2 years for disabled retirees. |

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 3.67%, previously 3.57%.

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.

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.

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

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 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, 2023

| | Special Revenue Funds | | | | | |
|---|-------------------------------------|---------------------|-----------------------------|---|---------------------------------------|--|
| | City Federal and State Grants | Revolving Fund | School Revolving Fund | Receipts Reserved for Appropriation | School Federal and State Grants | Other School Grants and Gifts Revenue Fund |
| ASSETS | | | | | | |
| Cash and cash equivalents..... | \$ 555,150 | \$ 1,366,241 | \$ 657,061 | \$ 567,450 | \$ 1,446,870 | \$ 1,331,831 |
| Investments..... | - | - | - | 233,653 | - | - |
| Receivables, net of uncollectibles: | | | | | | |
| Departmental and other..... | - | - | - | - | - | - |
| Intergovernmental - other..... | 21,000 | - | - | - | - | - |
| Loans..... | 63,002 | - | - | - | - | - |
| TOTAL ASSETS..... | \$ 639,152 | \$ 1,366,241 | \$ 657,061 | \$ 801,103 | \$ 1,446,870 | \$ 1,331,831 |
| LIABILITIES | | | | | | |
| Warrants payable..... | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Unavailable revenue..... | 21,000 | - | - | - | - | - |
| FUND BALANCES | | | | | | |
| Nonspendable..... | - | - | - | - | - | - |
| Restricted..... | 618,152 | 1,366,241 | 657,061 | 801,103 | 1,446,870 | 1,331,831 |
| TOTAL FUND BALANCES..... | 618,152 | 1,366,241 | 657,061 | 801,103 | 1,446,870 | 1,331,831 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES..... | \$ 639,152 | \$ 1,366,241 | \$ 657,061 | \$ 801,103 | \$ 1,446,870 | \$ 1,331,831 |

(Continued)

| Special Revenue Funds | | | Capital Project Funds | Permanent Funds | | | | Total Nonmajor Governmental Funds |
|----------------------------|-----------------------|---------------------|-------------------------|-------------------------|---------------------|----------------------|---------------------|-----------------------------------|
| Special Revenue Trust Fund | Other Special Revenue | Subtotal | School Capital Projects | Cemetery Perpetual Care | Library | Other Permanent Fund | Subtotal | |
| \$ 305,615 | \$ 763,698 | \$ 6,993,916 | \$ 484,898 | \$ 233,950 | \$ 112,613 | \$ 24,949 | \$ 371,512 | \$ 7,850,326 |
| - | - | 233,653 | - | 2,521,380 | 1,403,405 | 482,747 | 4,407,532 | 4,641,185 |
| - | 344,812 | 344,812 | - | - | - | - | - | 344,812 |
| - | - | 21,000 | - | - | - | - | - | 21,000 |
| - | - | 63,002 | - | - | - | - | - | 63,002 |
| <u>\$ 305,615</u> | <u>\$ 1,108,510</u> | <u>\$ 7,656,383</u> | <u>\$ 484,898</u> | <u>\$ 2,755,330</u> | <u>\$ 1,516,018</u> | <u>\$ 507,696</u> | <u>\$ 4,779,044</u> | <u>\$ 12,920,325</u> |
| \$ - | \$ 8,208 | \$ 8,208 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 8,208 |
| - | 344,812 | 365,812 | - | - | - | - | - | 365,812 |
| - | - | - | - | 2,554,207 | 650,531 | 38,050 | 3,242,788 | 3,242,788 |
| 305,615 | 755,490 | 7,282,363 | 484,898 | 201,123 | 865,487 | 469,646 | 1,536,256 | 9,303,517 |
| 305,615 | 755,490 | 7,282,363 | 484,898 | 2,755,330 | 1,516,018 | 507,696 | 4,779,044 | 12,546,305 |
| <u>\$ 305,615</u> | <u>\$ 1,108,510</u> | <u>\$ 7,656,383</u> | <u>\$ 484,898</u> | <u>\$ 2,755,330</u> | <u>\$ 1,516,018</u> | <u>\$ 507,696</u> | <u>\$ 4,779,044</u> | <u>\$ 12,920,325</u> |

(Concluded)

