

CITY OF MEDFORD, MASSACHUSETTS



ANNUAL COMPREHENSIVE FINANCIAL REPORT For the fiscal year July 1, 2022 - June 30, 2023

On the cover: On December 12, 2022, the MBTA officially opened the Medford branch of the Green Line Extension. This was the fifth new station added to the Green Line's E Branch. The extension increases access to public transportation to the residents of Somerville and Medford. This will reduce the number of vehicles on the road and support plans for sustainability and urban redevelopment. Governor Charlie Baker as well as State and other local leaders including Medford Mayor Breanna Lungo- Koehn were on hand for the ribbon cutting.

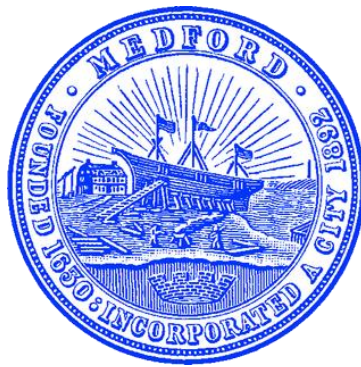
Below: The City is well served with parks and recreational facilities with over 25 city parks, as well as 1,400 acres owned and operated by the Department of Conservation and Recreation (DCR). The City has a strong commitment to maintenance and upgrading of its facilities. Currently, 36 projects totalling about \$16.4 million are either recently completed, underway or in the planning stages. The majority of these projects are funded from ARPA, CDBG, CPA, Linkage and other State grants. Pictured here are Hickey, Gillis and Carr Parks whose renovations include baseball fields, adult fitness centers, picnic areas, tennis courts, pickle ball courts, basketball courts, ADA access amongst many improvements and renovations.



INTRODUCTORY SECTION



Above: The City's new Clippership pop up park which was recently opened. The pop-up park will feature programming like concerts and movie nights in partnership with Medford Recreation throughout the fall, spring, and summer seasons, weather permitting.



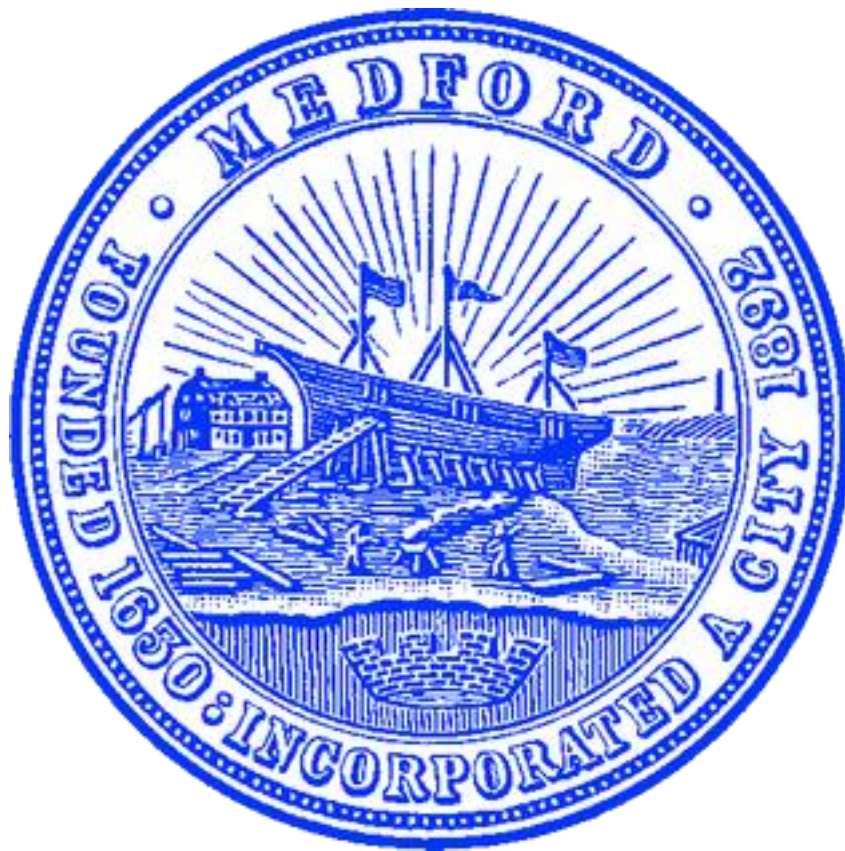
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CITY OF MEDFORD, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

Breanna Lungo-Koehn, Mayor



Prepared by Finance

Robert Dickinson, Finance Director/Auditor

**CITY OF MEDFORD, MASSACHUSETTS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023**

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Letter of Transmittal

October 25, 2024

Honorable City Council and Residents of the City of Medford, Massachusetts:

We are pleased to acknowledge that the City of Medford has completed its sixth installment of the *Annual Comprehensive Financial Report* (ACFR). The report, which was prepared by the City's Department of Finance and Audit, is for the fiscal year ended June 30, 2023; and we are proud to be one of only about 50 communities in Massachusetts to accomplish this.

The City is responsible for the accuracy, completeness and fairness of the data presented in the ACFR. This letter of transmittal and **management's discussion and analysis**, located in the financial section, provide a comprehensive financial overview of the City and ensures that the financial and general operations of City government remain transparent and accessible.

The ACFR represents a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) and that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This ACFR meets and exceeds those requirements and presents itself as an informative resource for all those interested in the financial activities of the City.

The report is designed to be used by the City's elected and appointed officials and others who are concerned with its management and progress, such as bond analysts, banking institutions and rating agencies as well as the citizens and taxpayers of the City of Medford.

Since the report consists of management's representations concerning the finances of the City, management assumes full responsibility for the completeness and reliability of all of the information presented. In addition, management is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the City are protected from loss, theft, or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Medford's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The City's Basic Financial Statements present information about the City (the primary government) and its component unit as required by the Government Accounting Standards Board (GASB). A component unit is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. The inclusion of this component unit in the City's basic financial statements does not affect its separate legal standing.

The City's component unit consists of the legally separate City of Medford Contributory Retirement System (the System). Additional information on this legally separate entity can be found in the notes to the basic financial statements.

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

The independent audit of the financial statements 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 Medford's separately issued Single Audit Reports pursuant to Title 2 US "Code of Federal Regulations" (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards".

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

Profile of the City

Located in eastern Massachusetts, Medford is approximately 5 miles northwest of Boston, and has a land area of approximately 8.2 square miles. It is situated in proximity of Logan Airport and includes 3 exits



off Interstate 93, which connects Medford with Boston. Easy access to Routes 28, 60, 38 and 16; with Interstate 128 being only 7 miles away, make Medford a very accessible community. In fact, the proximity to Boston, access to the major roadways, public transportation and the airport make Medford an attractive option for its residents, businesses and commuters.

Medford has a population of approximately 60,000 and like most communities in the Greater Boston area is considered very diverse.

The City offers a full range of traditional municipal services including: (1) police and fire protection, (2) education, (3) maintenance of streets and sidewalks, (4) solid waste collection, (5) health and human services, and (6) cultural and recreational services. The City is also a member community of the

Massachusetts Water Resources Authority (MWRA) who provides water and sewer services for the residents and businesses.



The City is well served by transit. Wellington Station, which is an MBTA stop on the Orange Line is located on the Medford end of Revere Beach Parkway (Route 16), slightly east of its intersection with Route 28. It provides rapid rail connection to downtown Boston in addition to transfers to numerous bus routes which service Medford and surrounding areas. The area also has over 1,300 park and ride spaces and is connected to the Station Landing transit-oriented development by an overhead walkway. Station Landing includes residential and retail buildings and additional parking. Opened in September 1975, approximately 7,500

commuters board the subway at this station every day.

In addition to Wellington Station, the City has a commuter rail station on the Lowell Line, in West Medford, one stop from North Station in Boston. Three MBTA bus routes, two local and one express, stop directly on High Street at West Medford Station. Ongoing public transit improvements include the extension of the Green Line from Lechmere Station to the Hillside area of Medford. The Green Line Extension project involves construction of six new Green Line stations along two branches (the Medford Branch and Union Square Branch) along with the relocation and reconstruction of Lechmere Station. The Medford Branch was opened in December 2022.

The City is well served with parks and recreational facilities with over 25 city parks, as well as 1,400 acres owned and operated by the Department of Conservation and Recreation (DCR). In fiscal year 2021 the City sought approval for and received CPA funding to support renovations or design plans for 9 parks and public spaces throughout the City. We are also exploring opportunities to utilize portions of the City's Community Development Block Grant (CDBG) funds to prioritize renovations at 3 other open spaces. While some of these projects will be underway this year, others will undergo larger planning processes that will include community engagement to help determine how to renovate spaces that can be used by residents of all ages and abilities. Park and open space improvements will focus on ADA accessibility as part of each process. In fiscal year 2022, the City continued its investment in its open spaces, including thorough preventive maintenance with the Department of Public Works. To see a list of ongoing and planned renovations, visit www.medfordma.org/departments/planning-development-sustainability/.

In fiscal year 2023, the City began various renovation projects including rebuilding the baseball fields and loop path at Carr Park, renovating the Morrison Park Playground, expanding accessibility at Gillis Park, completing the Tufts Pool Renovation, and a reconstruction of the basketball and tennis courts at Hickey Park. After an extensive planning process, Carr Park Phase I began construction in June 2023. The Office of Planning, Development, and Sustainability secured \$2.6M for Phase I, coming from American Rescue Plan Act (ARPA), Community Preservation Act (CPA) funding (which is pending City Council approval), and the Federal Land & Water Conservation Fund.

This portion of the project includes an accessible path that circles the entire park field, reconstruction of two baseball diamonds, a wetland area cleanup, fully dedicated pickleball courts, and more. Securing the funding for Phase II of Carr Park, which consists of over \$5.5M of work, is also in the works. This portion of the project will include new basketball courts, one of which would be covered with solar panels on the roof, a universally designed, four-season playground with integrated water features, teen swings and spaces, and much more.



The new Morrison Park Playground is funded by a Community Development Block Grant (CDBG) that totals just over \$400K. The renovation project began in March 2023 and was completed over the summer of that year. The project brought a new preschool-aged play area to the playground, which includes a sandbox, swings, balance balls, and a new fishnet climber. The entire site was resurfaced with an accessible poured-in-place rubber surface. Porous rubber surfacing will also be used to protect the roots of the large pin oak tree at the park.

The Gillis Park accessibility renovation cost \$1.2M, utilizing Parkland Acquisitions and Renovations for Communities (PARC), ARPA and CPA funding. The renovation addressed two key issues: drainage and accessibility from the street. Irrigation and correcting grades to make the park accessible from the sidewalk will be implemented. Other new features include a picnic area, adult fitness area, and a new concession stand and bleachers.

The Tufts pool deck project that was started in 2022 was completed in the spring of 2023. Piping and drainage have been installed, as well as the fencing and the water mushroom.

Other park and recreation improvements that have been completed in recent years include the creation of the Krystle Campbell Peace Garden, the construction of Medford's first Off-leash Recreation Area (dog park) with separate areas for large and small dogs and the creation of an additional municipal community garden at Tufts Park.



Additional recreational facilities in Medford include an outdoor swimming pool at Tufts Park, an indoor community swimming pool at Medford High School and two permanent ice rinks, one of which is managed by the City and the Middlesex Fells and Wright's Pond, which is home to Medford's seasonal swimming beach

Medford is traversed by the Mystic River, formally a tidal river and home to historic shipbuilding. Much of the land abutting the Mystic River is the property of DCR and the City has been working in partnership with the DCR and the Mystic River Watershed Association to open up access to the river. In recent years there have been many vista-pruning activities under the supervision of Medford's Tree Warden and the team has been working to fill in missing riverside-trails in the extensive network of multi-use paths that connect Boston to Concord with routes along the Mystic River through Medford.

Paths along the Mystic River, through Torbert MacDonald Park and Memorial Park have been created or re-paved recently. A key link in the network which connects Medford Square to Riverbend Park along the river is referred to as the "Clippership Connector". The Clippership Connector is currently under construction with a projected opening of summer 2025. In addition, Mass DOT is pursuing a two-way cycle track on Rt 16, on the South side of the Mystic River which would provide a key off-road bike route from Medford to Assembly Row in Somerville



and in to the Encore Boston Harbor Casino (formerly the Wynn Casino) in Everett. The Gaming Commission has provided funding for the design and engineering of a pedestrian and bicycle boardwalk under Rte. 28 connecting Torbert MacDonald Park and Stations Landing, along the Mystic River as well as partial funding to complete the shared use trails along the Wellington MBTA station. Both of these projects are on the state Transportation Improvement Plan (TIP) with comments from the state to construct them once the design and permitting is complete.

A significant portion of the historic Middlesex Fells Reservation is located in Medford. It is over 2,500 acres of wooded trails, ponds and wildlife. It is a rare peaceful retreat for city dwellers where they can hike, bike, cross country ski, picnic, bird watch and sightsee. The Middlesex Fells have been particularly popular during the global pandemic and has provided a much needed natural retreat for residents from the region.

It's clear that education is the most important system in Medford, so creating and sustaining a conducive environment for learning is a main priority of the administration. During Mayor Lungo-Koehn's tenure, the City has routinely prioritized the schools and made significant investments in our teachers, paraprofessionals and students. We secured the financial foundation of the district in fiscal year 2022 by increasing the operating budget by over 9 percent, the largest budget increase in decades. The City also leveraged federal grant funding to support the investment on the City side and allow the school administration to provide exemplary services and resources to the school community without incurring future financial strain.

In addition, capital upgrades have been commonplace over the past two decades. \$3.5 million was invested in improvements to Medford High School during fiscal years 2010 through 2012. Energy efficiency upgrades have been made system-wide and continue to be evaluated and implemented, which make a major positive impact on utility costs and environmental impact. The City updated its technology school-wide during fiscal year 2013 at a cost of \$3.3 million with the proceeds of a prior bond issue.

In fiscal years 2013 and 2014 Medford High School received several major investments including a complete renovation of the indoor pool, replacement of the steam boilers and a \$14 million renovation to the science department, resulting in state-of-the-art high school science labs and classrooms.



Recent school upgrades include a full transition to LED lighting at the Curtis-Tufts School and Andrews Middle School, as well as LED lighting in high-use areas of all of the schools. The Medford Vocational Technical High School has been completely renovating many of its shops including Robotics and Engineering, Cosmetology, Media and Video Technologies which includes a new TV studio that is used in the evenings and on weekends for public access and Culinary Arts, including a new café open to the public.



Missituk Elementary School



McGlynn Elementary School



Andrews Middle School



McGlynn Middle School



Roberts Elementary School



Brooks Elementary School

The Chevalier Theatre is a staple of downtown Medford, and one of Greater Boston area's hidden gems. This performance art theatre was built in 1939 as part of the old Medford High School complex, and currently represents a historical landmark, a memorial to a hero and a cultural icon.

The exterior building, constructed in the Greek revival style, is decorated with columns and clean lines that are characteristic of this architectural period. The spacious interior features 1,800 seats, 1,100 on the floor and 700 in the Grand curved balcony.

The facility was one of four major public construction projects built from Federal funds in Medford Square during the Medford building boom of the late 1930s; the Post Office, the Old Medford High School and the Medford City Hall were the other three.



Unfortunately, in 1965 a fire occurred at the Medford High School, but miraculously, the theatre was spared the worst of the blaze, although it did suffer smoke damage.

A new Medford High School was subsequently rebuilt at another location and the theatre fell into disuse until the 1980's when a massive rehabilitation project took place by an all-volunteer Civic Commission. For the past 35 years the Civic Commission has been carefully working to preserve the Theatre's rich heritage.

In fiscal year 2017 the City completed a Request for Proposal (RFP) for a professional management company to maintain and operate the theatre.

This resulted in the City engaging a professional theatre manager and booking agent who has been instrumental in booking many great performances including Boyz II Men, Gabriel Iglesias, Jane Fonda, Cheap Trick, Trevor Noah, Jennie Garth & Tori Spelling. This programming has become an economic catalyst for area businesses and the arts.



In 2019 the original historic windows were restored. In spring of 2020, an air conditioning system was installed to allow performances to occur year-round. In fiscal 2022 and 2023, façade work was done in addition to an ADA upgrade to the bathroom, a fire annunciator, and electrical updates.

In recent years the City has undertaken significant upgrades to its fire stations, including upgrading to LED lighting in all of the stations as well as HVAC and windows upgrades to several stations. In addition to beginning the needs assessment and design of a new Fire Headquarters. Medford has allocated nearly \$1.3 million since 2021 for improvement and renovation projects at the City's five fire substations.

Projects include, but not limited to:

- Hired Galante Architecture Studio, Inc. as Fire Headquarters design architect
- Hired the Vertex Companies LLC to serve as Owners Project Manager for Fire Headquarters design and construction
- Roof replacements at Engines 4, 5 & 6 with repairs to roofs at all other fire buildings
- Contracting professional services for structural review, and ultimately design for changes needed, of the Engine 3 apparatus bay floor
- Kitchen Renovations at Engines 2 & 5, with Engine 6 in planning phase
- Replacing light fixtures and Engines 2-6 with energy efficient fixtures
- Replacing electrical outlets at Engines 2-6
- Repairing or replacing overhead doors at Engines 2-6
- Installation of water re-circulator at Engine 6
- Engine 5 walkway, drainage, and landscaping work
- Secured CPA funding for design of restoration to windows at historically significant stations (Engines 3, 4, & 6) with window renovation/replacements planned at all substations
- New gear dryer, wireless headset communications system, and technology enhancements thanks to a state grant from Rep. Paul Donato
- Window renovation/replacement project at every fire substation.

Form of Government

The City operates under a strong Mayor/City Council form of government. Both the Mayor and the seven-member City Council are elected to two-year terms. January 2024 marked the beginning of new two-year terms. The City Council makes legislative decisions, and the Mayor is responsible for carrying out policies and for managing the day-to-day operations of the City.



City Councilors as of June 30, 2023 from left to right: Isaac "Zac" Bears, Adam Knight, George A. Scarpelli, Nicole Morell, Richard F. Caraviello, Justin Tseng, Kit Collins

An annual operating budget is submitted by the Mayor and approved by the City Council. The annual budget serves as the foundation for the City's financial planning and control.



Mayor Breanna Lungo-Koehn

The budget is prepared by fund, function (e.g. general government), department (e.g. finance) and category (e.g. personnel and non-personnel) allowing the department heads to allocate resources within the department for non-personnel costs and personnel costs. Transfers between departments, or between personnel and non-personnel need approval from the City Council unless specifically exempted by state statute.

An elected, seven-member School Committee appoints a School Superintendent who administers the public-school system of the City through enforcing policies and procedures adopted by the School Committee. The Mayor is ex-officio School Committee Chairperson, and the other six School Committee members are elected biennially.



Superintendent Dr. Marice Edouard-Vincent

School Committee as of June 30, 2023 from left to right: Paul Ruseau, Sharon Hays, Jenny Graham, Breanna Lungo-Koehn, Melanie P. McLaughlin, Kathy Kreatz, Mea Quinn Mustone

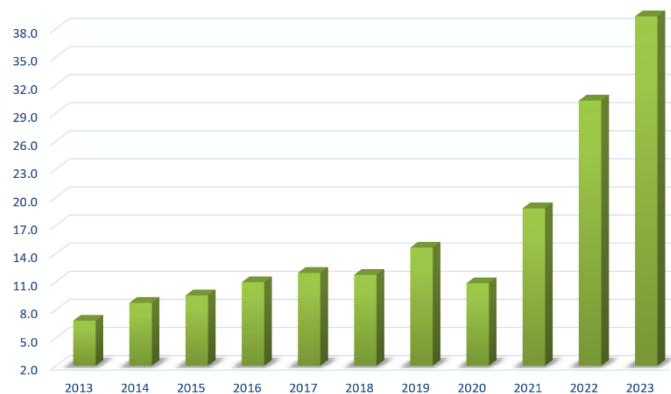
In Massachusetts, cities and towns are required to follow the provisions of the Education Reform Act, which specifies, amongst other things, that communities provide a minimum net school spending amount in its annual education budget. A portion of this is subsidized by the Commonwealth of Massachusetts through a formula grant called Chapter 70 while the remainder is mostly through taxation of the City's residents.

Factors Affecting Economic Conditions

Approximately 1,400 businesses employing almost 19,000 individuals are located in Medford. The business base is quite diverse. These include manufacturers, service-oriented companies and financial institutions. Tufts University, a world-renowned higher education and research facility, is located in the City and employs over 2,400 individuals, some in facilities in nearby Somerville. This has resulted in a commercial, industrial and personal tax base that in aggregate represents about 20% of the total tax base.

The growth of the City's main source of revenue, property taxes, is capped by Proposition 2 ½ and can only be overridden by the voters. While revenue increases have been limited in recent years, fixed costs, including health insurance and pension costs, have increased substantially. The City has responded well to these challenges which has led to the fund balance trend in the graph above.

Unassigned Fund Balances (Millions)



New revenue initiatives that began in fiscal 2015 and are expected to return dividends in future fiscal years revolve around the gaming industry in Massachusetts. More specifically, on November 22, 2011, the Governor signed into law, Chapter 194 "An Act Establishing Expanded Gaming in the Commonwealth." This legislation is designed to provide significant benefits to the Commonwealth by advancing job creation and economic development. The Gaming Act allowed for up to three destination

resort casinos located in three geographically diverse regions across the state. To that end, the neighboring community of Everett was chosen as a destination community and Wynn Resorts became the developer. Under this arrangement, Medford was identified as an impacted surrounding community and would be entitled mitigation to offset the inherent impact the casino may cause the City. After months of negotiations with Wynn Resorts (now Encore Boston), the City entered into a surrounding community agreement that would pay Medford one million dollars per year, together with cost-of-living escalators, upon the opening of the project to the general-public for as long as the license is in force at the site.



Wynn Resorts also (1) donated \$250,000 to the construction of the Krystle Campbell Peace Park (a memorial to those who were killed or injured in the marathon bombings); (2) committed to making approximately one million dollars in improvements to twelve intersections that are in proximity of the Casino; (3) committed to contributing \$1.5 million to commission a permanent solution to the Wellington Circle traffic issue; and (4) numerous other perks to local vendors and residents of Medford.

Wynn Resort's gaming license went into effect on November 5, 2014 after a ballot question to reverse the Expanded Gaming Law was defeated. The \$2.5 billion resort opened in fiscal 2019 and this is when the annual payment began.

Additionally the Gaming Commission set up a grant fund that impacted communities could apply for funds to support specific projects. Between 2016 and 2023 Medford was awarded \$1,961,000 in grant funding for projects including designing and permitting shared use paths, traffic safety vehicles, expansions of the BlueBikes system, and economic development studies. In 2024 the program was changed to be a block grant program with Medford eligible for an annual allocation of \$1,000,000 for eligible projects.

Long-term Financial Planning

The City has a policy of preparing rolling five-year projections. The City believes this will provide better insight when preparing annual budgets and will also alert the City to any potential budgeting issues far ahead of when these situations become real issues.

The following represents the City's five-year revenue projection:

	2024	2025	2026	2027	2028
Real Estate and Personal Property Taxes	\$ 139,985,022	\$ 145,952,548	\$ 152,101,361	\$ 158,403,895	\$ 164,863,993
Intergovernmental Revenue - Local Aid	34,042,528	34,004,353	35,024,484	37,451,933	40,047,622
Local Receipts	18,453,030	21,500,000	22,000,000	22,440,000	22,888,800
Recurring transfers from special revenue	487,082	532,222	548,526	570,855	594,762
Indirect charges	1,600,000	2,120,618	2,184,237	2,249,764	2,317,257
Total Revenues	\$ 194,567,662	\$ 204,109,741	\$ 211,858,608	\$ 221,116,447	\$ 230,712,434

The City will continue to implement budget reforms and work with collective bargaining units to maximize expenditure efficiencies; consequently, the City expects that annual budget sources as forecasted will be sufficient to fund annual appropriations as they were very conservative.

The City is also undergoing numerous economic and development initiatives that if successful, will substantially increase the overall tax base, both commercial and residential.

In addition, the City recently completed a comprehensive multi-year capital plan which was presented to the City Council in fiscal year 2023. The capital plan leverages free cash, Federal and State grant funds, trust funds, and other sources of funding and it positions Medford to maintain and modernize its assets in the future.