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

YEAR ENDED JUNE 30, 2023

| | Special Revenue Funds | | | | | |
|---|-------------------------------------|---------------------|-----------------------------|---|---------------------------------------|--|
| | City Federal and State Grants | Revolving Fund | School Revolving Fund | Receipts Reserved for Appropriation | School Federal and State Grants | Other School Grants and Gifts Revenue Fund |
| REVENUES: | | | | | | |
| Tax liens..... | \$ - | \$ 143,036 | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental - other..... | 1,954,909 | - | - | 61,857 | 5,445,722 | 216,022 |
| Departmental and other..... | 33,088 | 837,394 | 2,359,327 | 672,005 | - | 2,975,970 |
| Contributions and donations..... | - | 119,333 | 24,170 | 4,583 | - | 35,278 |
| Investment income (loss)..... | 515 | - | - | 3,593 | - | - |
| TOTAL REVENUES..... | 1,988,512 | 1,099,763 | 2,383,497 | 742,038 | 5,445,722 | 3,227,270 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government..... | 274,141 | 243,278 | - | 589 | - | - |
| Public safety..... | 233,309 | 14,162 | - | 30,107 | - | - |
| Education..... | - | - | 2,348,932 | 511,229 | 5,208,126 | 3,637,498 |
| Public works..... | 797,891 | 52,258 | - | - | - | - |
| Community development..... | 44,066 | - | - | - | - | - |
| Health and human services..... | 171,072 | 102,449 | - | - | - | - |
| Culture and recreation..... | 15,104 | 463,894 | - | 17,638 | - | - |
| TOTAL EXPENDITURES..... | 1,535,583 | 876,041 | 2,348,932 | 559,563 | 5,208,126 | 3,637,498 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | 452,929 | 223,722 | 34,565 | 182,475 | 237,596 | (410,228) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in..... | 14,753 | 24,230 | 576,337 | 60,480 | - | 782,358 |
| Transfers out..... | - | (133,949) | - | (110,480) | - | (321,423) |
| TOTAL OTHER FINANCING SOURCES (USES)..... | 14,753 | (109,719) | 576,337 | (50,000) | - | 460,935 |
| NET CHANGE IN FUND BALANCES..... | 467,682 | 114,003 | 610,902 | 132,475 | 237,596 | 50,707 |
| FUND BALANCES AT BEGINNING OF YEAR..... | 150,470 | 1,252,238 | 46,159 | 668,628 | 1,209,274 | 1,281,124 |
| FUND BALANCES AT END OF YEAR..... | \$ 618,152 | \$ 1,366,241 | \$ 657,061 | \$ 801,103 | \$ 1,446,870 | \$ 1,331,831 |

(Continued)

| Special Revenue Funds | | | Capital Project Funds | Permanent Funds | | | | Total Nonmajor Governmental Funds |
|----------------------------|-----------------------|---------------------|-------------------------|-------------------------|---------------------|----------------------|---------------------|-----------------------------------|
| Special Revenue Trust Fund | Other Special Revenue | Subtotal | School Capital Projects | Cemetery Perpetual Care | Library | Other Permanent Fund | Subtotal | |
| \$ - | \$ - | \$ 143,036 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 143,036 |
| - | 358,411 | 8,036,921 | - | - | - | - | - | 8,036,921 |
| - | 2,708,624 | 9,586,408 | - | - | - | - | - | 9,586,408 |
| 1,079 | 140,726 | 325,169 | - | - | 86,829 | 99,770 | 186,599 | 511,768 |
| 1,531 | 82,193 | 87,832 | - | 52,385 | 128,292 | 11,994 | 192,671 | 280,503 |
| <u>2,610</u> | <u>3,289,954</u> | <u>18,179,366</u> | <u>-</u> | <u>52,385</u> | <u>215,121</u> | <u>111,764</u> | <u>379,270</u> | <u>18,558,636</u> |
| - | 758,970 | 1,276,978 | - | - | - | - | - | 1,276,978 |
| - | 1,963,012 | 2,240,590 | - | - | - | 250 | 250 | 2,240,840 |
| - | - | 11,705,785 | - | - | - | - | - | 11,705,785 |
| - | 192,448 | 1,042,597 | - | - | - | - | - | 1,042,597 |
| - | - | 44,066 | - | - | - | - | - | 44,066 |
| - | 20,519 | 294,040 | - | - | - | - | - | 294,040 |
| - | 93,797 | 590,433 | - | - | 169,330 | 5,760 | 175,090 | 765,523 |
| - | 3,028,746 | 17,194,489 | - | - | 169,330 | 6,010 | 175,340 | 17,369,829 |
| <u>2,610</u> | <u>261,208</u> | <u>984,877</u> | <u>-</u> | <u>52,385</u> | <u>45,791</u> | <u>105,754</u> | <u>203,930</u> | <u>1,188,807</u> |
| - | - | 1,458,158 | - | 6,720 | - | - | 6,720 | 1,464,878 |
| - | (113,141) | (678,993) | - | (18,720) | - | - | (18,720) | (697,713) |
| - | (113,141) | 779,165 | - | (12,000) | - | - | (12,000) | 767,165 |
| 2,610 | 148,067 | 1,764,042 | - | 40,385 | 45,791 | 105,754 | 191,930 | 1,955,972 |
| <u>303,005</u> | <u>607,423</u> | <u>5,518,321</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>10,590,333</u> |
| <u>\$ 305,615</u> | <u>\$ 755,490</u> | <u>\$ 7,282,363</u> | <u>\$ 484,898</u> | <u>\$ 2,755,330</u> | <u>\$ 1,516,018</u> | <u>\$ 507,696</u> | <u>\$ 4,779,044</u> | <u>\$ 12,546,305</u> |

(Concluded)

This page intentionally left blank.

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

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|----------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets..... | \$ 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 | \$ 77,161,027 |
| Restricted..... | 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 | 6,991,895 |
| Unrestricted..... | (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) | (199,459,807) |
| Total governmental activities net position..... | \$ 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) | \$ (115,306,885) |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets..... | \$ 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 | \$ 22,561,510 |
| Unrestricted..... | 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 | 5,141,682 |
| Total business-type activities net position..... | \$ 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 | \$ 27,703,192 |
| Primary government | | | | | | | | | | |
| Net investment in capital assets..... | \$ 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 | \$ 99,722,537 |
| Restricted..... | 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 | 6,991,895 |
| Unrestricted..... | (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) | (194,318,125) |
| Total primary government net position..... | \$ 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) | \$ (87,603,693) |

(A)

(B)

(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

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General Government..... | \$ 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 | \$ 7,636,779 |
| Public safety..... | 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 | 19,725,950 |
| Education..... | 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 | 82,135,105 |
| Public works..... | 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 | 16,148,433 |
| Community development..... | 95,590 | 85,981 | 54,780 | 61,647 | 53,529 | 73,945 | 48,620 | 7,030 | 44,837 | 44,066 |
| Health and human services..... | 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 | 3,021,895 |
| Culture and recreation..... | 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 | 3,456,314 |
| Interest..... | 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 | 1,166,111 |
| Total government activities expenses..... | 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 | 133,334,653 |
| Business-type activities: | | | | | | | | | | |
| Water..... | \$ 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 | \$ 6,447,354 |
| Sewer..... | 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 | 9,288,438 |
| Mt. Hood Golf..... | 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 | 1,628,381 |
| Ambulance..... | 828,425 | 823,952 | 907,917 | 1,047,368 | 934,023 | 1,304,504 | 904,440 | 1,332,491 | 940,451 | 989,161 |
| Total business type activities expenses..... | 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 | 18,353,334 |
| Total primary government expenses..... | \$ 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 | \$ 151,687,987 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government charges for services..... | \$ 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 | \$ 1,964,127 |
| Public safety charges for services..... | 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 | 3,427,783 |
| Education charges for services..... | 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 | 2,975,435 |
| Public works charges for services..... | 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 | 2,178,491 |
| Community Development charges for services..... | 56,918 | 60,652 | 86,185 | 96,583 | 6,383 | 3,243 | 3,610 | 3,635 | 104 | 42,993 |
| Health and human services charges for services..... | 188,806 | 190,486 | 221,979 | 246,207 | 238,358 | 261,281 | 256,678 | 251,434 | 310,012 | 273,674 |
| Culture and recreation charges for services..... | 446,627 | 434,601 | 477,490 | 498,780 | 503,190 | 489,662 | 381,978 | 416,155 | 508,149 | 589,097 |
| Education operating grants and contributions..... | 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 | 26,433,358 |
| Public safety operating grants and contributions..... | 1,058,311 | 393,886 | 542,658 | 414,142 | 319,389 | 204,879 | 189,727 | 444,292 | 326,010 | 495,853 |
| General government operating grants and contributions..... | 265,705 | 378,872 | 161,068 | 222,448 | 290,611 | 362,169 | 597,209 | 2,561,049 | 1,151,231 | 1,682,064 |
| Public works operating grants and contributions..... | 921,732 | 185,536 | 2,395,926 | 610,569 | 818,398 | 747,108 | 1,190,201 | 1,598,671 | 1,336,719 | 1,733,695 |
| Health and human services operating grants and contributions..... | 579,708 | 760,931 | 773,251 | 672,127 | 685,960 | 585,086 | 783,840 | 791,693 | 691,241 | 532,205 |
| Culture and recreation operating grants and contributions..... | 481,535 | 161,226 | 117,774 | 256,347 | 160,453 | 245,604 | 156,652 | 180,031 | 193,308 | 343,767 |
| Interest operating grants and contributions..... | 388,980 | 388,980 | 388,980 | 388,980 | 388,980 | 388,980 | 388,980 | 388,980 | - | - |
| Education capital grants and contributions..... | 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 | 50,020 |
| Culture and recreation capital grants and contributions..... | - | - | - | - | - | - | - | - | 1,598,658 | 3,198,216 |
| Total government activities program revenues..... | 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 | 45,920,778 |