Economic Development

Proximity to Boston, quality school system, access to public transit, significant open space and a mix of housing choices contribute to the popularity of the City as a location to live, work and do business. Planning efforts are focusing on identifying and guiding growth and development. Using smart growth principles, the City is creating walkable, mixed use areas oriented to transit services.

In 2020, in recognition of the importance of sustainability throughout the work of the City, and particularly in the areas of planning and community development, the City chose to merge the offices of Community Development and Energy and Environment, not consolidating, but rather expanding and merging the work of both offices to bring climate planning and resiliency into all of the community development efforts. The result is a new office, the Office of Planning, Development and Sustainability.

The City, acting through this Office, completed a Comprehensive Master Plan for the City in 2023, that sets a long-range vision for the City with corresponding policy and guidance for implementation of the Plan over the next ten years. The Plan provides a basis for decision making about economic development, land use planning and redevelopment, climate adaptation and mitigation practices, budget preparation and capital improvement planning for the City of Medford's future.

In addition, the City has created a new position of Economic Development Director within this Office who is working to recruit new industry, manage business retention/expansion efforts, and spur downtown revitalization.

The City engaged with the community to create a Housing Production Plan that identifies the Medford community's current housing needs and recommends ways to create a mix of housing types for different income levels. It acts as a roadmap to creating and maintaining a minimum of ten (10) percent of year-round housing stock that is affordable. The Housing Production Plan was adopted by the City Council in 2022 and approved by the state in 2023.

The City has implemented one of the strongest Complete Streets policies in the State, as rated by the State's Complete Streets guidance. In 2017 the City received \$400,000 from the Massachusetts Department of Transportation (MassDOT) to implement safety and accessibility improvements at six locations in Medford. These improvements, particularly the three in the Medford business districts, will make it easier for pedestrians to frequent Medford businesses and for anyone to arrive at a business district and then frequent multiple businesses, because of the pedestrian crossing improvements. The redesign of Tufts Square in South Medford was completed during 2020, including the creation of a new parking area. In 2021 the city was awarded another \$400,000 Complete Streets grant to implement safety improvements at Haines Square including ADA-compliant curb ramps, curb extensions, and crosswalks. This work was completed in 2023.

Advocacy from Medford's Bicycle Commission and the civic organization "Walk Medford" continues to propel the City to be more proactive about increasing bicycle and pedestrian access to our businesses and recreational areas, making Medford a great place to live, work and thrive. These organizations have inspired partnerships with the Mystic River Watershed Association and the Massachusetts Department

of Conservation and Recreation to improve access to business districts through multi-use paths, as mentioned previously.

The City continues to leverage public and private resources to implement open space projects. Below, the Krystle Campbell Peace Garden is a contemplative new space adjacent to the Medford Senior Center, on the periphery of Medford Square and less than a block from the Mystic River. The park, named for Medford resident, Krystle Campbell, includes a central seating area focused on a fountain and



interpretive features that memorialize Boston Marathon bombing victims, survivors and first responders. The City worked with various State agencies to secure grant funds, coordinate the design process and the construction contract with MassDOT. The City secured a 2009 Section 125 earmark grant of \$475,000, a Cummings Foundation grant in the amount of \$100,000, City linkage funds in the amount of \$163,305, a PARC grant in the amount of \$299,350, and private donations.

In 2023 the city built a beautiful new labyrinth in Riverbend Park, adjacent to the Andrews Middle School and the planned end of the Clippership Connector. This beautiful space, designed by a local artist, was funded by the Community Preservation Act.

The Office of Planning, Development & Sustainability secured funding from the Community Preservation Act to work with the community to create a Vision Plan for Carr Park in 2021. In 2023 the City was successful in securing a \$1,000,000 Federal Land and Water Conservation Fund grant for the construction of Phase 1 of the Carr Park Vision plan, as well as \$402,000 of Community Preservation Act funds and \$1,260 of American Rescue Plan Act (ARPA) funding. Phase 1 work includes: two reconstructed baseball diamonds, an accessible loop pathway around the entire field, invasive plant species treatment and removal, removal of concrete and construction debris from the northern woods, formalization of the Stowers Ave trail connection, 4 dedicated pickleball courts, a drinking fountain/bottle filler, seating, and a grassy meadow/pollinator area.

The City leveraged a \$400,000 PARC Grant matched with \$150,000 Community Preservation Act funding, \$100,000 of Linkage funding and \$850,000 of American Rescue Plan Act (ARPA) funding to renovate Gillis Baseball field, adding a loop path, picnic area and adult fitness area addressing the serious drainage and accessibility issues of the field.

The City has also leveraged a \$60,000 Municipal Vulnerability Preparedness grant, which matched with \$20,000 in municipal linkage funds to update the City's Open Space and Recreation Plan, completed in 2019. This will guide the City's actions in open space planning and development for the next seven years. Medford's plan was one of the first to fully integrate climate change predictions and make recommendations to all the public open spaces in Medford to help incorporate climate adaptation techniques. It will serve as a tool to leverage additional funding for development and rehabilitation of the City's open space system, thereby enhancing the quality of the environment for citizens of Medford.

The City completed a Climate Action and Adaptation Plan in 2022 which has greatly informed the Comprehensive Plan and public space and transportation efforts of the City.

During fiscal 2017, using \$1.4 million in Federal CDBG funds, the Medford Senior Center renovation was completed. Improvements include window replacement, masonry repairs, a new roof, new HVAC equipment and interior renovations. Additional Massachusetts Department of Energy Resources Green Communities money paid for the installation of an energy management system, allowing the HVAC system to be programed with a schedule and remotely controlled.



Private Development

The City has experienced an unprecedented interest in residential, commercial and retail growth. Working with potential developers and fielding inquiries on projects ranging from single family, restaurant, retail and luxury apartment development is a daily activity.

The Green Line Extension, proximity to Boston and quality of living ensure the attractiveness of Medford as a location to live, work and do business in this vibrant economy.

Station Landing, the first award winning “Massachusetts Smart Growth” mixed-use, master planned development, began the last phase of proposed construction with the opening of the boutique style Marriot AC hotel. This elegantly styled state-of-the-art modern facility includes 152 well-appointed guest rooms and suites that feature the latest technology. Located 4 miles from Boston and 6 miles from Logan Airport, the accommodations are ideal for the business traveler and tourist.

The River’s Edge, a 215-acre site located five miles north of Boston, is a phased development developed by Preotle Lane & Associates. The project is a redevelopment site overseen by the Mystic Valley Development Commission (MVDC) a partnership of the cities of Medford, Malden, Everett and the



Commonwealth of Massachusetts. The River’s Edge Redevelopment Project envisions long term redevelopment along the Mystic River in each of the three cities.

Phase I (which is located in Medford) and Phase III (located in the

adjoining City of Malden) of River’s Edge were designated as a Growth District by the Commonwealth of Massachusetts through the Growth Districts Initiative. The State provided a \$540,000 grant for land acquisition as part of the designation. MVDC collects PILOT payments from the office and residential building in Medford. Design and planning for Phase II of the River’s Edge project is underway including

reconstruction of Air Force Road and the permitting of the River Green Technology Park in the adjacent City of Everett.

River's Edge Phase I has continued its progress in expansion. Management Sciences for Health (MSH), a



global leader in developing health care systems, moved its headquarters to 200 River's Edge Drive. MSH joins other tenants including Financial Recovery Technologies, Physicians Professional Services, Marriott Internationals North Guest Sales Office, Labthink, Midea, PLA-8 and Undine. The total number of jobs created there is currently 400.

Criterion Development Partners completed a second luxury residential project at 600 River's Edge in 2019. This is a 4-story building containing 282 residential units (including 34 affordable

housing units) with retail and parking.

In addition to bringing transit-oriented jobs and housing to this location, River's Edge is frequently cited as a model for environmental revitalization as well. The former contaminated site, home to a submerged barge as well as mountains of tires and other contaminants, is now a beautiful park with access to and views of the Mystic River. While privately owned, the grounds of the entire development are open to the public and gives the appearance of a public park. It is the location of the Tufts Boat House, home to their crew team and the site of crew regattas. The owners of River's Edge have contributed to studies and activities to continue to improve the environmental quality of the Mystic River and the adjacent lands, including the funding of the Wellington Greenway Project, a multi-use trail system connecting River's Edge, Wellington MBTA Station and Stations Landing.

Other Major private developments include:

- **Tufts University:** recently completed the Joyce Cummings Center (JCC), a new transit-oriented, energy-efficient academic building on College Avenue. The JCC includes a new Starbucks café. Tufts also added new labs at 4 Colby Street, the Central Energy Plant at 451 Boston Avenue, renovated Anderson Hall at 200 College Avenue, and rehabilitated Miller/Houston Residential Halls.

A new restaurant, Semolina's, opened at 572 Boston Avenue. Recent renovations include Blakeley Hall, Bacon Hall, Halligan Hall, and Eaton Hall and the addition of upperclass housing at 2-4 Capen St and 50 Winthrop St

- **320 Middlesex Avenue:** 200 condominium units were constructed in six buildings.
- **61 Locust Street:** construction of a mixed-use retail/residential building, of 5 stories with 350 apartments, 6,000 sq ft retail space, and 550 parking spaces.
- **640 Boston Avenue:** construction of new 5-story building with 3,790 sq ft of retail space and parking at ground level featuring 42 residential apartments on floors 2-5.

- **244 Central Avenue:** construction of an 8-unit multi-family dwelling.
- **1025 Fellsway:** construction of an 8-unit multi-family dwelling.
- **15 Foster Court:** construction of an 8-unit multi-family dwelling
- **5 Cabot Road and 600 River's Edge Drive:** Construction and Occupancy of 297 units at Modera, and 282 luxury units at 600 River's Edge Drive.
- **Station Landing's second Marriott Hotel:** construction of a 9 story, 128 guest room hotel, top 8 floors are rooms and ground level floor contains space for hotel management and operations, 14 spaces of surface parking in addition to garage across the street.
- **236-240 Salem Street:** construction of a 5-story residential building with 25 units including 17 2-bedroom and 8 1-bedroom apartments with 27 parking spaces on grade.
- **87 Medford Street:** Construction of a mixed use retail & 55-unit residential building.
- New subdivision at Mary Kenney Way of 10 single family houses
- **300 Middlesex Avenue:** Monogram Foods, a commercial baking company received a TIF to expand on this site adding 250 jobs and investing \$40,000,000 in real and personal property improvements to the facility.

An Inclusionary Housing Ordinance was adopted by the City which requires projects with over ten (10) units to set aside 10-15% of units as affordable in accordance with the Commonwealth's Local Initiative Program.

The largest nonresidential project was the conversion of the Meadow Glen Mall into a retail plaza including Wegmans, Dicks Sporting Goods and Petco, as well as Marshalls and Kohl's. Additionally, Bianco's Sausage relocated to, and renovated, 1 Brainard Avenue.

Encore Boston Harbor as previously discussed, in nearby Everett has a direct positive financial impact for the City due to the Surrounding Community Agreement with Wynn Resorts. In addition, the City believes that the operation of the casino will also provide significant future economic stimulus due to its proximity to Medford.

The \$2.5 billion resort opened in fiscal year 2019. Unfortunately, many of the anticipated beneficial economic impacts of the resort were initially impacted due to the Covid-19 pandemic and were delayed, but have currently returned to normal and the City is optimistic about future continued economic stimulus and local impacts.

Capital Improvements

The City maintains a comprehensive long-term capital improvement plan. This is an important component of the City's philosophy to revitalize worn and outdated infrastructure, buildings, machinery, vehicles and equipment. In that regard, the City has completed numerous capital projects over the past 10 to 15 years.

In addition to the improvements to School infrastructure, as previously discussed, the City continues to invest in accordance with its capital improvement plan in many other areas such as:

- Solar panels installed on the DPW building, as well as installing a building scale battery in 2021. These will provide a stable cost for electricity for the next twenty years in addition to resiliency in the event of grid outages.
- Streets and sidewalks funded through the Massachusetts Highway Department Chapter 90 program.
- Beautification of parks, recreational facilities and athletic fields, funded through grants, donations and bond issuances.
- Significant infrastructure upgrades to the Water and Sewer distribution system. Amounts are expected to exceed \$30 million at completion. These costs have been and will continue to be funded from zero interest MWRA loans and grants, State subsidized Massachusetts Clean Water Trust loans, local user charges and federal grants. The end result will be to tighten up the distribution system by eliminating leaks and reducing the annual assessments from the MWRA.
- The purchase of its streetlights in 2017 saves \$300,000 annually in maintenance payments to the electrical utility. In addition, the city completed a retrofit of all municipally owned exterior lighting to LED in 2019 and added a city-wide lighting control system. The retrofit will save an additional \$300,000 annually in electricity costs.
- Renovations to municipal facilities include (1) a brand new DPW facility, (2) a renovation of the facade and roof of the historic Medford City Hall, and (3) \$2 million of improvements and renovations to Medford's Fire Stations.
- The City received 2018 and 2019 Municipal Vulnerability Preparedness grants to assess the future impact of precipitation on the City and the ability of the municipal storm drain infrastructure to respond. Modeling includes assessment of potential green and grey infrastructure improvements to mitigate future flood impacts.
- The City helped found the Resilient Mystic Collaborative that has collectively received over \$3 million in grants supporting infrastructure and resiliency work to protect the Mystic River watershed communities from the impacts of climate change.
- Construction of a new Police Station was completed in November 2020. It is anticipated to be the most energy efficient police station in Massachusetts and includes municipally owned solar panels on the roof.
- The City was awarded a \$12 million grant from the Massachusetts Board of Library Commissioners to fund a new library. A capital campaign also matched the award through private donations including a generous gift from philanthropist Michael Bloomberg who was a Medford resident and whose parents the new library was named after. The new library was designed to be all-electric and net-zero, with solar panels offsetting all the electricity needs of the new building. The construction of this building was completed and opened in January 2022.

Acknowledgements

The publication of this ACFR represents an important achievement in the ability of the City of Medford to provide enhanced financial information and accountability to its citizens, elected and appointed officials, and investors. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Office. Special thanks also go to the certified public accounting firm of Roselli, Clark and Associates for their advice and assistance in the preparation of this report.

Respectfully submitted,

A handwritten signature in brown ink that reads "Breanna Lungo-Koehn". The signature is written in a cursive style and is positioned above the printed name.

Breanna Lungo-Koehn
Mayor

A handwritten signature in black ink that reads "Robert Dickinson". The signature is written in a cursive style and is positioned above the printed name.

Robert Dickinson
Finance Director and City Auditor

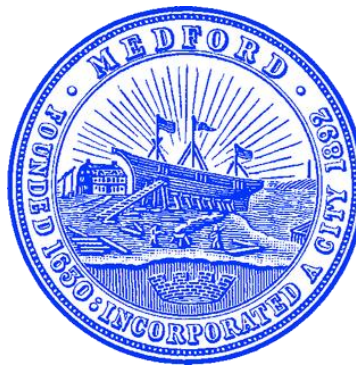
PRINCIPAL CITY OFFICIALS

Elected Officials

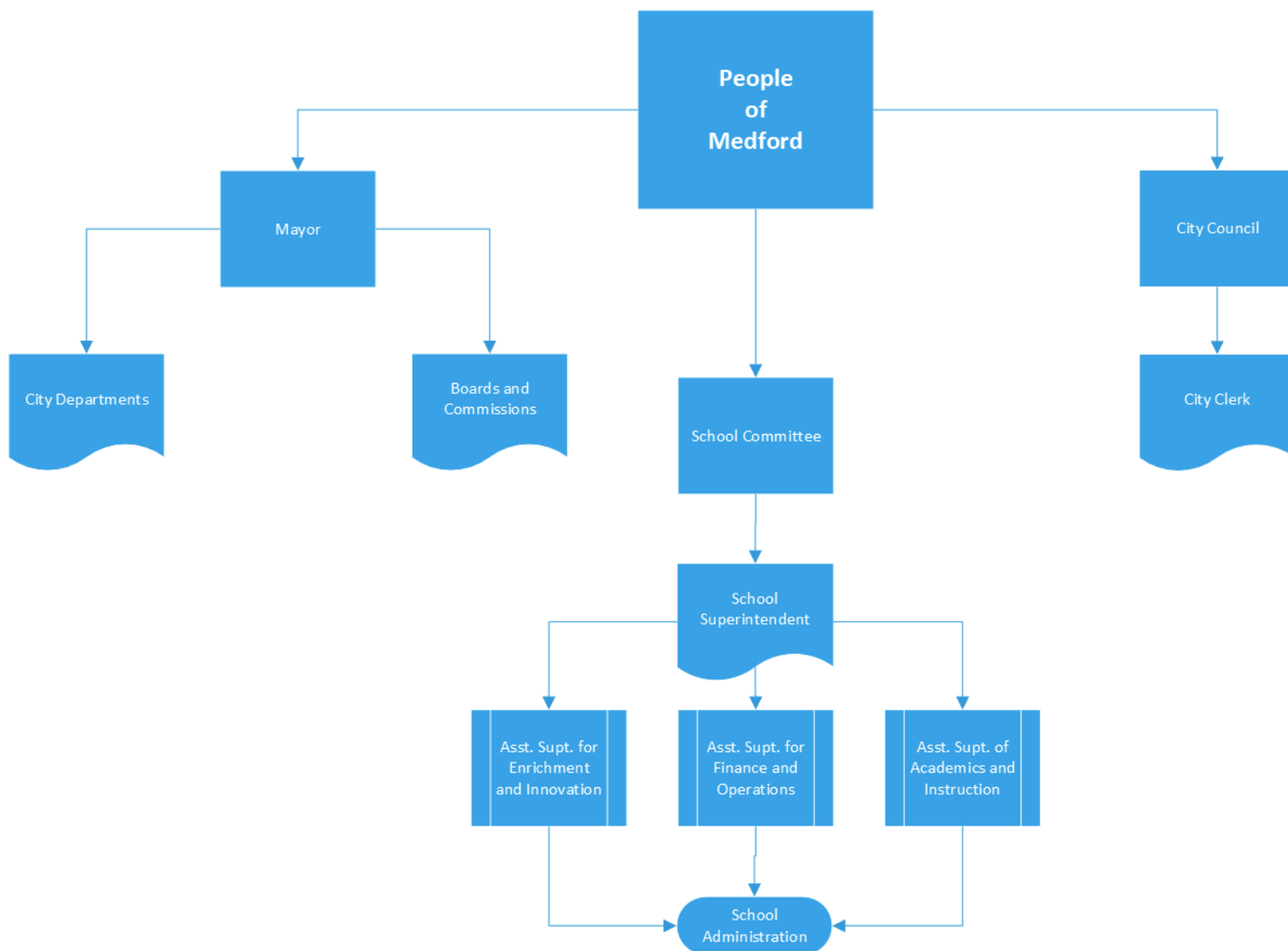
Mayor	Breanna Lungo-Koehn
City Council	Isaac B. “Zac” Bears Richard F. Caraviello Kit Collins Adam Knight Nicole Morell George A. Scarpelli Justin Tseng
School Committee	Mayor Breanna Lungo-Koehn Jenny Graham Paul Ruseau Melanie McLaughlin Sharon Hayes Mea Mustone Kathy Kreatz

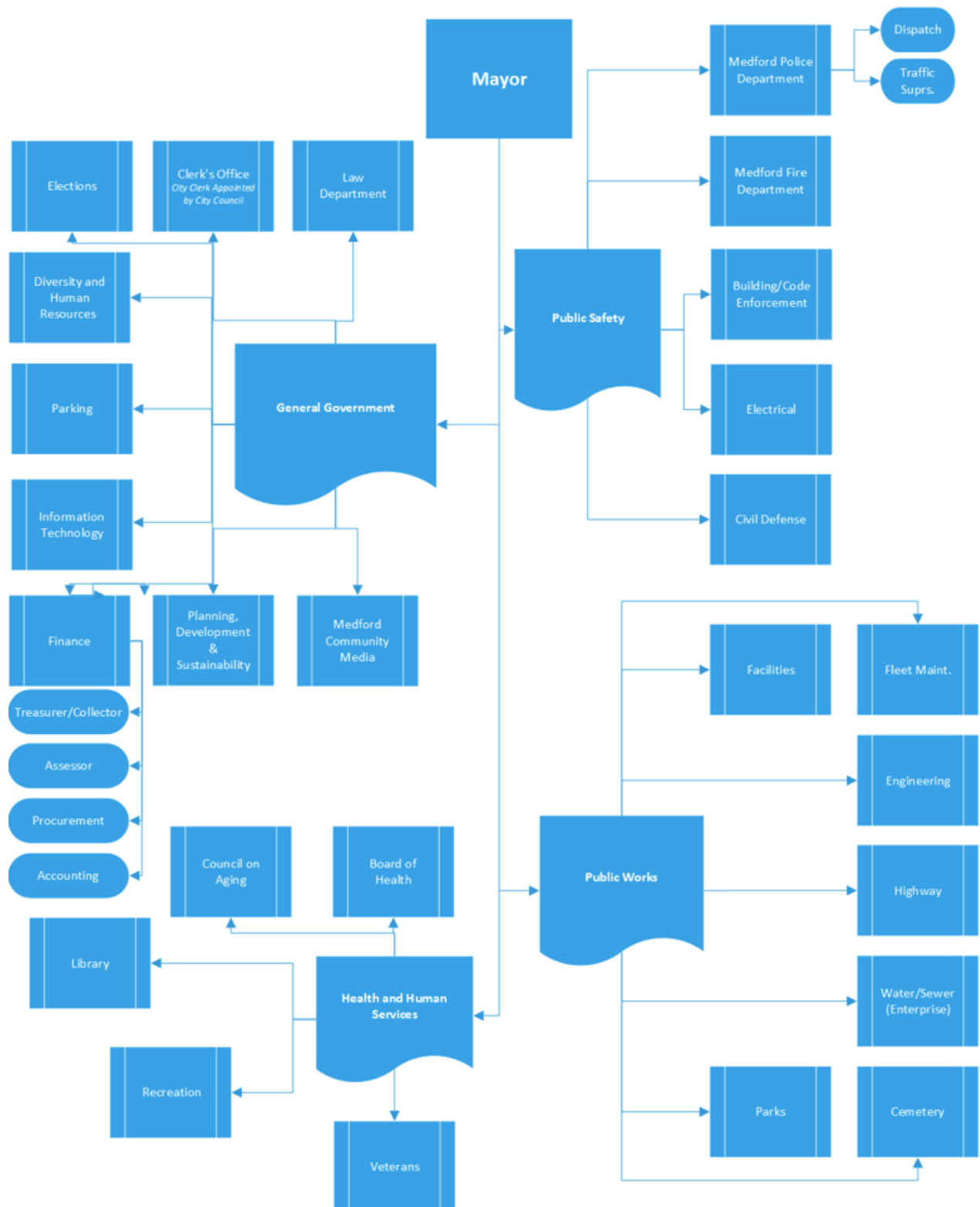
Principal Executive Officers

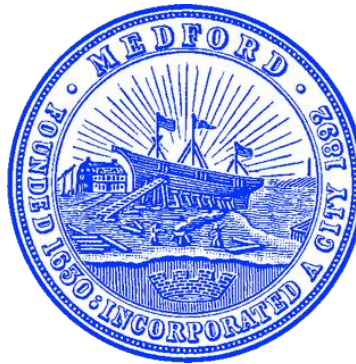
Finance Director/Auditor	Robert Dickinson
Superintendent of Schools	Dr. Marice Edouard-Vincent
City Treasurer/Collector	Judy Johnston
City Clerk	Adam L. Hurtubise



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FINANCIAL SECTION



Above: New Engine 3 apparatus bay floors. This is part of the City's planned improvements of its' five sub fire stations. The bay floors were constructed for approximately \$640,000 mostly from CDBG and ARPA funds.



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Honorable Members of the City Council
City of Medford, Massachusetts

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 Medford, Massachusetts, (the "City") as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, (except for the Medford Contributory Retirement System, (the "System" or "Retirement System") which is as of December 31, 2022).

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City as of June 30, 2023, (except for the System which is as of December 31, 2022) and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not 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's basic financial statements. The combining and individual nonmajor fund financial statements 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 and individual nonmajor fund financial 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 in the annual 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 of any form of assurance thereon.