(Continued)

Changes in Net Position

Last Ten Years

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Business-type activities: | | | | | | | | | | |
| Water charges for services..... | 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 | 6,945,131 |
| Sewer charges for services..... | 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 | 8,960,546 |
| Mt. Hood Golf charges for services..... | 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 | 2,179,614 |
| Ambulance charges for services..... | 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 | 1,273,648 |
| Sewer operating grants and contributions..... | 133,206 | 17,251 | 33,647 | 83,895 | 138,219 | 19,673 | 54,743 | 37,015 | 205,934 | 55,435 |
| 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 | - | - | 1,086,750 |
| Total business-type activities program revenues..... | 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 | 20,501,124 |
| Total primary government program revenues..... | \$ 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 | \$ 66,421,902 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities..... | \$ (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) | \$ (87,413,875) |
| Business-type activities..... | 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 | 2,147,790 |
| Total primary government net expense..... | \$ (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) | \$ (85,266,085) |
| General Revenues and other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Real estate and personal property taxes, net of tax refunds payable..... | \$ 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 | \$ 72,819,400 |
| Tax liens..... | 504,208 | 338,369 | 93,098 | 384,973 | 381,319 | 514,906 | 337,570 | 375,357 | 825,460 | 669,446 |
| Motor vehicle and other excise taxes..... | 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 | 4,797,365 |
| Penalties and interest on taxes..... | 297,847 | 240,593 | 317,701 | 261,857 | 378,179 | 433,940 | 159,198 | 670,925 | 357,284 | 278,316 |
| specific programs..... | 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 | 6,317,231 |
| Unrestricted investment income (loss)..... | 551,922 | 421,052 | 51,947 | 244,506 | 368,666 | 599,552 | 514,093 | 1,381,440 | (47,421) | 890,157 |
| Transfers, net..... | 1,865,575 | 2,221,315 | 2,273,934 | 2,374,885 | 2,320,275 | 356,170 | 358,549 | 360,769 | 352,769 | 359,470 |
| Total governmental activities | 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 | 86,131,385 |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment income (loss)..... | 2,864 | 9,221 | 10,830 | 18,196 | 51,949 | 89,511 | 78,970 | 90,055 | (39,562) | 158,122 |
| Penalties and interest on taxes..... | 280,304 | 230,760 | 234,927 | 218,070 | 192,686 | 118,039 | 99,342 | 93,627 | 106,969 | 96,959 |
| Transfers, net..... | (1,865,575) | (2,221,615) | (2,273,934) | (2,374,885) | (2,320,275) | (356,170) | (358,549) | (360,769) | (352,769) | (359,470) |
| Total business-type activities | (1,582,407) | (1,981,634) | (2,028,177) | (2,138,619) | (2,075,640) | (148,620) | (180,237) | (177,087) | (285,362) | (104,389) |
| Total primary government..... | \$ 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 | \$ 86,026,996 |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities..... | \$ (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 | \$ (1,282,490) |
| Business-type activities..... | (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 | 2,043,401 |
| Total primary government..... | \$ (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 | \$ 760,911 |

(Concluded)

Fund Balances, Governmental Funds

Last Ten Years

| | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 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 | \$ 3,878,219 |
| Assigned..... | 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 | 14,315,724 |
| Unassigned..... | 5,048,553 | 4,499,910 | 6,793,060 | 5,344,070 | 6,062,252 | 8,670,518 | 10,486,840 | 11,282,969 | 6,972,722 | 2,860,493 |
| Total general fund..... | \$ 7,244,091 | \$ 7,000,914 | \$ 9,463,885 | \$ 9,047,203 | \$ 9,783,373 | \$ 12,384,639 | \$ 16,246,373 | \$ 20,166,239 | \$ 23,006,850 | \$ 21,054,436 |
| All Other Governmental Funds | | | | | | | | | | |
| Nonspendable..... | \$ 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 | \$ 3,242,788 |
| Restricted..... | 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 | 9,303,517 |
| Unassigned..... | (4,449,779) | (4,247,368) | (6,828,563) | (7,449,365) | (6,345,745) | (6,590,249) | - | (802,435) | - | (3,088,825) |
| Total all other governmental funds..... | \$ 7,410,468 | \$ 6,461,922 | \$ 5,982,496 | \$ 4,722,042 | \$ 6,894,268 | \$ 6,081,018 | \$ 12,984,592 | \$ 12,559,104 | \$ 13,046,343 | \$ 9,457,480 |

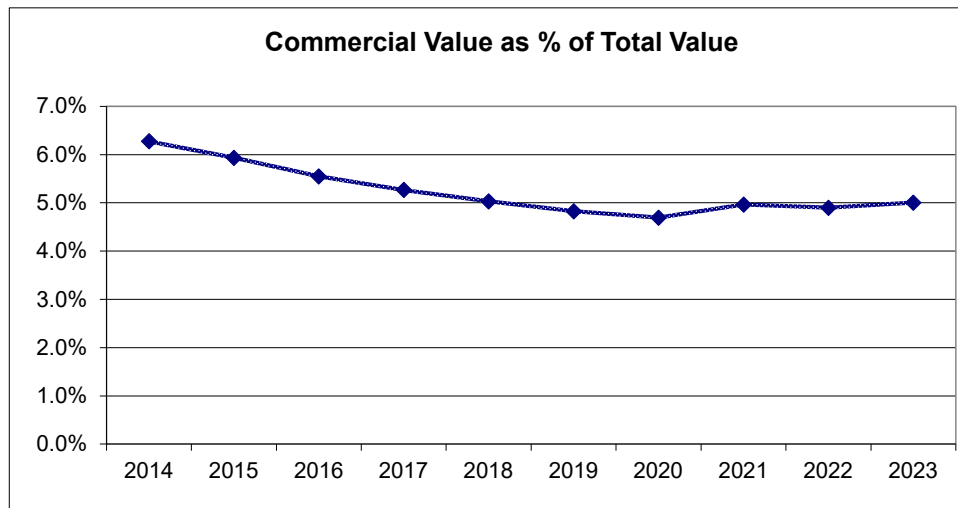
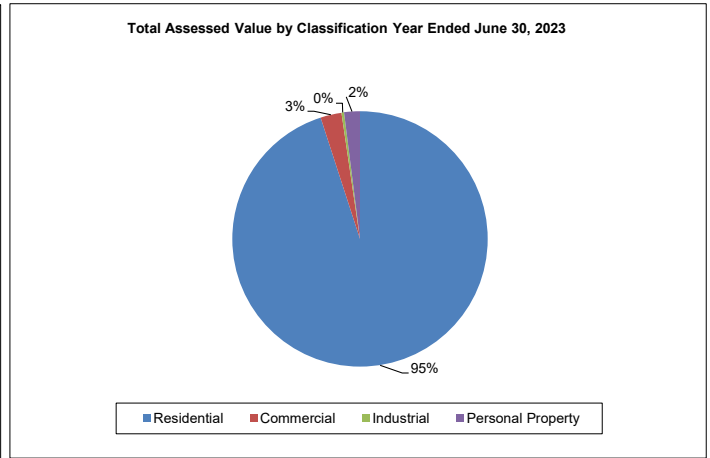
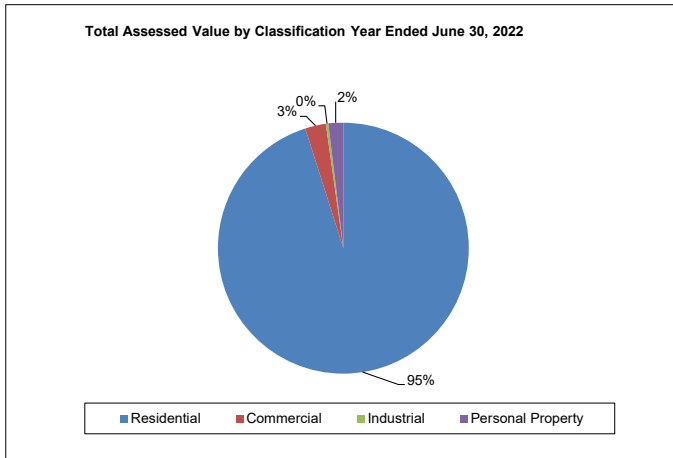
**Changes in Fund Balances, Governmental Funds
Last Ten Years**