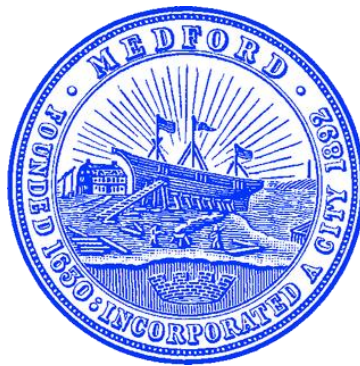
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. 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 October 25, 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, contract, grant agreements and other matters. The purpose of that report is 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 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.

Roselli Clark & Associates

Roselli, Clark and Associates
Certified Public Accountants
Woburn, Massachusetts 01801
October 25, 2024



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Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the City, we offer readers of the accompanying financial statements this narrative overview and analysis of the financial activities of the City and its component unit for the fiscal year ended June 30, 2023.

Financial Highlights

- The City's liabilities and deferred inflows of financial resources exceeded its assets and deferred outflows of financial resources at the close of the most recent fiscal year by over \$161.2 million (*total net deficit*).
- The government's total net position increased by about \$3.2 million; this was primarily due to favorable operating results.
- The City's unassigned fund balance reported in the General Fund was almost \$39.3 million (21.4% of General Fund expenditures). Total fund balance in the General Fund was almost \$40.1 million (21.8% of General Fund expenditures).
- The City's total debt decreased by nearly \$3.1 million as highlighted below:

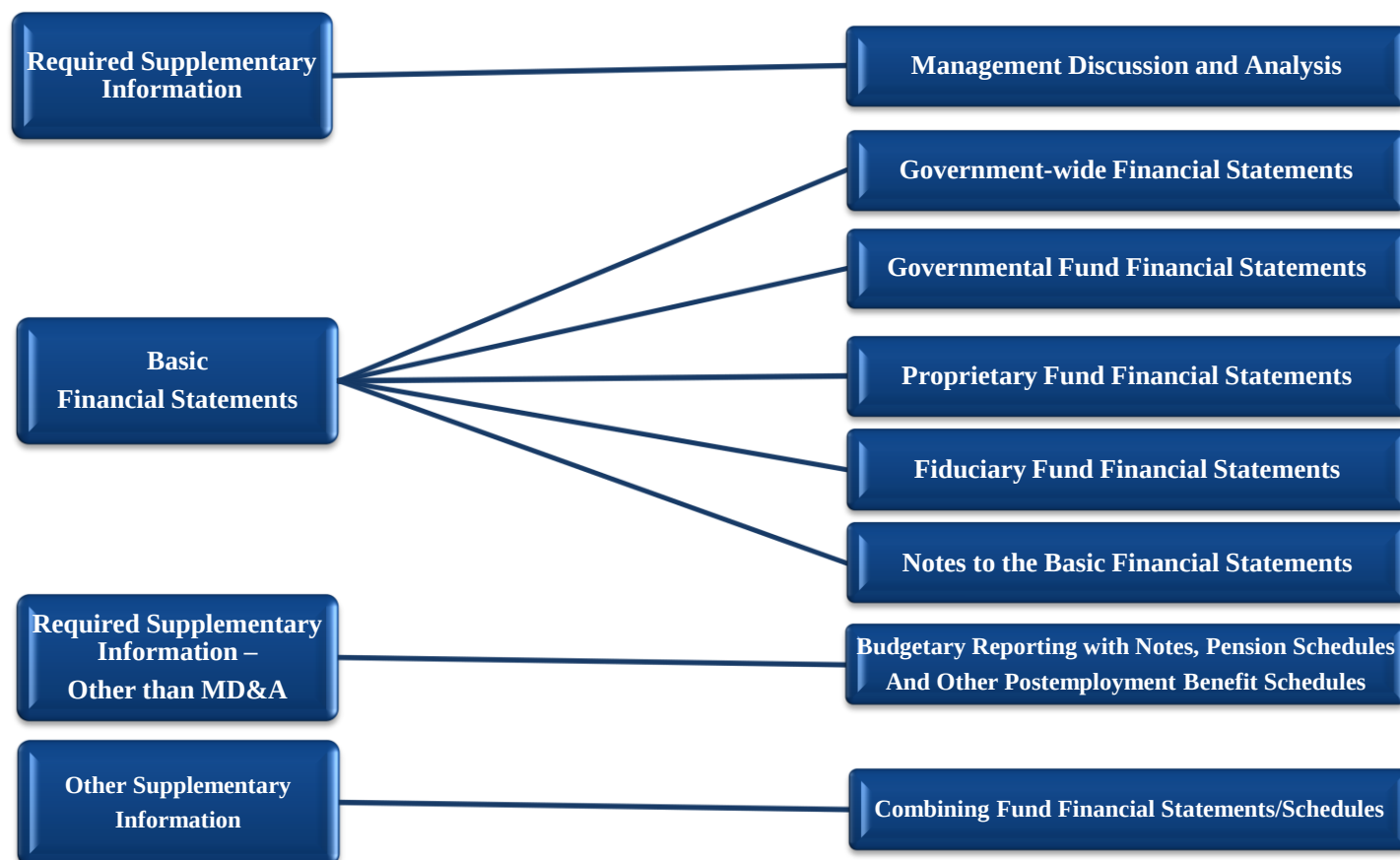
Regular Scheduled Maturities:	
Governmental Activities	\$ (3,771,662)
Business-Type Activities	(741,618)
Amortization of premiums	
Governmental Activities	(210,040)
Issuance of Long-term Note or Bond	
Governmental Activities	-
Business-Type Activities	7,800,000
	<u>\$ 3,076,680</u>

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The layout and relationship of the financial statements and supplementary information is visually illustrated in *Illustration 1*.

Illustration 1 – Relationship of Financial Statement information



Government-wide Financial Statements – The *government-wide financial statements* are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business. The *statement of position* presents information on all of the City’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The *statement of activities* presents information showing how the government’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

The government-wide financial statements consist of three classifications; (1) those whose activities are principally supported by taxes and intergovernmental revenue (*governmental activities*); and (2) those whose activities are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities of the City include general government, public safety, highways and streets, sanitation, education, economic development, debt service, fringe benefits and culture and recreation. The business-type activities of the City are comprised completely of the water and sewer enterprise fund.

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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Accounting guidelines distinguish fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Restricted — amounts constrained by external parties, constitutional provision, or enabling legislation
- Committed — amounts constrained by a government using its highest level of decision-making authority
- Assigned — amounts a government intends to use for a particular purpose
- Unassigned — amounts that are not constrained at all will be reported in the general fund or in other major funds if negative

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 financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal 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.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, ARPA Grant Fund, Capital Projects Fund and Cemetery Perpetual Care Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these Nonmajor governmental funds is provided in the form of combining statements.

The City adopts an annual appropriated budget for its general fund and its enterprise fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget and is included in this report as required supplementary information.

Proprietary funds – The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer enterprise. *Internal service funds* are used to report activities that service all other City Departments. The City uses internal service funds to account for its self-insured Group Dental Insurance Plan.

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 proprietary funds.

The System is a Pension Trust that is a legally separate entity reported as a fiduciary fund. Because the System services almost entirely to the City, it is presented as if it were part of the primary government as a fiduciary fund due to the significance of its operations.

Notes to the 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 Pension and Other Postemployment Benefit Plans as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund and notes to this schedule.

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, its liabilities and deferred inflows of financial resources exceeded its assets and deferred outflows of financial resources thus reporting a deficit at the close of the most recent fiscal year of over \$161.2 million.

Condensed net position data is presented as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<u>Assets</u>						
Current and other assets	\$ 116,446,369	\$ 113,047,371	\$ 30,316,197	\$ 21,093,900	\$ 146,762,566	\$ 134,141,271
Capital assets, net	192,783,431	195,600,668	21,175,856	20,989,955	213,959,287	216,590,623
Total Assets	309,229,800	308,648,039	51,492,053	42,083,855	360,721,853	350,731,894
Deferred outflows of resources	35,183,896	33,503,038	1,557,934	1,825,669	36,741,830	35,328,707
<u>Liabilities</u>						
Current liabilities	32,687,251	42,814,274	151,547	153,401	32,838,798	42,967,675
Long-term liabilities	457,977,715	412,750,981	33,436,393	24,216,101	491,414,108	436,967,082
Total Liabilities	490,664,966	455,565,255	33,587,940	24,369,502	524,252,906	479,934,757
Deferred inflows of resources	32,266,404	66,830,226	2,157,951	3,711,127	34,424,355	70,541,353
<u>Net Position</u>						
Net investment in capital assets	124,595,804	122,490,544	19,378,372	18,822,909	143,974,176	141,313,453
Restricted	34,745,674	32,298,911	-	-	34,745,674	32,298,911
Unrestricted	(337,859,152)	(335,033,859)	(2,074,276)	(2,994,014)	(339,933,428)	(338,027,873)
Total Net Position	<u>\$ (178,517,674)</u>	<u>\$ (180,244,404)</u>	<u>\$ 17,304,096</u>	<u>\$ 15,828,895</u>	<u>\$ (161,213,578)</u>	<u>\$ (164,415,509)</u>

By far, the largest portion (approximately \$144 million) of the City’s net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to

citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, over \$34.7 million, of the City's net position represents resources that are subject to external restrictions on how they may be used. *Unrestricted net position* is reported as a deficit, of about \$339.9 million. This is due to the recognition of significant net pension and net other postemployment benefit liabilities. This deficit is expected to continue to grow as an adequate funding schedule for other postemployment benefit liabilities is not in place.

Condensed changes in net position data is presented as follows:

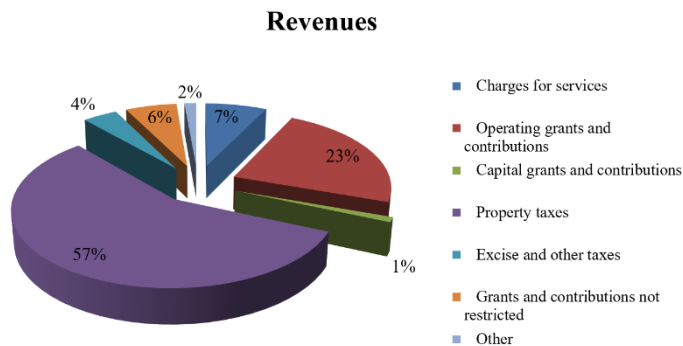
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Revenues</u>						
Program revenues:						
Charges for services	\$ 16,938,554	\$ 16,033,866	\$ 28,280,729	\$ 27,008,371	\$ 45,219,283	\$ 43,042,237
Operating grants and contributions	54,474,094	52,407,493	-	-	54,474,094	52,407,493
Capital grants and contributions	2,490,025	6,889,544	45,000	-	2,535,025	6,889,544
General revenues:						
Property taxes	133,758,993	129,551,739	-	-	133,758,993	129,551,739
Excise and other taxes	9,570,297	8,881,741	-	-	9,570,297	8,881,741
Grants and contributions not restricted	14,135,288	13,396,810	-	-	14,135,288	13,396,810
Other	3,264,925	618,777	322,638	6,728	3,587,563	625,505
Total Revenues	234,632,176	227,779,970	28,648,367	27,015,099	263,280,543	254,795,069
<u>Expenses</u>						
General government	14,248,244	14,807,091	-	-	14,248,244	14,807,091
Public safety	55,451,674	49,239,941	-	-	55,451,674	49,239,941
Education	130,496,321	122,109,447	-	-	130,496,321	122,109,447
Public works	20,879,569	20,075,397	-	-	20,879,569	20,075,397
Health and human services	3,378,609	3,216,664	-	-	3,378,609	3,216,664
Culture and recreation	5,969,725	4,709,702	-	-	5,969,725	4,709,702
Interest expense	2,003,454	1,996,241	-	-	2,003,454	1,996,241
Water and sewer	-	-	27,651,016	26,407,947	27,651,016	26,407,947
Total Expenses	232,427,596	216,154,483	27,651,016	26,407,947	260,078,612	242,562,430
Increase (decrease) in net position before transfers	2,204,580	11,625,487	997,351	607,152	3,201,931	12,232,639
Transfers	(477,850)	229,144	477,850	(229,144)	-	-
Increase (decrease) in net position	1,726,730	11,854,631	1,475,201	378,008	3,201,931	12,232,639
Net position, beginning of year	(180,244,404)	(192,099,035)	15,828,895	15,450,887	(164,415,509)	(176,648,148)
Net position, end of year	<u>\$ (178,517,674)</u>	<u>\$ (180,244,404)</u>	<u>\$ 17,304,096</u>	<u>\$ 15,828,895</u>	<u>\$ (161,213,578)</u>	<u>\$ (164,415,509)</u>

Governmental Activities – The governmental activities increased net position by approximately \$1.7 million and business-type activities increased net position by approximately \$1.5 million. This is primarily due to continued robust operations in the general fund and increased consumption in the enterprise funds.

Total revenues increased nearly \$6.9 million. Major sources of revenue for governmental activities consist of:

(1) **Property taxes** which represented 57% of total revenues or an increase of almost \$4.2 million over the prior year. Under Massachusetts General Laws, communities are allowed to assess taxes at 2 ½% of the prior year (added almost \$3.1 million) plus any new growth (added almost \$1.0 million). Therefore, this net increase met a net increase that was expected from year to year.

(2) **Operating grants and contributions** represent 23% of total revenues. The increase of about \$2.1 million is a net increase. The City recognized a reduction in ARPA spending of about \$3 million which was offset by an increase in the City's special funding situation with the Massachusetts Teacher's Retirement System of about \$2 million and an increase in Chapter 70 funding of over \$2 million.

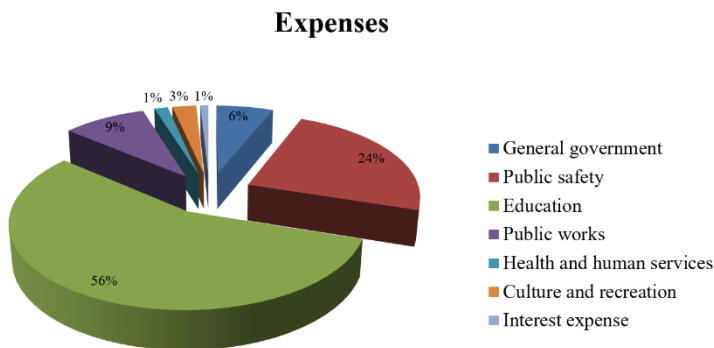


(3) All **other revenue** categories were either not significant or did not experience major fluctuations from year to year.

Total expenses increased by about \$16.3 million. Major expense outlays incurred by governmental activities are summarized as follows:

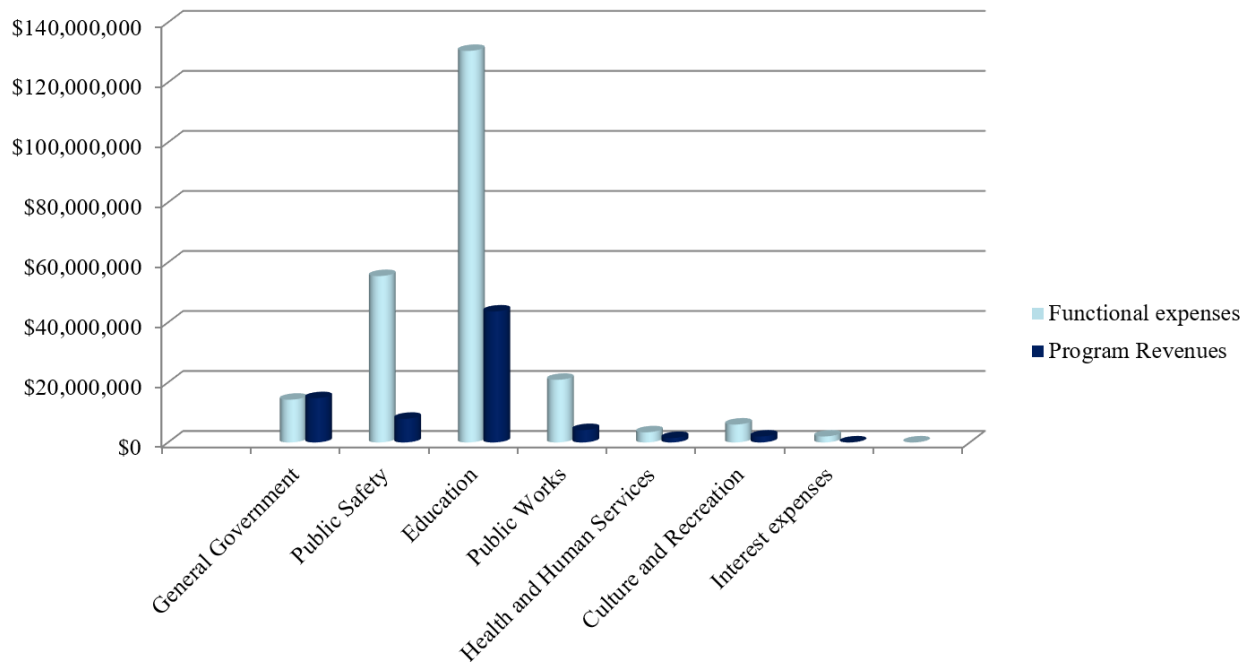
- Public Safety (23.8%) increased about \$6.2 million year over year. This is due to cost of living increases in addition to higher expense realization of benefits based on actuarial calculations.

- Education (56.1%) increased by \$8.4 million year over year. Like public safety above, actuarial valuations resulted in higher recorded costs. More specifically, MTRS and OPEB costs were much greater than the prior year. In addition costs were increased due to \$6 million in extra funding through Chapter 70.



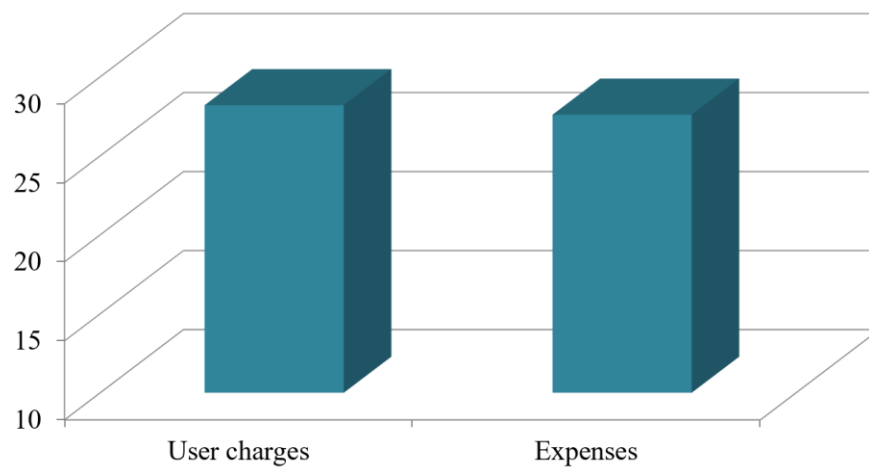
- All other functional expenses were about 20.1% in aggregate and were consistent with the prior year.

A comparison of functional expenses and program revenues is illustrated in the graph below.



Business-type Activities – Net position of the business-type activities increased by approximately \$1.5 million over the prior year balances. This was due to increased revenue from a higher consumption amount.

Enterprise Fund



Fund-wide 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 the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City'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 fiscal year.

The City's unassigned fund balance reported in the General Fund was approximately \$39.3 million (21.4% of General Fund expenditures). Total Fund Balance in the General Fund was approximately \$40.1 million (21.8% of General Fund expenditures). The City reported a restricted fund balance of \$6.7 million in its Capital Projects Fund. The remainder of governmental fund balances are included as Cemetery Perpetual Care Funds and Combined Nonmajor Fund Balances and are classified as either (1) non-spendable, due to being the corpus of an endowment for the cemetery in the amount of approximately \$4.5 million; (2) restricted due to constraints placed externally by third-parties in the amount of almost \$30.2 million, or (3) unassigned as they reflect negative balances (\$0.5 million) due to the use of short-term notes as funding sources.

As of the close of the current fiscal year, the City's total governmental funds balance sheet reported a combined ending fund balance of approximately \$70.4 million, an increase of approximately \$13.8 million over the prior year.

The net causes for this were:

1. **General Fund** - An increase in the general fund of about \$9.2 million. This was a result of increases to forecast across the board such as investment income, fines and forfeits, and permits in addition to turn backs in expenditures.
2. **Capital Projects Fund** – An increase in capital projects funds of about \$1.6 million due to transfers from the general fund exceeding capital outlays.
3. **Cemetery Perpetual Care Fund** - An increase in the Cemetery Perpetual Care Funds of almost \$0.6 million due primarily to robust market conditions.
4. **Combined Nonmajor Funds** – An increase in Combined Nonmajor Funds of \$2.4 million due to increased grant activity not spent down as of fiscal year-end.

Proprietary funds – The City's proprietary funds are made up of (1) the Water and Sewer Enterprise Fund which provides the same type of information found in the government-wide financial statements under business-type activities, but in more detail; and (2) the City's Internal Service Fund which accounts for the City's Group Dental Insurance Plan and whose activities are not material.

Fiduciary Fund – The City's fiduciary fund is comprised primarily of the City's Retirement System whose net position is approximately \$228 million. These assets are used strictly to pay retiree pensions and annuities and may not be used for City operating purposes. The decrease over the prior year of \$32.7 million is due to robust market conditions.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were not material by function.

Major budget to actual differences on the revenue side in aggregate were about \$3.5 million positive, and on the expenditure side about \$7.3 million positive.

Further detail of budget to actual comparisons may be reviewed as part of the Required Supplementary Information following the footnotes to this report.

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 approximately \$214 million (net of accumulated depreciation) a decrease from the previous year’s balance of approximately \$2.6 million. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery, equipment, and software. The total decrease is due to capital asset depreciation exceeding additions for the year.

The City has in recent years undergone major renovations and building of its educational facilities. Under pertinent Massachusetts general school construction regulations, the City is allowed to recoup a percentage of the construction costs including interest over the period of time in which the City is to pay back bonds undertaken for the various projects.

Large capital items recently completed include a new Library and new Police facilities.

Additional information on the City’s capital assets can be found in the Notes to the financial statements.

Long-term Debt – At the end of the current fiscal year, the City had total debt outstanding of approximately \$77.8 million inclusive of unamortized bond premium of almost \$2.3 million. The entire amount comprises debt backed by the full faith and credit of the government. The City’s total debt increased by approximately \$3.1 million during the fiscal year. Detail of this decrease is summarized in the table below:

Regular Scheduled Maturities:	
Governmental Activities	\$ (3,771,662)
Business-Type Activities	(741,618)
Amortization of premiums	
Governmental Activities	(210,040)
Issuance of Long-term Note or Bond	
Governmental Activities	-
Business-Type Activities	7,800,000
	<u>\$ 3,076,680</u>

The City’s most recent credit evaluation resulted in maintaining a “AA+” rating –from Standard and Poor’s Investment Services for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5.0 % of its total assessed valuation. The current debt limitation for the City is approximately \$694 million, which is significantly in excess of the City's outstanding general obligation debt classified as inside the debt limit.

The City also holds a proportionate share of debt of other governmental units that provide services within the City's boundaries. The debt service from such arrangements is assessed annually to the City.

Additional information on the City's short-term and long-term debt can be found in Notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

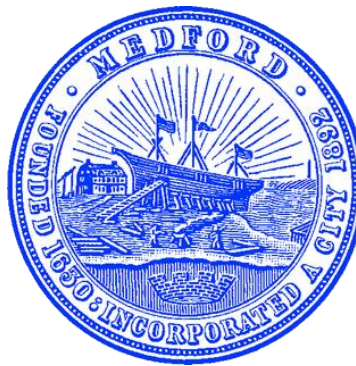
- The City's real estate tax base is made up predominantly of residential taxes, which comprise nearly 81% of the City's real estate tax base. The City also relies heavily on its commercial and industrial real estate tax base, which in aggregate comprise 19% of the City's real estate tax base. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the City's ability to increase taxes in any one year by more than two and one-half percent (2 ½%) of the previous year tax levy.
- The City expects to receive \$230 million in revenues from all sources during fiscal 2024. This was the amount used to certify the tax rate.
- The City's housing market has been very strong for the past several years. This has been bolstered by mortgage rates at historic lows and strong economic activity in the Greater Boston area. Current actions by the Federal Open Market Committee to soften the economy due to inflation have caused mortgage rates to increase. Such trends may have an adverse effect on the housing market, and the City is monitoring this.
- Inflation has stabilized from its near 40-year historic highs. However, costs remain volatile and this could have adverse impacts on labor, construction, energy and supplies. The City continues to monitor this situation.
- The City has responded well to the recent economic challenges. Reductions in local revenue, primarily interest income and other reductions in revenue have caused the City to aggressively seek other revenue producing initiatives in order to maintain appropriations in ways that preserve local service levels.

All of the above items were considered when the City developed its budget for fiscal year 2024. The budget was adopted in June of 2023 and the City's tax rate was certified in December 2023.

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 request for additional financial information should be addressed to the Office of Finance and Auditing, Medford City Hall, 85 George P. Hassett Drive, Medford, Massachusetts 02155.

Complete stand-alone financial statements of the Retirement System can be obtained from the Retirement Office, Medford City Hall, 85 George P. Hassett Drive, Medford, Massachusetts 02155.



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Basic Financial Statements

CITY OF MEDFORD, MASSACHUSETTS

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

	Primary Government		
	Governmental Activities	Business-Type Activity	Total
Assets			
Cash and cash equivalents	\$ 95,011,402	\$ 25,024,956	\$ 120,036,358
Investments	10,596,828	-	10,596,828
Deposits held by third parties	105,000	-	105,000
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	1,150,846	-	1,150,846
User fees	-	5,144,062	5,144,062
Tax title	2,034,888	142,962	2,177,850
Departmental and other	1,397,494	-	1,397,494
Intergovernmental	6,149,911	-	6,149,911
Capital assets not being depreciated	11,603,126	4,217	11,607,343
Capital assets, net of accumulated depreciation	181,180,305	21,175,856	202,356,161
Total Assets	309,229,800	51,492,053	360,721,853
Deferred Outflows of Resources			
Related to net other postemployment benefits liability	11,040,840	767,545	11,808,385
Related to net pension liability	24,143,056	790,389	24,933,445
Total Deferred Outflows of Resources	35,183,896	1,557,934	36,741,830
Liabilities			
Warrants and accounts payable	3,006,626	151,547	3,158,173
Accrued payroll and withholdings	759,992	-	759,992
Accrued interest expense	832,843	-	832,843
Unearned revenue	25,049,956	-	25,049,956
Claims incurred but not reported	50,730	-	50,730
Other liabilities	237,104	-	237,104
Bond anticipation notes payable	2,750,000	-	2,750,000
Noncurrent liabilities:			
Due in one year or less	4,960,431	1,190,302	6,150,733
Due in more than one year	453,017,284	32,246,091	485,263,375
Total Liabilities	490,664,966	33,587,940	524,252,906
Deferred Inflows of Resources			
Related to net other postemployment benefits liability	29,950,845	2,082,145	32,032,990
Related to net pension liability	2,315,559	75,806	2,391,365
Total Deferred Inflows of Resources	32,266,404	2,157,951	34,424,355
Net Position			
Net investment in capital assets	124,595,804	19,378,372	143,974,176
Restricted:			
Nonexpendable permanent funds	4,524,490	-	4,524,490
Expendable permanent funds	7,123,980	-	7,123,980
Federal and State grants	4,465,232	-	4,465,232
Community preservation	6,845,327	-	6,845,327
Other specific purposes	11,786,645	-	11,786,645
Unrestricted	(337,859,152)	(2,074,276)	(339,933,428)
Total Net Position	\$ (178,517,674)	\$ 17,304,096	\$ (161,213,578)

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

**STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total
<u>Primary Government:</u>							
<i>Governmental Activities:</i>							
General government	\$ 14,248,244	\$ 4,121,737	\$ 10,638,418	\$ -	\$ 511,911	\$ -	\$ 511,911
Public safety	55,451,674	6,133,358	1,754,272	-	(47,564,044)	-	(47,564,044)
Education	130,496,321	4,353,929	39,290,656	-	(86,851,736)	-	(86,851,736)
Public works	20,879,569	1,092,267	1,220,783	1,817,149	(16,749,370)	-	(16,749,370)
Health and human services	3,378,609	517,739	960,004	-	(1,900,866)	-	(1,900,866)
Culture and recreation	5,969,725	719,524	609,961	672,876	(3,967,364)	-	(3,967,364)
Interest expense	2,003,454	-	-	-	(2,003,454)	-	(2,003,454)
Total Governmental Activities	232,427,596	16,938,554	54,474,094	2,490,025	(158,524,923)	-	(158,524,923)
<i>Business-Type Activity:</i>							
Water and sewer services	27,651,016	28,280,729	-	45,000	-	674,713	674,713
Total Business Type Activity	27,651,016	28,280,729	-	45,000	-	674,713	674,713
Total Primary Government	<u>\$ 260,078,612</u>	<u>\$ 45,219,283</u>	<u>\$ 54,474,094</u>	<u>\$ 2,535,025</u>	<u>(158,524,923)</u>	<u>674,713</u>	<u>(157,850,210)</u>
<u>General Revenues:</u>							
					133,758,993	-	133,758,993
					9,570,297	-	9,570,297
					788,360	-	788,360
					14,135,288	-	14,135,288
					2,476,565	322,638	2,799,203
					<u>(477,850)</u>	<u>477,850</u>	<u>-</u>
					160,251,653	800,488	161,052,141
					1,726,730	1,475,201	3,201,931
<u>Net Position:</u>							
					<u>(180,244,404)</u>	<u>15,828,895</u>	<u>(164,415,509)</u>
					<u>\$ (178,517,674)</u>	<u>\$ 17,304,096</u>	<u>\$ (161,213,578)</u>

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	ARPA Grant Fund	Capital Projects	Cemetery Perpetual Care Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and short-term investments	\$ 40,605,544	\$ 25,049,956	\$ 9,071,166	\$ 586,446	\$ 19,047,027	\$ 94,360,139
Investments	-	-	-	9,187,653	1,409,175	10,596,828
Receivables, net of allowance for uncollectibles:						
Real estate and personal property taxes	1,086,362	-	-	-	64,484	1,150,846
Tax title	2,034,888	-	-	-	-	2,034,888
Departmental and other	1,343,125	-	-	-	54,369	1,397,494
Intergovernmental	757,250	-	-	-	5,392,661	6,149,911
Due from other funds	1,589,168	-	-	-	-	1,589,168
Total Assets	<u>47,416,337</u>	<u>25,049,956</u>	<u>9,071,166</u>	<u>9,774,099</u>	<u>25,967,716</u>	<u>117,279,274</u>
Total Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 47,416,337</u>	<u>\$ 25,049,956</u>	<u>\$ 9,071,166</u>	<u>\$ 9,774,099</u>	<u>\$ 25,967,716</u>	<u>\$ 117,279,274</u>
Liabilities:						
Warrants and accounts payable	\$ 1,883,049	\$ -	\$ 88,746	\$ -	\$ 1,034,831	\$ 3,006,626
Accrued payroll and withholdings	759,992	-	-	-	-	759,992
Unearned revenue	-	25,049,956	-	-	-	25,049,956
Bond anticipation notes payable	-	-	2,750,000	-	-	2,750,000
Other liabilities	210,216	-	-	5,500	21,388	237,104
Due to other funds	-	-	-	-	1,589,168	1,589,168
Total Liabilities	<u>2,853,257</u>	<u>25,049,956</u>	<u>2,838,746</u>	<u>5,500</u>	<u>2,645,387</u>	<u>33,392,846</u>
Deferred Inflows of Resources:						
Unavailable revenues - property taxes	3,121,250	-	-	-	64,484	3,185,734
Unavailable revenues - other	1,343,125	-	-	-	-	1,343,125
Total Deferred Inflows of Resources	<u>4,464,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>64,484</u>	<u>4,528,859</u>
Fund Balances:						
Nonspendable	-	-	-	4,158,659	365,831	4,524,490
Restricted	-	-	6,749,513	5,609,940	24,546,760	36,906,213
Assigned	837,487	-	-	-	-	837,487
Unassigned	39,261,218	-	(517,093)	-	(1,654,746)	37,089,379
Total Fund Balances	<u>40,098,705</u>	<u>-</u>	<u>6,232,420</u>	<u>9,768,599</u>	<u>23,257,845</u>	<u>79,357,569</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 47,416,337</u>	<u>\$ 25,049,956</u>	<u>\$ 9,071,166</u>	<u>\$ 9,774,099</u>	<u>\$ 25,967,716</u>	<u>\$ 117,279,274</u>

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

	<u>Total</u>
Total Governmental Fund Balances	\$ 79,357,569
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	192,783,431
Assets and liabilities of the City's internal service funds are included in the Statement of Net Position, but are not reported in the governmental funds.	705,533
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	4,528,859
Deferred outflows and inflows of resources to be recognized in future years' expense are not available resources and, therefore, are not reported in the funds:	
Deferred outflows related to net pension liability	24,143,056
Deferred outflows related to net other postemployment benefits liability	11,040,840
Deferred inflows related to net pension liability	(2,315,559)
Deferred inflows related to net other postemployment benefits liability	<u>(29,950,845)</u>
Net effect of reporting deferred outflows and inflows of resources	2,917,492
In the Statement of Net Position, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	(832,843)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the government funds:	
Bonds and notes payable	(64,680,089)
Unamortized bond premiums	(2,285,607)
Compensated absences	(3,857,003)
Workers' compensation liability	(1,257,376)
Net pension liability	(116,104,299)
Net other postemployment benefits liability	<u>(269,793,341)</u>
Net effect of reporting long-term liabilities	<u>(457,977,715)</u>
Net Position of Governmental Activities	<u><u>\$ (178,517,674)</u></u>

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2023**

	General	ARPA Grant Fund	Capital Projects	Cemetery Perpetual Care Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Real estate and personal property taxes, net	\$ 132,182,333	\$ -	\$ -	\$ -	\$ 1,681,114	\$ 133,863,447
Intergovernmental	41,732,876	10,806,277	25,000	-	18,115,021	70,679,174
Motor vehicle and other excise	9,746,382	-	-	-	-	9,746,382
Licenses and permits	3,448,569	-	-	-	-	3,448,569
Departmental and other	4,777,735	-	-	-	7,709,627	12,487,362
Penalties and interest on taxes	788,360	-	-	-	-	788,360
Fines and forfeitures	948,224	-	-	-	-	948,224
Interest and investment income	1,587,758	-	37,050	788,306	53,664	2,466,778
Contributions and donations	-	-	-	-	420,233	420,233
Total Revenues	<u>195,212,237</u>	<u>10,806,277</u>	<u>62,050</u>	<u>788,306</u>	<u>27,979,659</u>	<u>234,848,529</u>
Expenditures:						
Current:						
General government	5,223,253	670,164	-	-	1,270,964	7,164,381
Public safety	27,924,018	3,354,570	293,865	-	2,684,236	34,256,689
Education	65,067,467	3,956,413	-	-	14,272,000	83,295,880
Public works	13,166,151	1,568,307	958,691	-	3,762,913	19,456,062
Health and human services	1,338,312	351,543	-	-	669,090	2,358,945
Culture and recreation	2,396,177	167,048	62,083	-	2,550,587	5,175,895
Pension and fringe benefits	50,797,875	-	-	-	-	50,797,875
State and county tax assessments	12,072,425	-	-	-	-	12,072,425
Debt service:						
Principal	3,505,000	-	128,992	-	137,670	3,771,662
Interest expense	2,202,053	-	-	-	62,218	2,264,271
Total Expenditures	<u>183,692,731</u>	<u>10,068,045</u>	<u>1,443,631</u>	<u>-</u>	<u>25,409,678</u>	<u>220,614,085</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>11,519,506</u>	<u>738,232</u>	<u>(1,381,581)</u>	<u>788,306</u>	<u>2,569,981</u>	<u>14,234,444</u>
Other Financing Sources (Uses):						
Transfers in	676,106	-	2,935,342	-	121,142	3,732,590
Transfers out	(2,985,342)	(738,232)	-	(199,959)	(286,907)	(4,210,440)
Total Other Financing Sources (Uses)	<u>(2,309,236)</u>	<u>(738,232)</u>	<u>2,935,342</u>	<u>(199,959)</u>	<u>(165,765)</u>	<u>(477,850)</u>
Net Change in Fund Balance	<u>9,210,270</u>	<u>-</u>	<u>1,553,761</u>	<u>588,347</u>	<u>2,404,216</u>	<u>13,756,594</u>
Fund Balances - Beginning	<u>30,888,435</u>	<u>-</u>	<u>4,678,659</u>	<u>9,180,252</u>	<u>20,853,629</u>	<u>65,600,975</u>
Fund Balances - Ending	<u>\$ 40,098,705</u>	<u>\$ -</u>	<u>\$ 6,232,420</u>	<u>\$ 9,768,599</u>	<u>\$ 23,257,845</u>	<u>\$ 79,357,569</u>

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2023**

	<u>Total</u>
Net Change in Fund Balances - Total Governmental Fund Balances	\$ 13,756,594
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. The net amounts are reflected here as reconciling items:	
Capital outlays	\$ 6,236,762
Depreciation expense	<u>(9,053,999)</u>
Net effect of reporting capital assets	(2,817,237)
In the Statement of Activities, Internal Service Funds established to administer the City's health insurance costs are included within the activity; whereas, these activities are not presented in the Statement of Revenues, Expenditures and Changes in Fund Balances.	
	(55,210)
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 has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas these amounts are amortized in the Statement of Activities. The net amount presented here as a reconciling item represents the following differences:	
Proceeds from bond issuances	-
Amortization of bond premiums	210,040
Repayments of debt	<u>3,771,662</u>
Net effect of reporting long-term debt	3,981,702
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
	(226,140)
In the Statement of Activities, interest is accrued on outstanding long-term debt; whereas in governmental funds interest is not reported until due. The net amount presented here as a reconciling item represents the difference in accruals between this year and the prior year.	
	50,777
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:	
Compensated absences	210,398
Other postemployment benefits	(11,333,875)
Pension benefits	(2,067,605)
Workers' compensation	<u>227,326</u>
Net effect of reporting long-term liabilities	<u>(12,963,756)</u>
Change in Net Position of Governmental Activities	<u>\$ 1,726,730</u>

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2023

	Business-Type Activity Water and Sewer Enterprise Fund	Governmental Activity Internal Service Fund
Assets:		
Current assets:		
Cash and cash equivalents	\$ 25,024,956	\$ 651,263
User fees, net of allowance for uncollectibles	5,144,062	-
Total current assets	30,169,018	651,263
Noncurrent assets:		
Utility liens	142,962	-
Working deposit held by others	-	105,000
Capital assets not being depreciated	4,217	-
Capital assets, net of depreciation	21,175,856	-
Total noncurrent assets	21,323,035	105,000
Total Assets	51,492,053	756,263
Deferred Outflows of Resources		
Related to net other postemployment benefits liability	767,545	-
Related to net pension liability	790,389	-
Total Deferred Outflows of Resources	1,557,934	-
Liabilities:		
Current liabilities:		
Warrants and accounts payable	151,547	-
Claims incurred but not reported	-	50,730
Current portion of debt	1,169,700	-
Compensated absences	20,602	-
Total current liabilities	1,341,849	50,730
Noncurrent liabilities:		
Compensated absences	61,806	-
Net other postemployment benefits liability	18,755,687	-
Net pension liability	3,800,998	-
Noncurrent portion of debt	9,627,600	-
Total noncurrent liabilities	32,246,091	-
Total Liabilities	33,587,940	50,730
Deferred Inflows of Resources		
Related to net other postemployment benefits liability	2,082,145	-
Related to net pension liability	75,806	-
Total Deferred Inflows of Resources	2,157,951	-
Net Position:		
Net investment in capital assets	19,378,372	-
Unrestricted	(2,074,276)	705,533
Total Net Position	\$ 17,304,096	\$ 705,533

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

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

FISCAL YEAR ENDED JUNE 30, 2023

	<u>Business-Type Activity</u> Water and Sewer Enterprise Fund	<u>Governmental Activities</u> Internal Service Fund
Operating Revenues:		
Charges for services	\$ 28,178,019	\$ -
Employee contributions	-	765,966
Employer contributions	-	761,656
Other revenues	102,710	-
Total Operating Revenues	<u>28,280,729</u>	<u>1,527,622</u>
Operating Expenses:		
Operating costs	5,804,996	-
Water and sewer assessment	20,741,687	-
Dental claims	-	1,592,619
Depreciation	1,079,864	-
Total Operating Expenses	<u>27,626,547</u>	<u>1,592,619</u>
Operating Income	<u>654,182</u>	<u>(64,997)</u>
Nonoperating Revenues (Expenses):		
Interest income	322,638	9,787
Interest expense	(24,469)	-
Total Nonoperating Revenues (Expenses)	<u>298,169</u>	<u>9,787</u>
Income Before Capital Contributions and Transfers	952,351	(55,210)
Capital contributions	45,000	-
Transfers in	700,000	-
Transfers out	<u>(222,150)</u>	<u>-</u>
Change in Net Position	<u>1,475,201</u>	<u>(55,210)</u>
Total Net Position - Beginning	15,828,895	760,743
Total Net Position - Ending	<u>\$ 17,304,096</u>	<u>\$ 705,533</u>

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2023**

	Business-Type Activity	Governmental Activities
	Water and Sewer Enterprise Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from users	\$ 28,658,797	\$ -
Employee contributions	-	765,966
Employer contributions	-	761,656
Other revenues	102,710	-
Payments to vendors	(24,042,872)	-
Payments to employees	(1,629,196)	-
Payments for interfund services used	-	(1,609,994)
	<u>3,089,439</u>	<u>(82,372)</u>
Net Cash Provided by (Used for) Operating Activities		
Cash Flows from Noncapital Financing Activities:		
Transfers out	(222,150)	-
	<u>(222,150)</u>	<u>-</u>
Net Cash Provided By (Used for) Noncapital Financing Activities		
Cash Flows from Capital and Related Financing Activities:		
Capital grants	45,000	-
Capital transfers in	700,000	-
Proceeds from issuance of bonds	7,800,000	-
Acquisition and construction of capital assets	(1,265,765)	-
Principal payments on bonds and notes	(741,618)	-
Interest expense	(24,469)	-
	<u>6,513,148</u>	<u>-</u>
Net Cash (Used for) Capital and Related Financing Activities		
Cash Flows from Investing Activities:		
Interest income	322,638	9,787
	<u>322,638</u>	<u>9,787</u>
Net Cash Provided by Investing Activities		
	<u>322,638</u>	<u>9,787</u>
Net Change in Cash and Cash Equivalents	9,703,075	(72,585)
Cash and Cash Equivalents:		
Beginning of year	15,321,881	723,848
End of year	<u>\$ 25,024,956</u>	<u>\$ 651,263</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Operating income	\$ 654,182	\$ (64,997)
Depreciation	1,079,864	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Receivables	480,778	-
Deferred outflows of resources	267,735	-
Warrants and accounts payable	(1,854)	-
Accrued payroll and withholdings	-	-
Compensated absences	20,864	-
Net other postemployment benefits liability	974,788	-
Net pension liability	1,166,258	-
Deferred inflows of resources	(1,553,176)	-
Claims incurred but not reported	-	(17,375)
	<u>-</u>	<u>(17,375)</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 3,089,439</u>	<u>\$ (82,372)</u>

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
Assets:		
Cash and cash equivalents	\$ 980,788	\$ -
Investments at fair value:		
Fixed income securities	24,453,186	-
Equity securities	1,387	419,406
Mutual funds	128,304,158	-
Private equity funds	1,231,267	-
State Treasurer investment pool - PRIT	72,309,005	-
Total Investments	226,299,003	419,406
Receivables:		
Interest receivable	173,533	-
Other	123,376	-
Total Receivables	296,909	-
Total Assets	227,576,700	419,406
Liabilities:		
Warrants and accounts payable	30,950	-
Accrued payroll and withholdings	-	-
Other liabilities	-	-
Total Liabilities	30,950	-
Net Position:		
Restricted for pensions	227,463,757	-
Restricted for other postemployment benefits	81,993	-
Held in trust for private purposes	-	428,301
Total Net Position	\$ 227,545,750	\$ 419,406

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED JUNE 30, 2023**

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
Additions:		
Contributions:		
Employer	\$ 24,995,260	\$ -
Employee	4,917,519	-
Other contributions	1,549,337	5,114
Total contributions	<u>31,462,116</u>	<u>5,114</u>
Investment earnings:		
Interest and dividends	5,433,699	-
Net decline in fair value of investments	(32,404,290)	-
Less - management fees	(1,444,683)	-
Net investment income	<u>(28,415,274)</u>	<u>-</u>
Other income	<u>5,918</u>	<u>-</u>
Total Additions	<u>3,052,760</u>	<u>5,114</u>
Deductions:		
Benefit payments to retirees and beneficiaries	33,363,994	-
Member refunds	366,388	-
Transfers and reimbursements to other systems	1,637,238	-
Payroll expenses of the System	279,007	-
Other administrative expenses	118,473	-
Scholarships	<u>-</u>	<u>14,009</u>
Total Deductions	<u>35,765,100</u>	<u>14,009</u>
Change in Net Position	(32,712,340)	(8,895)
Net Position - Beginning of Year	<u>260,258,090</u>	<u>428,301</u>
Net Position - End of Year	<u><u>\$ 227,545,750</u></u>	<u><u>\$ 419,406</u></u>

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

I. Summary of Significant Accounting Policies

The accompanying basic financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for state and local government entities. The following is a summary of the more significant policies and practices used by the City:

A. Reporting Entity

The City is located in Middlesex County, three miles northwest of Boston. It was first established as a Town in 1630 and incorporated as a City in 1892. An elected Mayor who serves a two-year term and a seven-member City Council who are elected biennially govern the City. The City provides governmental services for the territory within its boundaries, including police and fire protection, disposal of garbage and rubbish, public education in grades K-12, water and sewer services, street maintenance, parks and recreational facilities. The water and sewer services are provided via connections to the Massachusetts Water Resources Authority. These services are funded almost entirely with user charges.

Component units, while separate entities, are in substance part of the governmental operations if the significance of their operations and/or financial relationship with the City meet certain criteria.

The entity discussed below is included in the City's reporting entity because of the significance of its operations or financial relationships with the City.

Medford Contributory Retirement System – The System was established to provide retirement benefits to City employees, the Medford Housing Authority employees and their beneficiaries. While legally separate, the System provides services almost entirely to the City and is reported as a pension trust fund in the fiduciary fund financial statements.

Complete financial statements of the System as of December 31, 2022 were issued and are available at the Retirement Office, 85 George P. Hassett Drive, Room 215, Medford, Massachusetts.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the 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. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges for support. Likewise the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

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

Major Fund Criteria – Major funds must be reported if both of the following criteria are met:

- 1) The total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten percent of the corresponding element (assets and deferred outflows, liabilities and deferred inflows, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- 2) The total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five 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.

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

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 a liability is incurred. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. measurable and available). Revenues are considered to be *available* when they are 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, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The City considers property tax revenues to be available if they are collected within 60 days after the end of the fiscal year. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other

revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.

The government reports the following major Governmental Funds:

General Fund – is the government’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

ARPA Grant Fund – is used to account for activities of the City’s ARPA federal grant program.

Capital Projects Fund – is used to account for all financial resources relating to the City’s capital construction activities and other capital purchases.

Cemetery Perpetual Care Fund – is used to account for all financial resources relating to the City’s cemetery operations funded from monies held in trust.

Nonmajor Governmental Funds – consist of other special revenue, 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 Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The Permanent Funds are used to account for financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, assessments, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major proprietary fund:

Water and Sewer Enterprise Fund – is used to account for the operation of the water and sewer department. Costs associated with maintaining the related infrastructure and providing services to the general public on a continuing basis, including depreciation, are financed or recovered primarily through user charges. This activity was established as one single enterprise fund by the City Council. The department services a user base that is homogenous to both water and sewer and as such the water and sewer transactions, including

billing/collection, disbursements, capital assets and budgeting are not administered in a separately distinguishable manner.

Additionally, the following proprietary fund type is reported:

Internal Service Fund – is used to account for the City’s self-insured Group Dental Insurance Plan related activities. Because these services primarily benefit governmental rather than business-type activities, they have been included within *governmental activities* in the government-wide financial statements.