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---------------------|-----------------------|---------------------|-----------------------|-----------------------|-----------------------|----------------------|---------------------|---------------------|-----------------------|
| Revenues: | | | | | | | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 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 | \$ 72,992,836 |
| Tax liens..... | 276,940 | 335,726 | 392,006 | 367,315 | 378,582 | 313,175 | 307,838 | 375,357 | 716,240 | 669,446 |
| Motor vehicle and other excise taxes..... | 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 | 4,835,178 |
| Trash Disposal..... | 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 | 1,661,805 |
| Penalties and interest on taxes..... | 549,039 | 474,481 | 580,092 | 467,930 | 263,156 | 226,960 | 289,487 | 428,861 | 465,728 | 449,696 |
| Intergovernmental..... | 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 | 29,739,266 |
| Intergovernmental - teachers retirement..... | 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 | 7,380,728 |
| Departmental and other..... | 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 | 12,836,423 |
| Contributions and donations..... | 518,579 | 540,060 | 275,310 | 2,758,978 | 710,891 | 673,673 | 576,528 | 420,057 | 637,647 | 562,668 |
| Investment income (loss)..... | 551,922 | 421,052 | 51,947 | 244,506 | 368,666 | 599,554 | 514,098 | 1,381,440 | (47,421) | 890,157 |
| Total Revenue..... | 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 | 132,018,203 |
| Expenditures: | | | | | | | | | | |
| General government..... | 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 | 14,109,795 |
| Public safety..... | 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 | 14,315,919 |
| Education..... | 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 | 51,022,231 |
| Public works..... | 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 | 12,934,871 |
| Community development..... | 95,590 | 85,981 | 54,780 | 61,647 | 53,529 | 73,945 | 48,620 | 7,030 | 44,837 | 44,066 |
| Health and human services..... | 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 | 2,235,159 |
| Culture and recreation..... | 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 | 2,666,640 |
| Pension benefits..... | 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 | 7,039,967 |
| Pension benefits - Teachers Retirement..... | 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 | 7,380,728 |
| Employee benefits..... | 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 | 15,023,743 |
| State and county charges..... | 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 | 4,425,901 |
| Capital outlay..... | 256,034 | 668,029 | 2,139,572 | 1,796,693 | 852,006 | 891,155 | 1,276,962 | 944,290 | 1,504,663 | 1,446,315 |
| Debt service | | | | | | | | | | |
| Principal..... | 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 | 3,954,837 |
| Interest..... | 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 | 1,318,778 |
| Total Expenditures..... | 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 | 137,918,950 |
| Excess of revenues over (under) expenditures..... | (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 | (5,900,747) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of bonds and notes..... | 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..... | - | 186,484 | 1,500,000 | 336,247 | - | - | - | - | - | - |
| Transfers in..... | 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 | 2,520,297 |
| Transfers out..... | (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) | (2,160,827) |
| Total other financing sources (uses)..... | 8,497,575 | 5,573,099 | 8,190,200 | 2,803,489 | 10,852,209 | 356,170 | 7,776,684 | 360,769 | 352,769 | 359,470 |
| Net change in fund balance..... | \$ 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 | \$ (5,541,277) |
| Debt service as a percentage of noncapital expenditures..... | 5.35% | 6.17% | 5.53% | 6.34% | 7.91% | 9.16% | 3.89% | 5.60% | 4.60% | 4.20% |

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

Last Ten Years

| Year | Assessed and Actual Values and Tax Rates | | | | | | | | |
|------|--|--|---------------------|---------------------|----------------------|------------------------------|------------------------|-----------------------------|------------------------|
| | Residential/ Open Space Value | Residential/ Open Space Tax Rate | Commercial Value | Industrial Value | Personal Property | Total Commercial Value | Commercial Tax Rate | Total Direct Rate (1) | Total City Value |
| 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 |
| 2023 | 6,513,661,496 | 10.52 | 183,546,364 | 21,730,900 | 137,891,480 | 343,168,744 | 18.12 | 10.90 | 6,856,830,240 |