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

The government reports the following fiduciary funds:

Pension and Other Employee Benefit Trust Funds – is used to account for the activities of the System, which accumulates resources for pension benefits to retired City employees and to accumulate funds for future payments of other postemployment benefits for retirees, such as health and life insurance.

Private-Purpose Trust Fund – is used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments. This fund is primarily used for educational scholarships.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources, as they are needed.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments – The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments of the City and System are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent quarterly and are due on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes at the rate of 14% per annum. Property taxes levied are recorded as receivables in the fiscal year of the levy. Real estate taxes and water and sewer user fees are secured through a lien process within 60 days after the due date and are considered 100% collectible. Accordingly, an allowance for uncollectible balances for these receivables is not reported. All personal property tax, excise tax and other departmental receivables are shown net of an allowance for uncollectible balances comprised of those outstanding amounts greater than five years old.

Inventories and Prepaid Items – Inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, vehicles, software and infrastructure (e.g. roads, water and sewer mains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported as acquisition value rather than fair value. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (excluding land and construction-in-process) are depreciated by the City on a straight-line-basis.

The estimated useful lives of capital assets being depreciated are as follows:

Land improvements	10-30 years
Buildings and improvements	20-50 years
Machinery and equipment	5-20 years
Vehicles	3-15 years
Infrastructure	20-50 years

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

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 in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the statement of activities as *transfers, net*.

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 state law. Investment income of the proprietary funds is retained in the respective funds.

Compensated Absences – It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and

related expenditures. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured.

Long-term Obligations – Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight line and effective interest methods.

In the governmental fund financial statements, the face amount of long-term debt issued is reported as other financing sources. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that are reported on the government-wide statement of net position which relate to outflows from changes in the net pension liability and the net other postemployment benefit liability. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection C.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that are reported as deferred inflows of resources. The first arises only under a modified accrual basis of accounting and, accordingly, the item *unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are reported on the government-wide statement of net position and relate to inflows from changes in the net pension liability and the net other postemployment benefit liability. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection C.

Net Position – In the government-wide financial statements, net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital related debt.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific use. Net position has been *restricted for* the following:

Nonexpendable permanent funds represent the endowment portion of donor restricted trusts that support governmental programs.

Expendable permanent funds represent the portion of donor restricted trusts that may be spent to support governmental programs.

Federal and State grants represent assets that have restrictions placed on them from federal and state *granting* agencies.

Community preservation represents assets that are restricted by state law for the purposes of acquiring or developing open space and recreational facilities, historic resources and affordable housing.

Other specific purposes represent assets that are restricted by donors for specific governmental programs and uses.

Fund Balance – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily to the extent in which the City is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned as described below:

Nonspendable represents amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid) or (b) legally or contractually required to be maintained intact such as the corpus of an endowment.

Restricted represents amounts that have constraints placed either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed represents amounts that can only be used for specific purposes pursuant to formal action of the City Council through City Council Orders, which represent the most binding constraint that give rise to committed fund balance. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (through City Council Orders) it employed previously to commit those amounts. The City does not report any committed fund balances.

Assigned represents amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has by ordinance authorized the City Auditor to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a *negative* unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.

It is the goal of the City to achieve and maintain a combination of an unreserved General Fund balance between 5.0% - 15.0% of general fund expenditures. The City considers a combined balance of less than 5.0% to be cause for concern, barring unusual or deliberate circumstances, and a balance of more than 15% as excessive. An amount in excess of 15% should be designated depending upon priorities of the Administration and City Council.

Stabilization Fund – The City does not maintain any stabilization funds.

Encumbrances – The City's encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the City Auditor as assigned, and (2) classify encumbrances that result from an action of the City Council as committed. Encumbrances of funds already restricted, or committed are included within the classification of those fund balances and not reported separately. The City reports \$837,487 of encumbrances from normal purchasing activity in the general fund as assigned. There are no encumbrances reported in any other fund.

The following table reflects the City's fund equity categorizations:

	General	ARPA Grant Fund	Capital Projects	Cemetery Perpetual Care Fund	Nonmajor Governmental Funds	Total
Nonspendable:						
Nonexpendable trust funds	\$ -	\$ -	\$ -	\$ 4,158,659	\$ 365,831	\$ 4,524,490
Restricted:						
City federal and state grants	-	-	-	-	3,313,146	3,313,146
School federal and state grants	-	-	-	-	1,152,086	1,152,086
Receipts reserved for appropriation	-	-	-	-	1,861,289	1,861,289
City revolving funds	-	-	-	-	3,177,451	3,177,451
School revolving funds	-	-	-	-	5,678,353	5,678,353
City gift and other funds	-	-	-	-	723,948	723,948
School gift and other funds	-	-	-	-	345,604	345,604
Community preservation	-	-	-	-	6,780,843	6,780,843
Capital outlay - roadways	-	-	290,639	-	-	290,639
Capital outlay - schools	-	-	311,021	-	-	311,021
Capital outlay - buildings	-	-	1,672,387	-	-	1,672,387
Capital outlay - equipment	-	-	2,665,266	-	-	2,665,266
Capital outlay - public transportation	-	-	1,309,993	-	-	1,309,993
Capital outlay - other	-	-	500,207	-	-	500,207
Cemetery trust funds	-	-	-	5,609,940	-	5,609,940
Linkage funds	-	-	-	-	626,186	626,186
School trust funds	-	-	-	-	287,498	287,498
Public safety trust funds	-	-	-	-	223,894	223,894
Other trust funds	-	-	-	-	376,462	376,462
Assigned:						
Public safety	329,587	-	-	-	-	329,587
Education	164,618	-	-	-	-	164,618
Public works	169,501	-	-	-	-	169,501
Other purposes	173,781	-	-	-	-	173,781
Unassigned	39,261,218	-	(517,093)	-	(1,654,746)	37,089,379
	<u>\$40,098,705</u>	<u>\$ -</u>	<u>\$ 6,232,420</u>	<u>\$ 9,768,599</u>	<u>\$23,257,845</u>	<u>\$ 79,357,569</u>

E. Excess of Expenditures Over Appropriations and Deficits

During fiscal year 2023, expenditures exceeded appropriations in the general fund for parking, snow and ice removal and workers' compensation by \$162,298, \$540,488 and \$109,474, respectively. These deficits will be funded through available revenues in the subsequent year.

The City incurred deficits totaling \$517,093 and \$1,654,746 in the capital project major fund and several special revenue funds reported in the nonmajor governmental funds, respectively. These deficits will be funded through available revenues, grant funds or bond proceeds in future fiscal years.

F. Use of Estimates

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

II. Detailed Notes to All Funds

A. Deposits and Investments

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "cash and cash equivalents". The deposits and investments of trust funds are held separately from those of other funds. State laws and regulations require the City to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and State Treasurer's investment pool (the Pool). In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation. During the fiscal year, the City did not enter into any repurchase agreements.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (the 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.

Primary Government (City)

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 does not have a deposit policy for custodial credit risk relative to cash holdings. At year-end, the carrying amount of the City's deposits was \$94,633,166 and the bank balance was \$99,916,594. Of the City's bank balance, \$1,958,288 was covered by federal depository insurance or the depositors' insurance fund; the remainder was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the City may not be able to recover the full amount of its principal investment and/or investment earnings. The City’s investments in U.S. government and agency obligations, municipal government obligations, corporate bonds, common stock and equity mutual funds are exposed to custodial credit risk because the related securities are uninsured, unregistered and are held by the counterparty. The City does not have a formal investment policy related to custodial credit risk.

Fair Value of Investments – The City reports its investments at fair value. When actively quoted observable prices are not available, the City generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

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

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

The following table presents the City’s investments carried at fair value on a recurring basis in the statement of net position at June 30, 2023:

		Fair Value Measurements Using		
	6/30/23	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
U.S. Government and agencies	\$ 488,376	\$ -	\$ 488,376	\$ -
Municipal obligations	117,154	-	117,154	-
Corporate bonds	1,541,222	-	1,541,222	-
Bond mutual funds	1,123,086	-	1,123,086	-
Total debt securities	3,269,838	-	3,269,838	-
Equity securities:				
Common stock	3,448,453	3,448,453	-	-
Exchange traded funds	2,954,033	-	2,954,033	-
Equity mutual funds	1,424,217	-	1,424,217	-
Total equity securities	7,826,703	3,448,453	4,378,250	-
Total investments by fair value level	<u>\$ 11,096,541</u>	<u>\$ 3,448,453</u>	<u>\$ 7,648,088</u>	<u>\$ -</u>
Investments measured at amortized cost				
MMDT	<u>25,404,878</u>			
Total investments	\$ 36,501,419			

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. US. Government and agency obligations, municipal obligations and corporate bonds in Level 2 are valued using matrix pricing based on the securities' relationship to benchmark quoted prices. Mutual and exchange traded funds classified in Level 2 are valued at the published fair value per share (unit). The State Treasurer's investment pool (MMDT) is valued at amortized cost. The MMDT's investment advisor may value the pool using an alternative valuation method that more accurately reflects the fair value in accordance with the pools fair value pricing policies should amortized cost not approximate the fair value of the pool. There are no restrictions or limits on withdrawals from the pool and no direct fees are charged to participants.

Interest Rate Risk – The City does not have formal investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At June 30, 2023, the City's investments had the following maturities:

Investments	6/30/23	Maturities in Years		
		Less than 1	1 - 5	6 - 10
U.S. Government and agencies	\$ 488,376	\$ -	\$ 98,910	\$ 389,466
Municipal obligations	117,154	-	117,154	-
Corporate bonds	1,541,222	25,673	362,657	1,152,892
Bond mutual funds	1,123,086	1,123,086	-	-
MMDT	25,404,878	25,404,878	-	-
Total investments with maturities	<u>\$ 28,674,716</u>	<u>\$ 26,553,637</u>	<u>\$ 578,721</u>	<u>\$ 1,542,358</u>

Concentration of Credit Risk – The City does not place a limit on the amount that may be invested in any one issuer. The City has 70% of its investments in MMDT.

Credit Risk – The City has not adopted a formal policy related to credit risk.

At June 30, 2023, the credit quality ratings of investments were as follows:

Quality Ratings (S & P)	U.S. Government Agencies	Municipal Obligations	Corporate Bonds	Totals
AAA	\$ 488,376	\$ 9,431	\$ -	\$ 497,807
AA	-	14,126	46,544	60,670
A+	-	-	78,835	78,835
A	-	-	606,946	606,946
A-	-	93,597	555,863	649,460
BBB+	-	-	231,521	231,521
BBB	-	-	21,513	21,513
Totals - All	<u>\$ 488,376</u>	<u>\$ 117,154</u>	<u>\$ 1,541,222</u>	<u>\$ 2,146,752</u>

The City's investments in bond mutual funds and MMDT are unrated.

The System

Massachusetts General Laws Chapter 32 and PERAC regulations require the System to invest funds only in pre-approved investment instruments, which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, certain corporate bonds and equities and investment pools.

Custodial Credit Risk: Deposits – Deposits are subject to the risk of bank failure. The System may be unable to recover the full amount of its deposits in any one bank institution in the event of a bank failure. The System’s policy for custodial credit risk of deposits is to rely on Federal Deposit Insurance Corporation (“FDIC”) insurance coverage for the first \$250,000 of deposits held at each financial institution. At December 31, 2022, \$386,923 of the System’s bank deposits was not covered by FDIC or other depository insurance.

Fair Value of Investments – The carrying amounts of the System’s investments approximate their fair value. When actively quoted observable prices are not available, the System generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

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

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

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

The following table presents the fair value of the System’s investments by type as of December 31, 2022:

Investments by Fair Value Level	December 31, 2022	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt securities:				
U.S. government notes and obligations	\$ 18,754,072	\$ 7,286,780	\$ 11,467,292	\$ -
Corporate bonds	5,699,114	-	5,699,114	-
Total debt securities	24,453,186	7,286,780	17,166,406	-
Equity securities	1,387	1,387	-	-
Private equity limited partnership	1,231,267	-	-	1,231,267
Mutual funds	110,818,263	-	110,818,263	-
Total investments by fair value level	136,504,103	\$ 7,288,167	\$ 127,984,669	\$ 1,231,267
Investments measured at NAV:				
Mutual funds	17,405,588			
PRIT funds	72,309,005			
Total investments measured at NAV	89,714,593			
Total investments	\$ 226,218,696			

Equity and debt securities and mutual funds classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities and mutual funds classified in Level 2 were valued using observable inputs from similar securities, including basing value on yield currently available on comparable securities of issued with similar credit ratings.

Investments Measured at NAV by Asset Class	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity limited partnership	\$ 1,231,267	\$ 6,826,400	Varies	unavailable
Private equity mutual funds	17,405,588	-	Varies	30 to 60 days
PRIT funds	72,309,005	10,176,863	Monthly	30 days
	<u>\$ 89,714,593</u>	<u>\$ 10,176,863</u>		

Investments measured at NAV include comingled/pooled funds in a private equity mutual fund and private equity fund and investments in the State Treasurer investment pool, referred to as PRIT funds.

Private equity funds generally include investments in which the System is a general partner in a private equity, venture capital fund or similar investment vehicle. The value of these investments are recorded at values determined in good faith by the general partners of the private equity and venture capital firms after consideration of pertinent information, including current financial position and operative results, price-earnings multiples and available market prices of similar companies' securities, the nature of the securities, marketability, restrictions on disposition and other appropriation and do not necessarily represent amounts which might ultimately be realized, since such amounts depend on future circumstances and cannot reasonably be determined until individual securities are liquidated. In addition, fair values of real estate funds are generally based on independent, third-party appraisals. By their very nature, these investments are illiquid and typically cannot be resold or redeemed. Distributions from each fund will be received as the underlying investments are liquidated. It is expected that the underlying assets for the funds will be liquidated over an average of ten years.

The State Treasurer investment pool is administered by the Commonwealth of Massachusetts' Pension Reserve Investment Management Board, or PRIM. The System maintains several Massachusetts Pension Reserve Investment Trust, or PRIT funds, each of which consists of a diverse set of investments that includes private equity, venture and real estate investments. The determination of the fair value of these investments is very subjective and the period-end values are reported to the System as NAV. Investments in the PRIT funds are more liquid than investments in private equity and real estate holdings, but generally cannot be resold to third parties. The System may liquidate its investment in the PRIT funds at any time with less than thirty days' notice. Distributions from the PRIT funds may be received regularly and, upon receipt, are deposited into an accompanying short-term cash investment account.

Because of the inherent uncertainty of valuations used in many of the System's investments measured at NAV, estimated values may differ significantly from the values that would have been used had a readily available market for positions in privately held companies or the real estate existed at December 31, 2022. These differences could have a material adverse effect on the System's financial statements.

Custodial Credit Risk: Investments – Custodial credit risk for investments is the risk that in the event of a failure of the counterparty the System will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The System's policy for custodial credit risk of investments intends that all investments are either insured and/or registered in the name of the System. At December 31, 2022, the System was not exposed to custodial credit risk on its investments.

At December 31, 2022, short-term investments with fair values of \$467,411 were reported as cash equivalents. These funds represent temporary holdings of excess cash resources. The System intends to reinvest these amounts in less than one year. Accordingly, the fair value of these short-term investments has been classified as cash equivalents in these financial statements

Interest Rate Risk: Investments – Debt securities are subject to interest rate risk. Debt securities may be adversely affected by changes in interest rates, which may negatively affect the fair value of individual debt instruments. The System does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At December 31, 2022, the System had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury notes	\$ 7,286,780	\$ -	\$ -	\$ 2,729,399	\$ 4,557,381
U.S. Agencies obligations	11,467,292	-	-	-	11,467,292
Corporate bonds	5,699,114	-	-	5,699,114	-
Investments with maturities	24,453,186	\$ -	\$ -	\$ 8,428,513	\$ 16,024,673
Equity securities	1,387				
Private equity limited partnership	1,231,267				
Mutual funds	128,223,851				
PRIT funds	72,309,005				
Investments without maturities	201,765,510				
Total investments	\$ 226,218,696				

Credit Risk: Investments – This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. As previously noted, MGL and PERAC have enacted regulations to reduce this risk. In evaluating its credit risk, the System relies on credit ratings assigned by nationally recognized credit rating agencies such as Moody’s Investor Services, Inc. and Standard and Poor’s Financial Services, LLC. The System does voluntarily self-impose certain investment restrictions; however, those can be changed at the Board’s discretion.

None of the System’s equities, mutual funds or other pooled investments were subject to credit quality ratings from credit rating agencies. The following table summarizes the credit ratings for the System’s fixed income securities:

Quality Rating (Moody's)	U.S. Government		Total
	Treasuries & Agencies	Corporate Bonds	
Aaa	\$ 18,754,072	\$ 1,068,560	\$ 19,822,632
Aa3	-	355,457	355,457
A1	-	1,564,558	1,564,558
A2	-	914,962	914,962
Baa2	-	-	-
Ba2	-	522,648	522,648
Not Rated	-	1,272,929	1,272,929
	<u>\$ 18,754,072</u>	<u>\$ 5,699,114</u>	<u>\$ 24,453,186</u>

Concentration of Credit Risk: Investments – The following investments held by the System at December 31, 2022 represent approximately 67.6% of the System’s total investments:

Rhumblin Advisers S&P 500 Pooled Index Fund	13.8%
PRIM Core Real Estate Fund	12.7%
Lazard International Strategic Equity Portfolio	11.3%
Loomis Salyes MSFD Fund	8.9%
Rhumblin Advisers S&P 1000 Value Pooled Index Fund	8.1%
City of London Emerging Markets Country Fund	7.6%
PRIM Hedge Fund	5.2%

B. Receivables

Receivables as of year-end for the City's major governmental funds, non-major governmental funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes	\$ 1,345,144	\$ (194,298)	\$ 1,150,846
Tax liens	2,034,888	-	2,034,888
Excise	2,669,078	(1,325,953)	1,343,125
Public safety details	54,369	-	54,369
Intergovernmental	6,149,911	-	6,149,911
Total	<u>\$ 12,253,390</u>	<u>\$(1,520,251)</u>	<u>\$ 10,733,139</u>

Receivables as of year-end for City's water and sewer enterprise fund are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
User fees	\$ 5,144,062	\$ -	\$ 5,144,062
Utility liens	142,962	-	142,962
Total	<u>\$ 5,287,024</u>	<u>\$ -</u>	<u>\$ 5,287,024</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are unavailable to liquidate liabilities of the current period. The following identifies the components of deferred inflows of resources in the governmental funds:

	General Fund	Other Governmental Funds	Total
Receivable type:			
Real estate and personal property taxes	\$ 1,086,362	\$ 64,484	\$ 1,150,846
Tax liens	2,034,888	-	2,034,888
Excise	1,343,125	-	1,343,125
Total	<u>\$ 4,464,375</u>	<u>\$ 64,484</u>	<u>\$ 4,528,859</u>

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances at June 30, 2023 is as follows:

Receivable Fund	Payable Funds	Amount
General Fund	Nonmajor Governmental Funds - Community Development Fund	\$ 1,037,680
General Fund	School Federal Grants	551,488
Total		<u>\$ 1,589,168</u>

The outstanding balances between funds result mainly from the timing difference between the dates that (1) reimburseable expenditures occur, (2) the intergovernmental reimbursements are received and (3) the payments to the general fund are made.

The composition of interfund transfers for the fiscal year ended June 30, 2023 is as follows:

Transfers Out	Transfers In				Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Water and Sewer Enterprise Fund	
General Fund	\$ -	\$ 2,935,342	\$ 50,000	\$ -	\$ 2,985,342 (1)
ARPA Grant Fund	-	-	38,232	700,000	738,232 (2)
Cemetery Perpetual Care Fund	199,959	-	-	-	199,959 (3)
Nonmajor Governmental Funds	253,997	-	32,910	-	286,907 (4)
Water and Sewer Enterprise Fund	222,150	-	-	-	222,150 (5)
Total	<u>\$ 676,106</u>	<u>\$ 2,935,342</u>	<u>\$ 121,142</u>	<u>\$ 700,000</u>	<u>\$ 4,432,590</u>

(1) Transfers to capital projects fund for capital outlays and transfers to nonmajor funds for recreation purposes.

(2) Transfers to nonmajor fund and water and sewer enterprise for projects funded from the City's ARPA funds.

(3) Transfers to general fund to supplement operating budgets.

(4) Transfers to general fund to supplement operating budgets and transfers within nonmajor funds.

(5) Transfers to general fund for debt service.

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Governmental Activities:</u>				
Capital assets not being depreciated:				
Land	\$ 7,149,756	\$ -	\$ -	\$ 7,149,756
Construction in progress	1,760,965	3,668,767	(976,362)	4,453,370
Total capital assets not being depreciated	8,910,721	3,668,767	(976,362)	11,603,126
Capital assets being depreciated:				
Land improvements	23,947,253	107,995	-	24,055,248
Buildings and improvements	239,104,132	1,098,355	-	240,202,487
Infrastructure	36,750,773	740,323	-	37,491,096
Machinery and equipment	15,904,705	775,108	-	16,679,813
Vehicles	10,323,895	822,576	-	11,146,471
Total capital assets being depreciated	326,030,758	3,544,357	-	329,575,115
Less accumulated depreciation for:				
Land improvements	(15,686,317)	(803,179)	-	(16,489,496)
Buildings and improvements	(87,392,164)	(6,118,335)	-	(93,510,499)
Infrastructure	(18,016,752)	(617,644)	-	(18,634,396)
Machinery and equipment	(9,214,788)	(1,064,135)	-	(10,278,923)
Vehicles	(9,030,790)	(450,706)	-	(9,481,496)
Total accumulated depreciation	(139,340,811)	(9,053,999)	-	(148,394,810)
Total capital assets being depreciated, net	186,689,947	(5,509,642)	-	181,180,305
Total governmental activities capital assets, net	<u>\$ 195,600,668</u>	<u>\$ (1,840,875)</u>	<u>\$ (976,362)</u>	<u>\$ 192,783,431</u>
<u>Business-Type Activities: Water and Sewer</u>				
Capital assets not being depreciated:				
Land	\$ 4,217	\$ -	\$ -	\$ 4,217
Total capital assets not being depreciated	4,217	-	-	4,217
Capital assets being depreciated:				
Infrastructure	31,707,817	237,957	-	31,945,774
Machinery and equipment	7,080,154	817,648	-	7,897,802
Vehicles	1,003,802	210,160	-	1,213,962
Total capital assets being depreciated	39,791,773	1,265,765	-	41,057,538
Less accumulated depreciation for:				
Infrastructure	(13,206,142)	(656,923)	-	(13,863,065)
Machinery and equipment	(5,010,193)	(334,341)	-	(5,344,534)
Vehicles	(585,483)	(88,600)	-	(674,083)
Total accumulated depreciation	(18,801,818)	(1,079,864)	-	(19,881,682)
Total capital assets being depreciated, net	20,989,955	185,901	-	21,175,856
Total business-type activities capital assets, net	<u>\$ 20,994,172</u>	<u>\$ 185,901</u>	<u>\$ -</u>	<u>\$ 21,180,073</u>

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

Governmental Activities:

General government	\$ 295,134
Public safety	1,629,407
Education	4,131,105
Public works	1,492,285
Health and human services	64,806
Culture and recreation	1,441,262
	<u>\$ 9,053,999</u>

Business-Type Activities:

Water and sewer	<u>\$ 1,079,864</u>
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E. Temporary Debt

The City is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to collection of revenues, expenditures may be financed through the issuance of revenue or tax anticipation notes (RANS or TANS).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount.

Temporary notes are general obligations of the City and carry maturity dates that are limited by state law. Interest expenditures and expenses for temporary borrowings are accounted for in the general fund and enterprise funds, respectively.

Temporary notes outstanding at June 30, 2023, are payable as follows:

Type	Interest Rate	Maturity Date	July 1, 2022	Additions	Retirements	June 30, 2023
BAN	3.00%	matured	\$ 2,750,000	\$ -	\$(2,750,000)	\$ -
BAN	4.50%	04/04/24	-	2,750,000	-	2,750,000
Total Notes Payable			<u>\$ 2,750,000</u>	<u>\$ 2,750,000</u>	<u>\$(2,750,000)</u>	<u>\$ 2,750,000</u>

On April 3, 2024, the City issued \$2,485,000 of general obligation bonds paying interest at rates of 5% per annum and maturing in fiscal year 2034. The proceeds of these bonds, along with \$265,000 of bond premiums, were used to retire the BAN's outstanding at June 30, 2023. The debt was used entirely for sidewalks and stump removal purposes.

F. Long-Term Obligations and Debt

The City issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the City incurs various other long-term obligations relative to associated personnel costs.

State law permits a City, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0 percent of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, a City may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit”.

The following reflects the current year activity in the long-term liability accounts:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<i>Governmental Activities:</i>					
General obligation bonds	\$ 66,105,000	\$ -	\$ (3,530,000)	\$ 62,575,000	\$ 3,235,000
Unamortized bond premium	2,495,647	-	(210,040)	2,285,607	200,609
Notes from direct borrowings and placements	2,346,751	-	(241,662)	2,105,089	246,227
Workers' compensation	1,484,702	624,155	(851,481)	1,257,376	314,344
Compensated absences	4,067,401	806,452	(1,016,850)	3,857,003	964,251
Net pension liability	80,480,084	35,624,215	-	116,104,299	-
Net other postemployment benefits liability	255,771,396	14,021,945	-	269,793,341	-
Total Governmental Activities	<u>\$412,750,981</u>	<u>\$ 51,076,767</u>	<u>\$ (5,850,033)</u>	<u>\$457,977,715</u>	<u>\$ 4,960,431</u>
<i>Business-Type Activities - Water and Sewer:</i>					
General obligation bonds	\$ 920,000	\$ -	\$ (60,000)	\$ 860,000	\$ 60,000
Notes from direct borrowings and placements	2,818,918	7,800,000	(681,618)	9,937,300	1,109,700
Compensated absences	61,544	36,250	(15,386)	82,408	20,602
Net pension liability	2,634,740	1,166,258	-	3,800,998	-
Net other postemployment benefits liability	17,780,899	974,788	-	18,755,687	-
Total Business-Type Activities	<u>\$ 24,216,101</u>	<u>\$ 9,977,296</u>	<u>\$ (757,004)</u>	<u>\$ 33,436,393</u>	<u>\$ 1,190,302</u>

The governmental activities liabilities will be liquidated by the general fund. The business-type liabilities will be liquidated by the water and sewer enterprise fund.

The following is a summary of outstanding long-term debt obligations as of June 30, 2023:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General Obligation Bonds	2.00 - 5.00%	\$ 66,105,000	\$ -	\$ (3,530,000)	\$ 62,575,000
Add: Unamortized bond premium		2,495,647	-	(210,040)	2,285,607
Total General Obligation Bonds, net		68,600,647	-	(3,740,040)	64,860,607
Capital financing	0.00%	2,346,751	-	(241,662)	2,105,089
Total notes from direct borrowings and placements		2,346,751	-	(241,662)	2,105,089
Total Governmental Activities debt		<u>\$ 70,947,398</u>	<u>\$ -</u>	<u>\$ (3,981,702)</u>	<u>\$ 66,965,696</u>
<i>Business-Type Activities - Water and Sewer:</i>					
General Obligation Bonds	2.00 - 5.00%	\$ 920,000	\$ -	\$ (60,000)	\$ 860,000
Total General Obligation Bonds		920,000	-	(60,000)	860,000
Massachusetts Water Resources Authority	0.00%	2,818,918	7,800,000	(681,618)	9,937,300
Total notes from direct borrowings and placements		2,818,918	7,800,000	(681,618)	9,937,300
Total Business-Type Activities debt		<u>\$ 3,738,918</u>	<u>\$ 7,800,000</u>	<u>\$ (741,618)</u>	<u>\$ 10,797,300</u>

Payments on outstanding bond balances due in future years consist of the following:

Year Ending June 30,	<i>Governmental Activities</i>			
	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2024	\$ 3,235,000	\$ 2,008,097	\$ 246,227	\$ 39,765
2025	3,315,000	1,882,622	250,878	35,114
2026	3,170,000	1,759,402	255,617	30,375
2027	3,260,000	1,634,159	260,446	25,546
2028	3,165,000	1,503,777	265,366	20,626
2029-2033	16,845,000	5,586,030	826,555	31,422
2034-2038	10,175,000	3,261,589	-	-
2039-2043	8,935,000	2,079,129	-	-
2044-2048	8,235,000	858,275	-	-
2049-2050	2,240,000	67,200	-	-
Total	<u>\$ 62,575,000</u>	<u>\$ 20,640,280</u>	<u>\$ 2,105,089</u>	<u>\$ 182,848</u>

Year Ending June 30,	<i>Business-Type Activities: Water and Sewer</i>			
	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2024	\$ 60,000	\$ 23,169	\$ 1,109,700	\$ -
2025	60,000	21,769	1,109,700	-
2026	60,000	20,269	1,109,700	-
2027	65,000	18,719	1,109,700	-
2028	65,000	17,085	1,109,700	-
2029-2033	340,000	60,403	4,388,800	-
2034-2038	75,000	31,940	-	-
2039-2043	75,000	18,787	-	-
2044-2046	60,000	3,600	-	-
Total	<u>\$ 860,000</u>	<u>\$ 215,741</u>	<u>\$ 9,937,300</u>	<u>\$ -</u>

Massachusetts Water Resource Authority (MWRA)

The City's has three outstanding notes from direct borrowings and placements issued to the MWRA on September 11, 2017, August 23, 2021 and November 14, 2022 for \$2,075,000, \$1,222,000 and \$7,800,000, respectively. The notes are payable without interest in ten equal annual installments. Any imputed interest is immaterial to the water and sewer enterprise fund.

The following represents authorized and unissued debt as of June 30, 2023:

Project	Amount
<i>Governmental:</i>	
School buildings	\$ 1,817,816
Library construction	8,092,018
Fire station	1,500,000
Streetlights	351,030
Park improvements	349,000
Sidewalks	2,500,000
Other	325,000
<i>Business-type:</i>	
Sewer system	1,425,150
Total Authorized and Unissued	<u><u>\$ 16,360,014</u></u>

III. Other Information

A. Retirement System

Pension Plan Description – The City contributes to the System, a cost-sharing multiple-employer defined benefit pension plan that includes the City and the Medford Housing Authority as employers. The System was established under Chapter 32 of Massachusetts General Laws. The System is administered by the City and is included as part of the reporting entity as a fiduciary fund. Stand-alone audited financial statements for the year ended December 31, 2022 were issued and are available at the Retirement Office, 85 George P. Hassett Drive, Room 215, Medford, Massachusetts.

Current membership in the System for all employers as of December 31, 2022 was as follows:

Active and inactive employees	1,065
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits yet to receive them	631
	<u>1,696</u>

Benefit Terms – Membership in the System is mandatory for all full-time employees and non-seasonal, part-time employees who, in general, regularly work more than twenty hours per week. Teachers and certain administrative personnel employed by the school department participate in a separate pension plan administered by the Massachusetts Teachers' Retirement System, which is the legal responsibility of the Commonwealth of Massachusetts. Members of the System do not participate in the federal Social Security retirement system.

Massachusetts contributory retirement system benefits are uniform from retirement system to retirement system. The System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest three-year or five-year average annual rate of regular compensation, depending on the participant's date of hire. Benefit payments are based upon a participant's age, length of creditable service, level of compensation and job classification.

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

Normal retirement generally occurs at age 65. However, participants may retire after twenty years of service or at any time after attaining age 55, if hired prior to April 2, 2012 or at any time after attaining age 60 if hired on or after April 2, 2012. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years' creditable service in order to retire at age 55. Participants become vested after ten years of service. Benefits commencing before age 65 are provided at a reduced rate. Members working in certain occupations may retire with full benefits earlier than age 65.

Ordinary disability retirement is where a participant is permanently incapacitated from a cause unrelated to employment. Accidental disability retirement is where the disability is the result of an injury or illness received or aggravated in the performance of duty. The amount of benefits to be received in such cases is dependent upon several factors, including the age at which the disability retirement occurs, the years of service, average compensation and veteran status.

Survivor benefits are extended to eligible beneficiaries of participants whose death occurs prior to or following retirement.

Cost-of-living adjustments granted to members of Massachusetts retirement systems granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth during those years have been the financial responsibility of the Commonwealth. Beginning in 1998, the funding of cost-of-living amounts became the responsibility of the participating units like the Retirement System.

The System may be amended or terminated in whole or in part at any time by the Massachusetts Legislature, provided that no such modification, amendment or termination shall be made that would deprive a current member of superannuation pension rights or benefits provided under applicable laws of Massachusetts, if such member has paid the stipulated contributions specified in sections or provisions of such laws.

Contributions Requirements – The City has elected provisions of Chapter 32, Section 22D (as amended) of Massachusetts General Laws, which require that a funding schedule be established to fully fund the pension plan by June 30, 2040. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method.

The City contributed \$14,337,732 to the System in fiscal year 2023, which equaled the actuarially determined contribution requirement for the fiscal year and was approximately 30.3% of the covered payroll.

Net Pension Liability – At June 30, 2023, the City reported a liability of \$119,905,297 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. There were no material changes made in this update to the actuarial assumptions (see below) nor were there any material changes to the Retirement System's benefit terms since the actuarial valuation.

The City's proportion of the net pension liability is based on a projection of the City's long-term share of contributions to the System relative to the projected contributions of all employers. The City's proportion was approximately 94.63% at December 31, 2022, which was consistent with the proportion measured at January 1, 2022.

Fiduciary Net Position – The elements of the System's basic financial statements (that is, all information about the System's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) can be found in the fiduciary fund financial statements. The System's full financial statements as of and for the year ended December 31, 2022 can be obtained by contacting the Retirement Board.

The System's fiduciary net position was determined using the accrual basis of accounting. The System's accounting records are maintained on a calendar-year basis in accordance with GAAP and the standards and procedures established by PERAC. Contributions from employers and employees are recognized in the period in which they become due pursuant to formal commitments, and statutory or contractual requirements. Benefit payments (including refunds of employee contributions) are recorded when incurred, regardless of the timing of payment. Investments are reported at fair value; fair value is determined as the price one would receive in an orderly transaction between market participants at a measurement date.

Pension Expense – The City recognized \$16,473,026 in pension expense in the statement of activities in fiscal year 2023.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 5,166,254	\$ -
Net differences between projected and actual investment earnings	17,220,013	-
Changes in proportion differences	202,593	268,954
Differences between expected and actual experience	2,344,585	2,122,411
	<u>\$ 24,933,445</u>	<u>\$ 2,391,365</u>

The deferred outflows of resources are expected to be recognized as a credit in the City's pension expense as follows:

June 30,	
2024	\$ 6,335,778
2025	3,318,947
2026	3,941,445
2027	8,945,910
	<u>\$ 22,542,080</u>

Actuarial Valuation – The measurement of the System's total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of January 1, 2022. The significant actuarial assumptions used in the January 1, 2022 actuarial valuation included:

Investment rate of return	7.25%
Projected salary increases	3.50%
Single Equivalent Discount Rate	7.25%
Asset valuation method	Fair value
Cost of living adjustments	3% of first \$16,000 of benefits
Mortality	SOA Pub-2010 public retirement plans mortality tables specific to group, with scale MP-2019 improvements until 2025
Actuarial Cost Method	Individual Entry age normal

The investment rate of return assumption is a long-term assumption and is based on capital market expectations by asset class, historical returns and professional judgment. The market expectations analysis used a building-block approach, which included expected returns by asset

class and the target asset allocation. The target allocation and best estimates of arithmetic real returns for each major asset class are summarized in the following table:

Asset Class	Target Allocation
Equities:	
Domestic - large cap	22%
Domestic - small/mid cap	7%
International	11%
Emerging markets	8%
Fixed Income:	
Core bonds	12%
Emerging blended debt	4%
Global multi-sector	8%
TIPS	6%
Real Estate	10%
Private Equity	7%
Hedge Funds	5%

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

Sensitivity Analysis – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.25% as well as the City’s proportionate share of the net pension liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate (dollar amounts are in thousands):

Total Proportionate Share of Net Pension Liability - Discount Rate			
Current Rate	1% lower	Current	1% greater
7.25%	\$ 153,730,986	\$ 119,905,297	\$ 90,953,264

Massachusetts Teachers’ Retirement System – Teachers and certain administrative employees of the School Department participate in the Massachusetts Teachers’ Retirement System (“MTRS”), a cost-sharing multiple employer defined benefit pension plan. The MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. Like the System, MTRS was established under Chapter 32 of Massachusetts General Laws. The Commonwealth’s legislature has the authority to amend or modify the MTRS’s funding policies.

The Commonwealth is a nonemployer contributor to the MTRS and is legally responsible by statute for all actuarially determined employer contributions and future benefit requirements of 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*.

For the year ended June 30, 2023, the Commonwealth contributed \$11,683,989 to the MTRS on behalf of the City. The City's proportionate share of the collective MTRS net pension liability at this reporting date was 0.555163%, which was based on the actual, actuarially determined contribution made by the Commonwealth on behalf of the City as a percentage of the total annual contribution made by the Commonwealth on behalf of all employers.

The table below presents the City's proportionate share of the following:

	Commonwealth Portion	Paid (or assumed) On Behalf of the City	City Portion
Net pension liability	\$ 143,721,435	\$ (143,721,435)	\$ —
Pension expense	11,822,490	(11,822,490)	—

The City has recognized intergovernmental revenue and pension expense of \$11,822,490 associated with this arrangement.

B. Other Postemployment Benefits

The City administers a single-employer defined benefit healthcare plan (the "OPEB Plan") that provides health, dental and life insurance benefits (other postemployment benefits) to retirees and their dependents/beneficiaries in accordance with Section 20 of Massachusetts General Law Chapter 32B. The OPEB Plan does not issue a stand-alone financial report and is presented as a fiduciary fund in the City's financial statements.

An employee shall become eligible to retire under this plan upon the completion of 10 years of creditable service and the attainment of age 55 as an active member with 20 years of service regardless of age. Individuals whose employment has been terminated are also eligible if they have reached age 55 and have completed 10 years of creditable service. Employees who cease working due to a disability only need to complete 10 years of creditable service.

Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and City ordinance. All benefits are provided through the City's premium-based medical and life insurance and self-insured dental insurance programs

With respect to OPEB plan reporting, GASB issued GASB Statement No.'s 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, and Statement No, 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Reporting requirements for governments who administer an OPEB plan as defined under the accounting standard are required to present disclosures under both GASB 74 and GASB 75.

GASB 74 requires specific disclosures and required supplementary information that relate directly to the fiduciary fund in which the OPEB Plan is recorded. GASB 75 address disclosures related to the net OPEB liability required to be recorded by the government in its applicable financial statements. A number of these disclosures are identical, especially if the measurement date under GASB 75 is the same as the plan year-end date. When a different measurement date is used different assumptions and calculations will result.

OPEB Plan disclosures that impact the City's net OPEB liability using a measurement date of June 30, 2023 are summarized as follows:

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2023:

Active employees	1,345
Inactives currently receiving benefits	<u>1,444</u>
Total	<u><u>2,789</u></u>

Contributions – Retirees contribute 10% of gross cost of medical if retired prior to July 1, 1990 and 15% if retired after July 1, 1990. Retirees contribute 50% of life insurance and dental costs.

The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the OPEB Plan are paid by the City.

For the year ended June 30, 2023, the City's average contribution rate was 11.45% of covered-employee payroll.

Net OPEB Liability – The City's net OPEB liability was measured as of June 30, 2023 using an actuarial valuation as of July 1, 2022. The components of the net OPEB liability of the City were as follows:

Total OPEB Liability	\$ 288,631,021
Plan fiduciary net position	<u>(81,993)</u>
Net OPEB liability	<u><u>\$ 288,549,028</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.03%

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

Investment rate of return	3.50%
Municipal bond rate	3.50%
Single Equivalent Discount Rate	3.50%
Inflation	3.50%
Health Care Trend Rate	4.50%
Mortality	For healthy participants and retirees: the mortality rates are from the RP-2014 Blue Collar Mortality table with Scale MP-2017, fully generational
Disabled Mortality	For disabled participants: the mortality rates are from the RP-2000 Combined Health Table set forward 2 years
Actuarial Cost Method	Entry age normal

Discount Rate – The discount rate used to measure the total OPEB liability was 3.50% (consistent with 3.50%) which was based on the high-quality municipal bond rate for 20-year maturities as of June 30, 2023.

Sensitivity Analyses – The following presents the City’s net OPEB liability as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current discount rate as well as if the healthcare cost trend rates are 1% lower or higher than the current healthcare cost trend rates:

	Discount Rate			
	Current Rate	1% lower	Current	1% greater
Net OPEB Liability	3.50%	\$ 335,590,818	\$ 288,549,028	\$ 251,162,688

	Health Care Trend Rate			
	Current Rate	1% lower	Current	1% greater
Net OPEB Liability	4.50%	\$ 245,742,088	\$ 288,549,028	\$ 343,909,803

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022	\$ 273,627,819	\$ 75,524	\$ 273,552,295
Changes for the year:			
Service cost	10,133,349	-	10,133,349
Interest	9,749,809	-	9,749,809
Difference between expected and actual experience	5,600,608	-	5,600,608
Net investment income	-	6,469	(6,469)
Employer contributions	-	9,844,668	(9,844,668)
Benefit payments withdrawn from trust	-	(9,844,668)	9,844,668
Benefit payments	(10,480,564)	-	(10,480,564)
Net changes	15,003,202	6,469	14,996,733
Balances at June 30, 2023	\$ 288,631,021	\$ 81,993	\$ 288,549,028

Long Term Expected Rate of Return – The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB Plan investment expense and inflation) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return were as reflected in the following table:

Asset Class	Target Allocation	Expected Investment Rate of Return
Large cap funds	30.00%	4.1%
International equity	10.00%	5.0%
Taxable fixed income	30.00%	1.1%
International fixed income	3.00%	1.0%
Diversifying funds	15.00%	6.1%
Diversifying taxable funds	10.00%	6.1%
Money market mutual funds	2.00%	0.0%
	100.00%	

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the City recognized OPEB expense of \$22,602,355. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2023 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 7,346,112	\$ 27,949,197
Differences between expected and actual earnings	-	1,766
Differences between expected and actual experience	4,462,273	4,082,027
	<u>\$ 11,808,385</u>	<u>\$ 32,032,990</u>

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

June 30,	
2024	\$ (2,362,077)
2025	(9,708,906)
2026	(8,039,299)
2027	<u>(114,323)</u>
	<u>\$ (20,224,605)</u>

GASB Statement No. 74

OPEB Plan disclosures that impact the City’s net OPEB liability using a reporting date of June 30, 2023 are summarized in this section except disclosures under GASB 74 that are identical to GASB 75 are not repeated.

Investment Custody – In accordance with Massachusetts General Laws, the City Treasurer is the custodian of the OPEB Plan and since the City has not designated a Board of Trustees, the City Treasurer is also the Trustee and as such is responsible for the general supervision of the management, investment and reinvestment of the OPEB Plan assets. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule established in Chapter 203C and may, with the approval of the State Retiree Benefits Trust Fund Board of Trustees, be invested in the State Retiree Benefits Trust Fund established in Section 24 of Chapter 32A. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the City.

Investment Policy – The OPEB Plan follows the same investment policies that apply to all other City Trust funds. Notably it can be invested in accordance with State Statutes that govern Trust investments including PRIM which is an external investment pool managed by the State.

Investment Rate of Return – For the year ended June 30, 2023 the annual money-weighted rate of return on investments, net of investment expense, was 8.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

C. Pension and Other Employee Benefit Trust Funds

The City reports a pension and other postemployment benefit trust funds in a single column in the Statement of Net Position and Statement of Changes in Net Position in the Fiduciary Funds. The City's Other Postemployment Benefits Trust Fund does not issue stand-alone financial statements and must be reported separately.

The Statement of Net Position of the City's pension and other postemployment benefit trust funds are as follows:

	Pension Trust Fund (December 31, 2022)	Other Postemployment Benefits Trust Fund	Total
Assets:			
Cash and Cash Equivalents	\$ 979,102	\$ 1,686	\$ 980,788
Investments (at fair value):			
Fixed income securities	24,453,186	-	24,453,186
Equity securities	1,387	-	1,387
Mutual funds	128,223,851	80,307	128,304,158
Private equity funds	1,231,267	-	1,231,267
State Treasurer investment pool - PRIT	72,309,005	-	72,309,005
Total Investments	226,218,696	80,307	226,299,003
Receivables:			
Interest receivable	173,533	-	173,533
Other	123,376	-	123,376
Total Receivables	296,909	-	296,909
Total Assets	227,494,707	81,993	227,576,700
Liabilities:			
Warrants and accounts payable	30,950	-	30,950
Total Liabilities	30,950	-	30,950
Net Position:			
Restricted for pensions	227,463,757	-	227,463,757
Restricted for other postemployment benefits	-	81,993	81,993
Total Net Position	\$ 227,463,757	\$ 81,993	\$ 227,545,750

The Statement of Changes in Net Position of the City's pension and other postemployment benefit trust funds are as follows:

	Pension Trust Fund (December 31, 2022)	Other Postemployment Benefits Trust Fund	Total
Additions			
Contributions:			
Employer	\$ 15,150,592	\$ 9,844,668	\$ 24,995,260
Employee	4,917,519	-	4,917,519
Other contributions	1,549,337	-	1,549,337
Total Contributions	21,617,448	9,844,668	31,462,116
Investment income:			
Interest and dividends	5,427,230	6,469	5,433,699
Net decline in fair value of investments	(32,404,290)	-	(32,404,290)
Less - investment management fees	(1,444,683)	-	(1,444,683)
Net investment earnings	(28,421,743)	6,469	(28,415,274)
Other income	5,918	-	5,918
Total Additions (net)	(6,798,377)	9,851,137	3,052,760
Deductions			
Benefit payments to retirees and beneficiaries	23,519,326	9,844,668	33,363,994
Member refunds	366,388	-	366,388
Transfers and reimbursements to other systems	1,637,238	-	1,637,238
Payroll expenses of the System	279,007	-	279,007
Other administrative expenses	118,473	-	118,473
Total Deductions	25,920,432	9,844,668	35,765,100
CHANGE IN NET POSITION	(32,718,809)	6,469	(32,712,340)
NET POSITION AT BEGINNING OF YEAR	260,182,566	75,524	260,258,090
NET POSITION AT END OF YEAR	\$ 227,463,757	\$ 81,993	\$ 227,545,750

D. 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.

Group Dental Insurance Plan – The City maintains a "reinsured cost reimbursement program" which covers the group dental insurance requirements of a majority of City employees. The Plan is essentially a self-insurance program with the employees contributing 50 percent and the City contributing the remaining 50 percent. The City accrues an amount representing claims incurred but not reported (IBNR), which is based on a one month claims paid average. At June 30, 2023, the amount of the liability for IBNR dental insurance claims totaled \$50,730. This liability is the best estimate based on available information. In the fund-wide financial statements, the City reports the activities of the Group Dental Insurance Plan in the Internal Service Fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

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

	<u>Balance at Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>	<u>Current Portion</u>
Fiscal Year 2023	\$ 68,105	\$ 1,592,619	\$(1,609,994)	\$ 50,730	\$ 50,730
Fiscal Year 2022	45,325	1,387,679	(1,364,899)	68,105	68,105

Workers' Compensation – The City is also self-insured for their workers' compensation activities which are accounted for in the funds incurring the expenditures. Workers' compensation claims are administered by a third-party 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 \$1,257,376.

Changes in the reported liability since July 1, 2021:

	<u>Balance at Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>	<u>Current Portion</u>
Fiscal Year 2023	\$ 1,484,702	\$ 624,155	\$(851,481)	\$ 1,257,376	\$ 314,344
Fiscal Year 2022	1,133,025	1,236,855	(885,178)	1,484,702	371,176

E. Commitments

The City is in the process of completing various roads and sidewalks projects and improvements to its sewer system. The City has entered into or is planning to enter into contracts to expend approximately \$2,000,000 and \$1,500,000, respectively to complete the projects.

F. Contingencies

The City is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters in these situations cannot be reasonably estimated. Although the amount of liability, if any, in these situations at June 30, 2023, cannot be ascertained, management believes that the resulting liability, if any, should not materially affect the basic financial statements of the City at June 30, 2023. Other amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The City does not believe it has failed to comply with any of these agreements.