(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

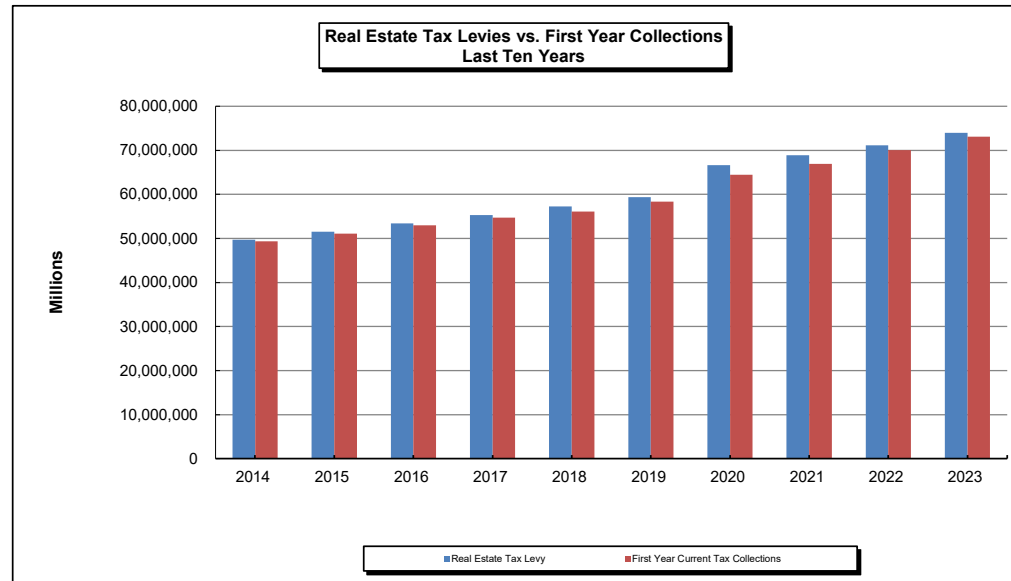
| Name | Nature of Business | 2023 | | | 2014 | | |
|---------------------------------|--------------------|-----------------------|------|--|-----------------------|------|--|
| | | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value |
| W/M Oak Grove Village, LLC | Apartments | \$ 147,094,300 | 1 | 2.1% | \$ 89,863,300 | 1 | 2.5% |
| JMP Jack Flats, LLC | Apartments | \$ 81,139,300 | 2 | 1.2% | | | |
| Monogram Residential | Apartments | \$ 69,252,400 | 4 | 1.0% | | | |
| Boston Gas Company | Utility | \$ 44,357,540 | 3 | 0.6% | \$ 13,671,400 | 4 | |
| DePasulumi Town Estates LLC | Real Estate | \$ 41,850,500 | 6 | 0.6% | \$ 25,846,600 | 2 | 0.7% |
| Massachusetts Electric Co. | Utility | \$ 36,756,450 | 5 | 0.5% | \$ 17,127,280 | 3 | 0.5% |
| BC Melrose LLC | Real Estate | \$ 30,954,500 | 8 | 0.0% | | | |
| Congregational Retirement Homes | Apartments | \$ 24,551,200 | 10 | 0.4% | \$ 16,722,800 | 5 | 0.5% |
| New England Power Company | Utility | \$ 14,575,360 | 9 | 0.2% | \$ 8,186,440 | 7 | 0.2% |
| Charter Melrose LLC | Commercial | | | | | | 0.0% |
| SP5Wood Alta Stone Place | Apartments | | | | \$ 16,562,100 | 6 | 0.5% |
| Verizon | Telephone | | | | \$ 6,011,700 | 8 | 0.2% |
| NSTAR/Boston Edison Co. | Utility | \$ 22,353,050 | 7.00 | 0.3% | \$ 5,613,340 | 9 | |
| Floral Associates LP | Apartments | | | | \$ 7,098,100 | 10 | 0.2% |
| Totals | | <u>\$ 512,884,600</u> | | <u>7.0%</u> | <u>\$ 206,703,060</u> | | <u>5.1%</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 |
|------|--------------------------|------------------------------------|------------------------|----------------------------|-------------------------------------|----------------------------------|-----------------------------|---|
| 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% | 373,469 | 70,436,639 | 99.3% |
| 2023 | 73,963,400 | 487,208 | 73,476,192 | 73,114,162 | 99.5% | - | 73,114,162 | 99.5% |



(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) | Leases (2) | General Obligation Bonds (1) | Direct Borrowings | Leases (2) | | | | |
| 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 |
| 2023 | 36,473,468 | - | 1,656,250 | 6,181,905 | - | 44,311,623 | 2.49% | 29,155 | 1,520 |

(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 |
|------|------------------------------------|---|---------------|
|------|------------------------------------|---|---------------|

| | | | |
|------|---------------|-------|----------|
| 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 |
| 2023 | 38,129,718 | 0.56% | 1,308 |

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

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2023

| <u>City of Melrose, Massachusetts</u> | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable</u> | <u>Estimated Share of Overlapping Debt</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>36,473,468</u> |
| Total direct and overlapping debt..... | | | <u>\$ 44,502,964</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

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Equalized Valuation..... | \$ 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 | \$ 6,830,692,800 |
| Debt Limit -5% of Equalized Valuation..... | \$ 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 | \$ 341,534,640 |
| Less: | | | | | | | | | | |
| Outstanding debt applicable to limit..... | 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 | 33,133,005 |
| Authorized and unissued debt..... | 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 | 29,336,432 |
| Legal debt margin..... | \$ 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 | \$ 279,065,203 |
| Total debt applicable to the limit as a percentage of debt limit..... | 24.36% | 29.24% | 26.54% | 22.76% | 23.15% | 20.29% | 18.55% | 15.46% | 21.46% | 18.29% |

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 |
|------|-------------------------|--------------------|-------------------------------------|---------------|----------------------|----------------------|
| 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% |
| 2023 | 29,155 | 1,777,201,335 | 60,957 | 42 | 3,849 | 2.3% |