G. Implementation of GASB pronouncements

Current Year Implementations –

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

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

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

Future Implementations –

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

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

H. Subsequent Events

On April 3, 2024, the City issued \$2,485,000 of general obligation bonds paying interest at rates of 5% per annum and maturing in fiscal year 2034. The proceeds of these bonds, along with \$265,000 of bond premiums, were used to retire the BAN's outstanding at June 30, 2023. The debt was used entirely for sidewalks and stump removal purposes.

On April 4, 2024, the City issued \$1,500,00 of short-term BAN's paying interest at 4.0% and maturing on April 4, 2025. The BAN was issued for Fire Station planning purposes.

Required Supplementary Information

CITY OF MEDFORD, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2023

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended December 31,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	94.63%	\$ 119,905,297	\$ 46,613,466	257.23%	64.2%
2021	94.46%	83,114,824	44,956,257	184.88%	74.7%
2020	94.77%	111,706,915	45,123,009	247.56%	65.7%
2019	94.96%	121,450,437	43,684,516	278.02%	61.8%
2018	94.65%	103,336,116	40,197,193	257.07%	62.8%
2017	94.79%	88,244,400	38,895,314	226.88%	67.6%
2016	94.25%	92,313,973	38,362,332	240.64%	64.2%
2015	94.25%	90,797,221	37,065,056	244.97%	63.9%
2014	94.91%	98,278,119	35,936,278	273.48%	62.6%

SCHEDULE OF THE CITY'S CONTRIBUTIONS TO PENSION PLAN

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 14,337,732	\$ 14,337,732	\$ -	\$ 47,312,668	30.30%
2022	13,251,414	13,251,414	-	45,630,601	29.04%
2021	12,310,219	12,310,219	-	45,799,854	26.88%
2020	11,635,777	11,635,777	-	44,339,784	26.24%
2019	10,942,155	10,942,155	-	40,800,151	26.82%
2018	10,592,790	10,592,790	-	39,478,744	26.83%
2017	10,401,268	10,401,268	-	38,937,767	26.71%
2016	9,967,363	9,967,363	-	37,621,031	26.49%
2015	9,502,069	9,502,069	-	36,475,322	26.05%

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

See accompanying independent auditors' report.

CITY OF MEDFORD, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2023

SCHEDULE OF THE COMMONWEALTH'S COLLECTIVE SHARE OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHER'S RETIREMENT SYSTEM

Year Ended June 30, *	Commonwealth's Proportionate Share of the Collective Net Pension Liability	City's Proportion Share of the Collective Net Pension Liability	Commonwealth's Proportionate Share of the Net Pension Liability Associated with the City	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	100.0%	0.0%	\$ 143,721,435	\$ 11,822,490	57.75%
2022	100.0%	0.0%	128,028,830	10,273,780	62.03%
2021	100.0%	0.0%	166,428,836	20,556,346	50.67%
2020	100.0%	0.0%	147,297,721	17,862,405	53.95%
2019	100.0%	0.0%	139,772,440	14,163,913	54.84%
2018	100.0%	0.0%	134,289,554	14,016,192	54.25%
2017	100.0%	0.0%	130,145,879	13,275,733	52.73%
2016	100.0%	0.0%	117,933,867	9,565,486	55.38%
2015	100.0%	0.0%	90,281,874	6,272,315	61.64%

* Amounts determined for the previous year ended June 30.

Contributions to the MTRS are the responsibility of the Commonwealth of Massachusetts. Accordingly, the City has not recognized any portion of the net pension liability relative to City employees covered under the MTRS pension plan.

These schedules are presented to illustrate the requirement to show information for ten years.

However, until a full ten-year trend is completed, information is presented for those years in which information is available.

See accompanying independent auditors' report.

CITY OF MEDFORD, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEAR ENDED JUNE 30, 2023

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	Year Ended June 30,					
	2023	2022	2021	2020	2019	2018
Total OPEB liability:						
Service cost	\$ 10,133,349	\$ 9,696,985	\$ 9,279,411	\$ 6,343,238	\$ 6,432,464	\$ 6,155,468
Interest	9,749,809	7,909,021	7,948,673	9,535,694	8,889,847	8,550,963
Differences between expected and actual experience	5,600,608	-	(9,831,359)	-	(10,130,890)	-
Change in assumptions	-	(45,808,109)	-	52,552,972	18,202,693	-
Benefit payments	(10,480,564)	(9,608,543)	(9,194,778)	(6,217,406)	(5,949,671)	(5,943,409)
Net change in total OPEB liability	15,003,202	(37,810,646)	(1,798,053)	62,214,498	17,444,443	8,763,022
Total OPEB liability - beginning of year	273,627,819	311,438,465	313,236,518	251,022,020	233,577,577	224,814,555
Total OPEB liability - end of year (a)	<u>\$ 288,631,021</u>	<u>\$ 273,627,819</u>	<u>\$ 311,438,465</u>	<u>\$ 313,236,518</u>	<u>\$ 251,022,020</u>	<u>\$ 233,577,577</u>
Plan fiduciary net position:						
Contributions - employer	\$ 9,844,668	\$ 9,608,543	\$ 9,194,778	\$ 6,217,406	\$ 6,019,671	\$ 5,943,409
Net investment income	6,469	(6,616)	13,188	(1,048)	-	-
Benefit payments	(9,844,668)	(9,608,543)	(9,194,778)	(6,217,406)	(5,949,671)	(5,943,409)
Net change in Plan fiduciary net position	6,469	(6,616)	13,188	(1,048)	70,000	-
Plan fiduciary net position - beginning of year	75,524	82,140	68,952	70,000	-	-
Plan fiduciary net position - end of year (b)	<u>\$ 81,993</u>	<u>\$ 75,524</u>	<u>\$ 82,140</u>	<u>\$ 68,952</u>	<u>\$ 70,000</u>	<u>\$ -</u>
Net OPEB liability - end of year (a) - (b)	<u>\$ 288,549,028</u>	<u>\$ 273,552,295</u>	<u>\$ 311,356,325</u>	<u>\$ 313,167,566</u>	<u>\$ 250,952,020</u>	<u>\$ 233,577,577</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.03%	0.03%	0.03%	0.02%	0.03%	0.00%
Covered-employee payroll	\$ 91,556,019	\$ 53,851,237	\$ 52,030,180	\$ 50,270,706	\$ 48,570,730	\$ 51,021,854
Net OPEB liability as a percentage of covered-employee payroll	315.16%	507.98%	598.41%	622.96%	516.67%	457.80%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

CITY OF MEDFORD, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEAR ENDED JUNE 30, 2023

SCHEDULE OF CONTRIBUTIONS

	Year Ended June 30,					
	2023	2022	2021	2020	2019	2018
Actuarially-determined contribution	\$ 29,504,192	\$ 26,726,933	\$ 27,609,366	\$ 26,320,149	\$ 15,322,311	\$ 14,706,431
Contributions in relation to the actuarially-determined contribution	(10,480,564)	(9,608,543)	(9,194,778)	(6,217,406)	(5,949,671)	(5,943,409)
Contribution deficiency (excess)	<u>\$ 19,023,628</u>	<u>\$ 17,118,390</u>	<u>\$ 18,414,588</u>	<u>\$ 20,102,743</u>	<u>\$ 9,372,640</u>	<u>\$ 8,763,022</u>
Covered-employee payroll	\$ 91,556,019	\$ 53,851,237	\$ 52,030,180	\$ 50,270,706	\$ 48,570,730	\$ 51,021,854
Contribution as a percentage of covered-employee payroll	11.45%	17.84%	17.67%	12.37%	12.25%	11.65%
Valuation date	July 1, 2022	July 1, 2020	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2018
Amortization period	30 years	30 years	30 years	30 years	30 years	30 years
Investment rate of return	3.50%	3.50%	2.50%	2.50%	3.75%	3.75%
Municipal bond rate	3.50%	3.50%	2.50%	2.50%	3.75%	3.75%
Discount rate	3.50%	3.50%	2.50%	2.50%	3.75%	3.75%
Inflation	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Healthcare cost trend rates	4.50%	4.50%	4.50%	5.5%; then 4.5%	5.5%; then 4.5%	5.5%; then 4.5%
Salary increases	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Actuarial cost method	Individual Entry Age Normal (for all years presented)					
Asset valuation method	Fair Value of Assets as of Reporting Date (for all years presented)					

SCHEDULE OF INVESTMENT RETURNS

	Year Ended June 30,					
	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	8.2%	-8.4%	17.5%	-3.0%	0.0%	0.0%

Note: These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

CITY OF MEDFORD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary		Budgetary	Positive
	Budget	Budget	Amounts	Encumbrances	Adjusted	(Negative)
Revenues:						
<i>Taxes:</i>						
Real estate taxes	\$ 127,406,483	\$ 127,406,483	\$ 127,235,648	\$ -	127,235,648	(170,835)
Personal property taxes	3,987,719	3,987,719	3,951,757	-	3,951,757	(35,962)
Tax title and foreclosures	-	-	994,928	-	994,928	994,928
Motor vehicle excise	7,500,000	7,500,000	7,028,588	-	7,028,588	(471,412)
Boat excise	7,000	7,000	7,424	-	7,424	424
Meals excise	950,000	950,000	1,195,672	-	1,195,672	245,672
Room occupancy excise	850,000	850,000	1,467,452	-	1,467,452	617,452
	140,701,202	140,701,202	141,881,469	-	141,881,469	1,180,267
<i>Intergovernmental:</i>						
State aid - chapter 70	13,938,241	13,938,241	13,938,241	-	13,938,241	-
State aid - charter school	1,565,205	1,565,205	1,090,436	-	1,090,436	(474,769)
State aid - unrestricted	14,051,147	14,051,147	14,051,147	-	14,051,147	-
State aid - veterans	181,316	181,316	190,069	-	190,069	8,753
State aid - other	210,629	210,629	243,119	-	243,119	32,490
Federal aid - other	-	-	36,300	-	36,300	36,300
Medicaid reimbursements	100,000	100,000	361,074	-	361,074	261,074
	30,046,538	30,046,538	29,910,386	-	29,910,386	(136,152)
<i>Departmental fees, charges, and other:</i>						
Payments in lieu of taxes	3,000,000	3,000,000	2,475,872	-	2,475,872	(524,128)
Cable franchise fees	1,000,000	1,000,000	946,548	-	946,548	(53,452)
Parking fees	250,000	250,000	112,982	-	112,982	(137,018)
Cemetery fees	475,000	475,000	540,254	-	540,254	65,254
Library fees	25,000	25,000	26,233	-	26,233	1,233
Fire inspection fees	50,000	50,000	67,240	-	67,240	17,240
Public works fees	100,000	100,000	127,024	-	127,024	27,024
Public safety detail charges	200,000	200,000	207,295	-	207,295	7,295
City clerk fees	75,000	75,000	95,947	-	95,947	20,947
Other miscellaneous	273,000	273,000	225,586	-	225,586	(47,414)
	5,448,000	5,448,000	4,824,981	-	4,824,981	(623,019)
<i>Licenses and permits:</i>						
Liquor licenses	100,000	100,000	100,728	-	100,728	728
Building, plumbing and electrical permits	2,300,000	2,300,000	2,898,385	-	2,898,385	598,385
Health licenses and permits	100,000	100,000	236,630	-	236,630	136,630
Other licenses and permits	150,000	150,000	212,826	-	212,826	62,826
	2,650,000	2,650,000	3,448,569	-	3,448,569	798,569
<i>Fines and forfeitures:</i>						
Parking fines	239,475	239,475	875,454	-	875,454	635,979
Traffic court fines	8,800	8,800	72,153	-	72,153	63,353
Inspectional fines	1,725	1,725	617	-	617	(1,108)
	250,000	250,000	948,224	-	948,224	698,224
<i>Penalties and interest on taxes</i>	650,000	650,000	788,360	-	788,360	138,360
<i>Interest and investment income</i>	95,000	95,000	1,587,758	-	1,587,758	1,492,758
Total Revenues	179,840,740	179,840,740	183,389,747	-	183,389,747	3,549,007

CITY OF MEDFORD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Positive
	Budget	Budget	Amounts		Adjusted	(Negative)
Expenditures:						
General Government:						
Legislative:						
Personnel	216,589	216,589	215,688	-	215,688	901
Ordinary expenses	96,100	96,100	32,198	3,264	35,462	60,638
	312,689	312,689	247,886	3,264	251,150	61,539
Executive:						
Personnel	995,880	1,015,880	478,839	-	478,839	537,041
Ordinary expenses	116,348	116,348	107,492	5,043	112,535	3,813
	1,112,228	1,132,228	586,331	5,043	591,374	540,854
Finance:						
Personnel	539,071	539,071	539,258	-	539,258	(187)
Ordinary expenses	108,995	138,995	137,859	1,182	139,041	(46)
	648,066	678,066	677,117	1,182	678,299	(233)
Assessors:						
Personnel	373,647	333,647	328,434	-	328,434	5,213
Ordinary expenses	199,870	169,870	128,908	17,590	146,498	23,372
	573,517	503,517	457,342	17,590	474,932	28,585
Treasury:						
Personnel	450,788	450,788	446,048	-	446,048	4,740
Ordinary expenses	278,816	318,816	275,123	11,767	286,890	31,926
	729,604	769,604	721,171	11,767	732,938	36,666
Law:						
Personnel	307,127	307,127	121,832	-	121,832	185,295
Ordinary expenses	243,524	243,524	231,912	10,528	242,440	1,084
	550,651	550,651	353,744	10,528	364,272	186,379
Human Resource:						
Personnel	182,158	182,158	179,792	-	179,792	2,366
Ordinary expenses	7,000	7,000	6,548	308	6,856	144
	189,158	189,158	186,340	308	186,648	2,510
Information Technology:						
Personnel	163,304	163,304	61,982	-	61,982	101,322
Ordinary expenses	202,801	202,801	192,001	10,281	202,282	519
	366,105	366,105	253,983	10,281	264,264	101,841
City Clerk:						
Personnel	345,568	335,568	312,276	-	312,276	23,292
Ordinary expenses	18,950	18,950	12,434	4,030	16,464	2,486
	364,518	354,518	324,710	4,030	328,740	25,778
Election:						
Personnel	240,991	240,991	240,991	-	240,991	-
Ordinary expenses	83,550	98,550	82,167	1,383	83,550	15,000
	324,541	339,541	323,158	1,383	324,541	15,000
Licensing Commission:						
Personnel	5,400	5,400	3,067	-	3,067	2,333
Ordinary expenses	400	400	-	-	-	400
	5,800	5,800	3,067	-	3,067	2,733
Conservation Commission:						
Personnel	6,500	6,500	5,200	-	5,200	1,300
Ordinary expenses	1,100	1,100	597	-	597	503
	7,600	7,600	5,797	-	5,797	1,803

(continued)

CITY OF MEDFORD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Positive
	Budget	Budget	Amounts		Adjusted	(Negative)
Appeals Board:						
Personnel	8,500	8,500	11,000	-	11,000	(2,500)
Ordinary expenses	151	151	-	-	-	151
	8,651	8,651	11,000	-	11,000	(2,349)
Office of Community Development:						
Personnel	354,682	354,682	285,008	-	285,008	69,674
Ordinary expenses	15,066	15,066	13,684	6,143	19,827	(4,761)
	369,748	369,748	298,692	6,143	304,835	64,913
Community Development Board:						
Personnel	8,000	8,000	6,431	-	6,431	1,569
Ordinary expenses	603	603	167	133	300	303
	8,603	8,603	6,598	133	6,731	1,872
Cable:						
Personnel	127,193	127,193	127,490	-	127,490	(297)
Ordinary expenses	81,000	91,000	84,167	494	84,661	6,339
	208,193	218,193	211,657	494	212,151	6,042
Building Maintenance:						
Personnel	-	60,000	78,400	-	78,400	(18,400)
Ordinary expenses	240,543	240,543	213,206	16,794	230,000	10,543
	240,543	300,543	291,606	16,794	308,400	(7,857)
Property/Liability Insurance:						
Ordinary expenses	617,641	617,641	613,054	-	613,054	4,587
	617,641	617,641	613,054	-	613,054	4,587
<i>Total General Government</i>	<i>6,637,856</i>	<i>6,732,856</i>	<i>5,573,253</i>	<i>88,940</i>	<i>5,662,193</i>	<i>1,070,663</i>
Public Safety:						
Police:						
Personnel	13,857,135	13,842,135	12,725,085	-	12,725,085	1,117,050
Ordinary expenses	798,844	798,844	663,845	110,557	774,402	24,442
	14,655,979	14,640,979	13,388,930	110,557	13,499,487	1,141,492
Traffic Enforcement:						
Personnel	333,875	333,875	302,858	-	302,858	31,017
Ordinary expenses	11,000	11,000	3,368	6,012	9,380	1,620
	344,875	344,875	306,226	6,012	312,238	32,637
Bicycle Commission:						
Ordinary expenses	1,500	1,500	1,392	-	1,392	108
	1,500	1,500	1,392	-	1,392	108
Fire:						
Personnel	13,865,121	13,865,121	13,366,683	-	13,366,683	498,438
Ordinary expenses	588,379	588,379	595,352	49,489	644,841	(56,462)
	14,453,500	14,453,500	13,962,035	49,489	14,011,524	441,976
Building Inspection:						
Personnel	759,025	759,025	754,016	4,272	758,288	737
Ordinary expenses	11,828	11,828	10,133	1,112	11,245	583
	770,853	770,853	764,149	5,384	769,533	1,320
Electrical :						
Electrical Inspection - Personnel	185,677	185,677	176,664	-	176,664	9,013
Electrical Inspection - Ordinary expenses	3,456	3,456	3,284	1,441	4,725	(1,269)
Signal Maintenance - Personnel	172,135	172,135	160,326	-	160,326	11,809
Signal Maintenance - Ordinary expenses	64,000	196,000	188,601	6,863	195,464	536
Streetslighting - Ordinary expenses	266,500	266,500	233,933	16,101	250,034	16,466
	691,768	823,768	762,808	24,405	787,213	36,555

CITY OF MEDFORD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Positive
	Budget	Budget	Amounts		Adjusted	(Negative)
Civil Defense:						
Personnel	8,840	8,840	7,507	-	7,507	1,333
Ordinary expenses	575	575	-	-	-	575
	9,415	9,415	7,507	-	7,507	1,908
Parking Enforcement:						
Personnel	647,708	493,708	597,982	-	597,982	(104,274)
Ordinary expenses	286,544	386,544	404,603	39,965	444,568	(58,024)
	934,252	880,252	1,002,585	39,965	1,042,550	(162,298)
Traffic Commission:						
Personnel	4,500	4,500	4,500	-	4,500	-
Ordinary expenses	23,300	23,300	22,957	43	23,000	300
	27,800	27,800	27,457	43	27,500	300
Energy and Environment:						
Personnel	74,092	74,092	73,765	-	73,765	327
Ordinary expenses	272,000	272,000	127,164	93,732	220,896	51,104
	346,092	346,092	200,929	93,732	294,661	51,431
Total Public Safety	32,236,034	32,299,034	30,424,018	329,587	30,753,605	1,545,429
Education:						
School Department:						
Personnel and ordinary expenses	69,362,534	69,362,534	68,909,567	164,618	69,074,185	288,349
Total Education	69,362,534	69,362,534	68,909,567	164,618	69,074,185	288,349
Public Works:						
Facilities:						
Personnel	96,638	66,638	58,352	-	58,352	8,286
Ordinary expenses	1,229,450	1,469,450	1,283,664	92,152	1,375,816	93,634
	1,326,088	1,536,088	1,342,016	92,152	1,434,168	101,920
Engineering:						
Personnel	469,272	469,272	388,320	-	388,320	80,952
Ordinary expenses	88,361	88,361	75,917	2,609	78,526	9,835
	557,633	557,633	464,237	2,609	466,846	90,787
Highway:						
Personnel - administration	2,340,831	2,270,831	1,945,185	480	1,945,665	325,166
Ordinary expenses - administration	6,700	6,700	4,629	475	5,104	1,596
Ordinary expenses - highway construction	790,621	790,621	607,646	35,324	642,970	147,651
Personnel - snow and ice control	75,000	75,000	261,813	-	261,813	(186,813)
Ordinary expenses - snow and ice control	172,500	172,500	515,625	10,550	526,175	(353,675)
Ordinary expenses - sidewalks	123,258	123,258	30,978	-	30,978	92,280
Ordinary expenses - garage and yard	95,000	95,000	62,335	1,000	63,335	31,665
Ordinary expenses - waste collection	7,578,585	7,578,585	7,377,951	3,550	7,381,501	197,084
	11,182,495	11,112,495	10,806,162	51,379	10,857,541	254,954
Cemetery:						
Personnel	788,125	788,125	781,837	-	781,837	6,288
Ordinary expenses	241,078	241,078	183,781	337	184,118	56,960
	1,029,203	1,029,203	965,618	337	965,955	63,248
Parks:						
Personnel - parks	587,082	552,082	500,562	-	500,562	51,520
Ordinary expenses - parks	287,982	287,982	239,601	5,477	245,078	42,904
Ordinary expenses - pools and ponds	21,279	21,279	3,645	147	3,792	17,487
	896,343	861,343	743,808	5,624	749,432	111,911
Forestry:						
Personnel	460,670	460,670	273,654	-	273,654	187,016
Ordinary expenses	222,700	222,700	170,656	17,400	188,056	34,644
	683,370	683,370	444,310	17,400	461,710	221,660
Total Public Works	15,675,132	15,780,132	14,766,151	169,501	14,935,652	844,480

(Continued)

CITY OF MEDFORD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Positive
	Budget	Budget	Amounts		Adjusted	(Negative)
<i>Health and Human Services:</i>						
Health Department:						
Personnel	680,240	680,240	621,965	-	621,965	58,275
Ordinary expenses - health	50,827	50,827	36,992	5,245	42,237	8,590
Ordinary expenses - dog	38,180	38,180	32,788	-	32,788	5,392
	<u>769,247</u>	<u>769,247</u>	<u>691,745</u>	<u>5,245</u>	<u>696,990</u>	<u>72,257</u>
Council on Aging:						
Personnel	237,388	237,388	220,682	-	220,682	16,706
Ordinary expenses	18,500	18,500	16,328	978	17,306	1,194
	<u>255,888</u>	<u>255,888</u>	<u>237,010</u>	<u>978</u>	<u>237,988</u>	<u>17,900</u>
Veterans Services:						
Personnel	112,655	112,655	108,704	-	108,704	3,951
Ordinary expenses	302,973	302,973	202,137	180	202,317	100,656
	<u>415,628</u>	<u>415,628</u>	<u>310,841</u>	<u>180</u>	<u>311,021</u>	<u>104,607</u>
Human Diversity:						
Personnel	92,781	96,781	97,470	-	97,470	(689)
Ordinary expenses	4,000	4,000	1,246	-	1,246	2,754
	<u>96,781</u>	<u>100,781</u>	<u>98,716</u>	<u>-</u>	<u>98,716</u>	<u>2,065</u>
<i>Total Health and Human Services</i>	<u>1,537,544</u>	<u>1,541,544</u>	<u>1,338,312</u>	<u>6,403</u>	<u>1,344,715</u>	<u>196,829</u>
<i>Culture and Recreation:</i>						
Library:						
Personnel	1,375,631	1,415,631	1,421,441	-	1,421,441	(5,810)
Ordinary expenses	328,500	328,500	306,406	9,173	315,579	12,921
	<u>1,704,131</u>	<u>1,744,131</u>	<u>1,727,847</u>	<u>9,173</u>	<u>1,737,020</u>	<u>7,111</u>
Recreation:						
Personnel	558,922	593,922	577,075	-	577,075	16,847
	<u>558,922</u>	<u>593,922</u>	<u>577,075</u>	<u>-</u>	<u>577,075</u>	<u>16,847</u>
Historical Commission:						
Ordinary expenses	60,635	60,635	43,081	15,424	58,505	2,130
	<u>60,635</u>	<u>60,635</u>	<u>43,081</u>	<u>15,424</u>	<u>58,505</u>	<u>2,130</u>
Historical District:						
Ordinary expenses	5,000	5,000	4,525	-	4,525	475
	<u>5,000</u>	<u>5,000</u>	<u>4,525</u>	<u>-</u>	<u>4,525</u>	<u>475</u>
Chevalier Auditorium:						
Personnel	30,154	30,154	30,766	-	30,766	(612)
	<u>30,154</u>	<u>30,154</u>	<u>30,766</u>	<u>-</u>	<u>30,766</u>	<u>(612)</u>
Hornell Stadium Commission:						
Personnel	5,400	5,400	5,400	-	5,400	-
	<u>5,400</u>	<u>5,400</u>	<u>5,400</u>	<u>-</u>	<u>5,400</u>	<u>-</u>
Celebrations:						
Ordinary expenses	19,360	19,360	7,483	310	7,793	11,567
	<u>19,360</u>	<u>19,360</u>	<u>7,483</u>	<u>310</u>	<u>7,793</u>	<u>11,567</u>
<i>Total Culture and Recreation</i>	<u>2,383,602</u>	<u>2,458,602</u>	<u>2,396,177</u>	<u>24,907</u>	<u>2,421,084</u>	<u>37,518</u>
<i>State and County Assessments:</i>						
State assessments and charges	161,089	161,089	121,809	-	121,809	39,280
Transportation authorities assessments	4,133,706	4,133,706	4,133,706	-	4,133,706	-
Annual charges against receipts	25,640	25,640	26,501	-	26,501	(861)
Tuition assessments	8,735,369	8,735,369	7,790,409	-	7,790,409	944,960
<i>Total State and County Assessments</i>	<u>13,055,804</u>	<u>13,055,804</u>	<u>12,072,425</u>	<u>-</u>	<u>12,072,425</u>	<u>983,379</u>