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 | 2023 | | | 2014 | | |
|----------------------------|---------------------------|------------------|-------------|--|------------------|-------------|--|
| | | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Melrose-Wakefield Hospital | Hospital | 1,487 | 1 | 9.0% | 1,227 | 1 | 7.7% |
| Whole Foods | Supermarket | 150 | 2 | 0.9% | 120 | 2 | 0.8% |
| YMCA | Community Center | 150 | 3 | 0.9% | 120 | 3 | 0.8% |
| Shaw's | Supermarket | 145 | 4 | 0.9% | 160 | 4 | 1.0% |
| W.B. Hunt & Co., Inc. | Wholesale/Retail | 66 | 5 | 0.4% | 55 | 5 | 0.3% |
| | Totals | <u>1,998</u> | | <u>12.0%</u> | <u>1,682</u> | | <u>10.6%</u> |

Source: Official Statement for Sale of Bonds

Full-time Equivalent City Employees by Function

Last Ten Years

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|-----------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Function | | | | | | | | | | |
| General government..... | 34 | 33 | 33 | 34 | 34 | 34 | 34 | 37 | 37 | 37 |
| Public safety..... | 110 | 110 | 109 | 111 | 111 | 111 | 111 | 113 | 113 | 113 |
| Education..... | 512 | 520 | 520 | 520 | 522 | 534 | 559 | 561 | 563 | 565 |
| Public works..... | 63 | 60 | 61 | 63 | 65 | 66 | 66 | 66 | 66 | 66 |
| Human services..... | 19 | 19 | 19 | 19 | 19 | 19 | 20 | 21 | 22 | 22 |
| Culture and recreation..... | 24 | 25 | 26 | 26 | 26 | 26 | 26 | 26 | 26 | 26 |
| Total | 761 | 766 | 767 | 773 | 777 | 789 | 816 | 823 | 827 | 829 |

Source: Various City Departments

Operating Indicators by Function/Program

Last Ten Years

| Function/Program | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police | | | | | | | | | | |
| Physical arrests..... | 109 | 107 | 79 | 59 | 93 | 99 | 51 | 77 | 39 | 62 |
| Motor vehicle violations..... | 525 | 1,050 | 2,019 | 1,298 | 1,370 | 965 | 256 | 351 | 271 | 343 |
| Police personnel and officers..... | 45 | 45 | 45 | 49 | 52 | 53 | 52 | 52 | 55 | 52 |
| Fire | | | | | | | | | | |
| Inspections..... | 926 | 951 | 1,050 | 919 | 1,139 | 1,095 | 1,111 | 1,161 | 956 | 572 |
| Emergency responses..... | 3,892 | 4,095 | 4,179 | 4,178 | 4,374 | 4,334 | 4,156 | 4,420 | 3,631 | 4,582 |
| Fire personnel and officers..... | 60 | 60 | 59 | 60 | 56 | 60 | 56 | 59 | 57 | 51 |
| Education | | | | | | | | | | |
| Number of students..... | 3,724 | 3,725 | 3,800 | 3,906 | 3,922 | 3,977 | 3,998 | 3,674 | 3,743 | 3,849 |
| Number of graduates..... | 227 | 222 | 239 | 242 | 228 | 255 | 280 | 238 | 240 | 223 |
| Number of teachers..... | 321 | 317 | 321 | 329 | 319 | 323 | 344 | 335 | 340 | 342 |
| Water | | | | | | | | | | |
| Service connections..... | 8,266 | 8,240 | 8,341 | 8,341 | 8,557 | 8,573 | 8,573 | 8,547 | 8,558 | 8,585 |
| Consumption in gallons..... | 624 | 627 | 632 | 589 | 600 | 582 | 649 | 600 | 606 | 610 |
| Daily consumption (MG)..... | 1.71 | 1.72 | 1.73 | 1.61 | 1.64 | 1.59 | 1.78 | 1.64 | 1.66 | 1.67 |
| Human services | | | | | | | | | | |
| Number of rides provided by COA transportation... | 6,115 | 7,281 | 8,174 | 8,327 | 7,933 | 6,887 | n/a | n/a | n/a | 2,183 |
| Libraries | | | | | | | | | | |
| Volumes in circulation..... | 116,156 | 120,219 | 109,028 | 106,634 | 109,799 | 113,317 | 115,664 | 129,960 | 106,515 | 178,570 |
| Total volumes borrowed..... | 295,482 | 289,926 | 293,285 | 299,669 | 305,934 | 311,551 | 256,150 | 192,407 | 322,640 | 267,505 |

Source: Various City Departments

n/a - not available

Capital Asset Statistics by Function/Program

| Function/Program | Last Ten Years | | | | | | | | | |
|--------------------------------------|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| 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 | 707 | 710 | 716 | 720 | 720 | 721 | 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> |
|-------------|----------------------|-------------------------------|
| 2023..... | \$ 7,159,906 | \$ 7,840,037 |
| 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 |

Source: City Records & Annual Report from Hilltop Securities.