CITY OF MEDFORD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Positive
	Budget	Budget	Amounts		Adjusted	(Negative)
<i>Pension and Fringe Benefits:</i>						
Retirement:						
Non-contributory pension	85,000	85,000	82,427	-	82,427	2,573
Contributory pension	14,252,732	14,332,732	14,337,732	-	14,337,732	(5,000)
	14,337,732	14,417,732	14,420,159	-	14,420,159	(2,427)
Insurance:						
Workers' compensation - personnel	615,000	705,000	813,563	-	813,563	(108,563)
Workers' compensation - ordinary expenses	35,307	37,007	37,918	-	37,918	(911)
Group insurance	25,491,506	25,189,806	22,958,758	40,350	22,999,108	2,190,698
Medicare insurance	1,708,742	1,708,742	1,499,891	-	1,499,891	208,851
Unemployment	84,512	84,512	68,899	13,181	82,080	2,432
Employee assistance	35,911	35,911	26,197	-	26,197	9,714
	27,970,978	27,760,978	25,405,226	53,531	25,458,757	2,302,221
<i>Total Pension and Fringe Benefits</i>	42,308,710	42,178,710	39,825,385	53,531	39,878,916	2,299,794
<i>Debt Service:</i>						
Ordinary expenses - principal and interest	5,476,884	5,476,884	5,484,903	-	5,484,903	(8,019)
<i>Total Debt Service</i>	5,476,884	5,476,884	5,484,903	-	5,484,903	(8,019)
Total Expenditures	188,674,100	188,886,100	180,790,191	837,487	181,627,678	7,258,422
Other Financing Sources (Uses)						
Transfers in	9,596,056	9,596,056	9,596,056		9,596,056	-
Transfers out	(305,000)	(2,985,342)	(2,985,342)		(2,985,342)	-
Total Other Financing Sources (Uses)	9,291,056	6,610,714	6,610,714		\$ 6,610,714	-
<i>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Uses Of Prior Year Budgetary Fund Balance</i>	457,696	(2,434,646)	\$ 9,210,270			\$ 10,807,429
Other Budgetary Items						
Use of unassigned fund balance (free cash)	\$ 305,000	\$ 3,197,342				
Prior year encumbrances	289,516	289,516				
Prior year deficits	(863,976)	(863,976)				
Other	(188,236)	(188,236)				
Total Other Budgetary Items	(457,696)	2,434,646				
Net budget and actual	\$ -	\$ -				

(Concluded)

The notes to the financial statements are an integral part of this statement.

The notes to the required supplementary information are and integral part of this statement.

CITY OF MEDFORD, MASSACHUSETTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2023

I. Pension Plan

Pension Contributions – The City has elected provisions of Chapter 32, Section 22D (as amended) of Massachusetts General Laws, which require that a funding schedule be established to fully fund the pension plan by June 30, 2040. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method. The pension appropriations are established by the Public Employee Retirement Administration Commission (PERAC) based on a funding schedule approved by the System.

Changes in Assumptions – None.

II. Other Postemployment Benefit Plan

The City administers a single employer defined benefit healthcare plan that provides health, dental and life insurance benefits (other postemployment benefits) to retirees and their dependents/beneficiaries in accordance with Section 20 of Massachusetts General Law Chapter 32B. The City is not required to fully fund the actuarially determined contribution.

Methods and assumptions used to determine contribution rates are as follows:

Investment rate of return	3.50%
Municipal bond rate	3.50%
Single Equivalent Discount Rate	3.50%
Inflation	3.50%
Health Care Trend Rate	4.50%
Mortality	For healthy participants and retirees: the mortality rates are from the RP-2014 Blue Collar Mortality table with Scale MP-2017, fully generational
Disabled Mortality	For disabled participants: the mortality rates are from the RP-2000 Combined Health Table set forward 2 years
Actuarial Cost Method	Entry age normal

Changes in Assumptions – None.

III. Budgetary Basis of Accounting

Budgetary Information – An annual budget is legally adopted for the General Fund and the Enterprise Fund. Financial orders are initiated by department heads, recommended by the Mayor and approved by the City Council at the City’s annual meeting in June. Expenditures may not legally exceed appropriations at the department level, or in the categories of personnel and non-personnel expenses. Department heads may transfer, without City Council approval, appropriation balances from one account to another within their department or budget, and within the categories of personnel and non-personnel. The City Council and the department head however must approve any transfer of unencumbered appropriation balances between departments or agencies. At the close of each fiscal year, unencumbered appropriation balances lapse and revert to unassigned fund balance.

The City adopts an annual budget for the general fund in conformity with the guidelines described above. During fiscal year 2022, City Council approved various supplemental budgetary amendments between line-item appropriations that increased the original budget approximately \$2.9 million. These appropriations were primarily for general government purposes (\$0.1 million), public works purposes (\$0.1 million) and capital transfers (\$2.7 million).

The City Auditor has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted by City Council. Budgetary control is exercised through the City’s accounting system.

Budgetary-to-GAAP Reconciliation – The City’s general fund is prepared on a basis of accounting other than GAAP to conform to the Uniform Municipal Accounting System basis of accounting as prescribed by the Massachusetts Department of Revenue. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2023, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 183,389,747
On behalf payments	\$ 11,822,490	\$ -	11,822,490
Revenues on a GAAP basis	<u>\$ 11,822,490</u>	<u>\$ -</u>	<u>\$ 195,212,237</u>
Expenditures on a budgetary basis			\$ 180,790,191
On behalf payments	\$ 11,822,490	\$ -	11,822,490
Transfers for grant costs	(7,592,100)	-	(7,592,100)
Transfers for enterprise indirect costs	-	(1,550,000)	(1,550,000)
Transfers for debt service	-	222,150	222,150
Expenditures on a GAAP basis	<u>\$ 4,230,390</u>	<u>\$ (1,327,850)</u>	<u>\$ 183,692,731</u>
Other financing sources (uses) on a budgetary basis			\$ 6,610,714
Transfers for grant costs	\$ (7,592,100)	\$ -	(7,592,100)
Transfers for enterprise indirect costs	-	(1,550,000)	(1,550,000)
Transfers for debt service	-	222,150	222,150
Other financing sources (uses) on a GAAP basis	<u>\$ (7,592,100)</u>	<u>\$ (1,327,850)</u>	<u>\$ (2,309,236)</u>

Excess of Expenditures Over Appropriations – During fiscal year 2023, expenditures exceeded appropriations in the general fund for parking, snow and ice removal and workers' compensation by \$162,298, \$540,488 and \$109,474, respectively. These deficits will be funded through available revenues in the subsequent year.

Combining Statements

Nonmajor Governmental Fund

Special Revenue Funds –

Special revenue funds are used to account for certain revenue generating activities that are legally and/or programmatically restricted to expenditures for a specific purpose. From the City's financial ledgers, these activities can be distinctly categorized into the following groupings:

City Federal Grants – This fund accounts for federally funded non-school grant programs received either directly from federal agencies or indirectly through pass-through entities.

School Federal Grants – This fund accounts for federally funded educational-based grant programs received either directly from federal agencies or indirectly through pass-through entities.

City State Grants – This fund accounts for Commonwealth of Massachusetts funded non-school grant programs received directly from state agencies.

School State Grants – This fund accounts for Commonwealth of Massachusetts funded educational-based grant programs received directly from state agencies.

Receipts Reserved for Appropriation – This fund accounts for receipts collected which are reserved until appropriated for a specific purpose for which it has been segregated by law or administrative action.

City Revolving Funds – This fund accounts for the non-school related activity within revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and other applicable statutes.

School Revolving Funds – This fund accounts for educational-based activities within revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and Chapter 71.

Community Development Fund – This fund accounts for state and federally funded community development grant programs.

City Gift and Other Funds – This fund accounts for donated monies and other miscellaneous special revenue accounts which related to non-school activities.

School Gift and Other Funds – This fund accounts for donated monies and other miscellaneous special revenue accounts which related to educational-based activities.

Community Preservation Fund – This fund accounts for assets that are restricted by state law for the purposes of acquiring or developing open space and recreational facilities, historic resources and affordable housing.

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.

School Trust Funds – This fund accounts for contributions earmarked for the support of the City's schools.

City Trust Funds – This fund accounts for all contributions including: gifts, donations and bequests for which only earnings on the original trust corpus may be expended to benefit government approved programs, other than those associated with school and cemetery activities.

Linkage Trust Funds – This fund accounts for contributions from developers earmarked for capital improvements to school facilities, public facilities, roads, affordable housing, child care facilities, job training facilities, public safety facilities and parks, playgrounds and other recreational facilities.

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2023

	Special Revenue Funds				
	City Federal Grants	School Federal Grants	City State Grants	School State Grants	Receipts Reserved for Appropriation
Assets:					
Cash and short-term investments	\$ 119,325	\$ -	\$ 1,606,105	\$ 361,654	\$ 1,861,288
Investments	-	-	-	-	-
Receivables, net of allowance for uncollectibles					
Property taxes	-	-	-	-	-
Departmental and other	-	-	-	-	-
Intergovernmental	-	1,655,088	818,697	301,311	-
Total Assets	<u>119,325</u>	<u>1,655,088</u>	<u>2,424,802</u>	<u>662,965</u>	<u>1,861,288</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 119,325</u>	<u>\$ 1,655,088</u>	<u>\$ 2,424,802</u>	<u>\$ 662,965</u>	<u>\$ 1,861,288</u>
Liabilities:					
Warrants and accounts payable	\$ 21,950	\$ 586,190	\$ 280,932	\$ 28,289	\$ -
Other liabilities	-	-	21,388	-	-
Due to other funds	-	551,488	-	-	-
Total Liabilities	<u>21,950</u>	<u>1,137,678</u>	<u>302,320</u>	<u>28,289</u>	<u>-</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	781,152	517,410	2,531,198	634,676	1,861,288
Unassigned	(683,777)	-	(408,716)	-	-
Total Fund Balances	<u>97,375</u>	<u>517,410</u>	<u>2,122,482</u>	<u>634,676</u>	<u>1,861,288</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 119,325</u>	<u>\$ 1,655,088</u>	<u>\$ 2,424,802</u>	<u>\$ 662,965</u>	<u>\$ 1,861,288</u>

City Revolving Funds	School Revolving Funds	Community Development Fund	City Gifts and Other Funds	School Gifts and Other Funds	Community Preservation Fund	Sub-total Special Revenue Funds
\$ 2,622,905	\$ 4,318,402	\$ -	\$ 727,581	\$ 170,496	\$ 6,787,884	\$ 18,575,640
-	-	-	-	-	-	-
-	-	-	-	-	64,484	64,484
54,369	-	-	-	-	-	54,369
-	1,383,232	1,052,686	-	181,647	-	5,392,661
2,677,274	5,701,634	1,052,686	727,581	352,143	6,852,368	24,087,154
-	-	-	-	-	-	-
<u>\$ 2,677,274</u>	<u>\$ 5,701,634</u>	<u>\$ 1,052,686</u>	<u>\$ 727,581</u>	<u>\$ 352,143</u>	<u>\$ 6,852,368</u>	<u>\$ 24,087,154</u>
\$ 62,076	\$ 23,281	\$ 14,209	\$ 3,633	\$ 6,539	\$ 7,041	\$ 1,034,140
-	-	-	-	-	-	21,388
-	-	1,037,680	-	-	-	1,589,168
62,076	23,281	1,051,889	3,633	6,539	7,041	2,644,696
-	-	-	-	-	64,484	64,484
-	-	-	-	-	64,484	64,484
-	-	-	-	-	-	-
3,177,451	5,678,353	797	723,948	345,604	6,780,843	23,032,720
(562,253)	-	-	-	-	-	(1,654,746)
2,615,198	5,678,353	797	723,948	345,604	6,780,843	21,377,974
<u>\$ 2,677,274</u>	<u>\$ 5,701,634</u>	<u>\$ 1,052,686</u>	<u>\$ 727,581</u>	<u>\$ 352,143</u>	<u>\$ 6,852,368</u>	<u>\$ 24,087,154</u>

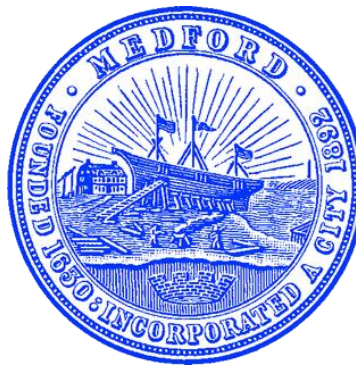
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NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2023

	Permanent Funds				Total
	School Trust Funds	City Trust Funds	Linkage Trust Funds	Sub-total Permanent Funds	Nonmajor Governmental Funds
Assets:					
Cash and short-term investments	\$ 98,189	\$ 281,808	\$ 91,390	\$ 471,387	\$ 19,047,027
Investments	239,559	634,129	535,487	1,409,175	1,409,175
Receivables, net of allowance for uncollectibles					
Property taxes	-	-	-	-	64,484
Departmental and other	-	-	-	-	54,369
Intergovernmental	-	-	-	-	5,392,661
Total Assets	337,748	915,937	626,877	1,880,562	25,967,716
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Inflows of Resources	\$ 337,748	\$ 915,937	\$ 626,877	\$ 1,880,562	\$ 25,967,716
Liabilities:					
Warrants and accounts payable	\$ -	\$ -	\$ 691	\$ 691	\$ 1,034,831
Other liabilities	-	-	-	-	21,388
Due to other funds	-	-	-	-	1,589,168
Total Liabilities	-	-	691	691	2,645,387
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	-	-	-	-	64,484
Total Deferred Inflows of Resources	-	-	-	-	64,484
Fund Balances:					
Nonspendable	50,250	315,581	-	365,831	365,831
Restricted	287,498	600,356	626,186	1,514,040	24,546,760
Unassigned	-	-	-	-	(1,654,746)
Total Fund Balances	337,748	915,937	626,186	1,879,871	23,257,845
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 337,748	\$ 915,937	\$ 626,877	\$ 1,880,562	\$ 25,967,716

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NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2023

	Special Revenue Funds				
	City Federal Grants	School Federal Grants	City State Grants	School State Grants	Receipts Reserved for Appropriation
Revenues:					
Real estate and personal property taxes, net	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	276,404	6,216,619	3,328,392	2,996,710	-
Departmental and other	-	-	-	-	212,830
Interest and investment income	-	-	-	-	-
Contributions and donations	-	-	-	-	-
Total Revenues	<u>276,404</u>	<u>6,216,619</u>	<u>3,328,392</u>	<u>2,996,710</u>	<u>212,830</u>
Expenditures:					
Current:					
General government	-	-	88,589	-	-
Public safety	11,359	-	625,403	-	-
Education	-	6,176,121	-	2,640,804	-
Public works	26,277	-	1,417,426	-	48,285
Health and human services	240,542	-	364,254	-	-
Culture and recreation	-	-	129,395	-	-
Debt service:					
Principal	-	-	-	-	-
Interest expense	-	-	-	-	-
Total Expenditures	<u>278,178</u>	<u>6,176,121</u>	<u>2,625,067</u>	<u>2,640,804</u>	<u>48,285</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,774)	40,498	703,325	355,906	164,545
Other Financing Sources (Uses):					
Transfers in	71,142	-	-	-	-
Transfers out	-	-	(32,910)	-	(118,750)
Total Other Financing Sources (Uses)	<u>71,142</u>	<u>-</u>	<u>(32,910)</u>	<u>-</u>	<u>(118,750)</u>
Net Change in Fund Balance	69,368	40,498	670,415	355,906	45,795
Fund Balances - Beginning of Year	<u>28,007</u>	<u>476,912</u>	<u>1,452,067</u>	<u>278,770</u>	<u>1,815,493</u>
Fund Balances - End of Year	<u>\$ 97,375</u>	<u>\$ 517,410</u>	<u>\$ 2,122,482</u>	<u>\$ 634,676</u>	<u>\$ 1,861,288</u>

City Revolving Funds	School Revolving Funds	Community Development Fund	City Gifts and Other Funds	School Gifts and Other Funds	Community Preservation Fund	Sub-total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,681,114	\$ 1,681,114
-	2,335,173	2,120,863	-	122,801	622,876	18,019,838
3,072,398	4,353,929	-	-	-	11,166	7,650,323
-	-	-	-	-	-	-
-	-	-	84,027	284,308	-	368,335
3,072,398	6,689,102	2,120,863	84,027	407,109	2,315,156	27,719,610
283,001	-	924,087	(24,713)	-	-	1,270,964
1,924,546	-	38,119	-	-	13,837	2,613,264
-	5,136,125	-	-	318,791	-	14,271,841
1,146,178	-	946,518	178,229	-	-	3,762,913
41,247	-	-	23,047	-	-	669,090
576,483	-	211,342	4,981	-	1,434,808	2,357,009
137,670	-	-	-	-	-	137,670
47,218	15,000	-	-	-	-	62,218
4,156,343	5,151,125	2,120,066	181,544	318,791	1,448,645	25,144,969
(1,083,945)	1,537,977	797	(97,517)	88,318	866,511	2,574,641
50,000	-	-	-	-	-	121,142
(135,247)	-	-	-	-	-	(286,907)
(85,247)	-	-	-	-	-	(165,765)
(1,169,192)	1,537,977	797	(97,517)	88,318	866,511	2,408,876
3,784,390	4,140,376	-	821,465	257,286	5,914,332	18,969,098
<u>\$ 2,615,198</u>	<u>\$ 5,678,353</u>	<u>\$ 797</u>	<u>\$ 723,948</u>	<u>\$ 345,604</u>	<u>\$ 6,780,843</u>	<u>\$ 21,377,974</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2023

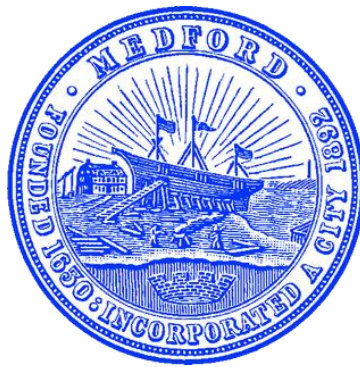
	Permanent Funds				Total
	School Trust Funds	City Trust Funds	Linkage Trust Funds	Sub-total Permanent Funds	Nonmajor Governmental Funds
Revenues:					
Real estate and personal property taxes, net	\$ -	\$ -	\$ -	\$ -	\$ 1,681,114
Intergovernmental	-	95,183	-	95,183	18,115,021
Departmental and other	-	-	59,304	59,304	7,709,627
Interest and investment income	53,563	101	-	53,664	53,664
Contributions and donations	-	51,898	-	51,898	420,233
Total Revenues	53,563	147,182	59,304	260,049	27,979,659
Expenditures:					
Current:					
General government	-	-	-	-	1,270,964
Public safety	-	70,972	-	70,972	2,684,236
Education	159	-	-	159	14,272,000
Public works	-	-	-	-	3,762,913
Health and human services	-	-	-	-	669,090
Culture and recreation	-	-	193,578	193,578	2,550,587
Debt service:					
Principal	-	-	-	-	137,670
Interest expense	-	-	-	-	62,218
Total Expenditures	159	70,972	193,578	264,709	25,409,678
Excess (Deficiency) of Revenues Over (Under) Expenditures	53,404	76,210	(134,274)	(4,660)	2,569,981
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	121,142
Transfers out	-	-	-	-	(286,907)
Total Other Financing Sources (Uses)	-	-	-	-	(165,765)
Net Change in Fund Balance	53,404	76,210	(134,274)	(4,660)	2,404,216
Fund Balances - Beginning of Year	284,344	839,727	760,460	1,884,531	20,853,629
Fund Balances - End of Year	\$ 337,748	\$ 915,937	\$ 626,186	\$ 1,879,871	\$ 23,257,845

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STATISTICAL SECTION



Above: Three new police cruisers for the fleet. Purchased with ARPA funds for approximately \$186,000, these along with three others purchased during the year are all hybrid vehicles.



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Statistical Section

This part of the annual comprehensive financial report presents 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; as well as 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 financial statements for the relevant year.

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2014	2015	2016	2017 (a)	2018 (b)	2019 (c)	2020	2021	2022	2023
Governmental activities:										
Net investment in capital assets.....	\$ 94,952,840	\$ 98,443,021	\$ 98,583,704	\$ 100,418,975	\$ 103,823,452	\$ 108,849,838	\$ 120,870,178	\$ 124,290,138	\$ 122,490,544	\$ 124,595,804
Restricted.....	13,232,535	14,326,107	15,229,107	28,701,026	25,455,004	25,803,076	24,859,117	26,503,076	32,298,911	34,745,674
Unrestricted.....	(37,310,966)	(127,146,082)	(133,774,849)	(135,296,804)	(287,848,094)	(293,644,466)	(322,021,371)	(342,892,249)	(335,033,859)	(337,859,152)
Total governmental activities net position.....	<u>\$ 70,874,409</u>	<u>\$ (14,376,954)</u>	<u>\$ (19,962,038)</u>	<u>\$ (6,176,803)</u>	<u>\$ (158,569,638)</u>	<u>\$ (158,991,552)</u>	<u>\$ (176,292,076)</u>	<u>\$ (192,099,035)</u>	<u>\$ (180,244,404)</u>	<u>\$ (178,517,674)</u>
Business-type activities:										
Net investment in capital assets.....	\$ 14,674,280	\$ 15,577,194	\$ 15,878,640	\$ 16,323,496	\$ 18,719,022	\$ 19,658,494	\$ 20,148,487	\$ 20,211,999	\$ 18,822,909	\$ 19,378,372
Unrestricted.....	9,642,220	1,836,915	7,526,080	10,501,992	(1,839,299)	(2,496,073)	(4,118,595)	(4,761,112)	(2,994,014)	(2,074,276)
Total business-type activities net position.....	<u>\$ 24,316,500</u>	<u>\$ 17,414,109</u>	<u>\$ 23,404,720</u>	<u>\$ 26,825,488</u>	<u>\$ 16,879,723</u>	<u>\$ 17,162,421</u>	<u>\$ 16,029,892</u>	<u>\$ 15,450,887</u>	<u>\$ 15,828,895</u>	<u>\$ 17,304,096</u>
Primary government:										
Net investment in capital assets.....	\$ 109,627,120	\$ 114,020,215	\$ 114,462,344	\$ 116,742,471	\$ 122,542,474	\$ 128,508,332	\$ 141,018,665	\$ 144,502,137	\$ 141,313,453	\$ 143,974,176
Restricted.....	13,232,535	14,326,107	15,229,107	28,701,026	25,455,004	25,803,076	24,859,117	26,503,076	32,298,911	34,745,674
Unrestricted.....	(27,668,746)	(125,309,167)	(126,248,769)	(124,794,812)	(289,687,393)	(296,140,539)	(326,139,966)	(347,653,361)	(338,027,873)	(339,933,428)
Total primary government net position.....	<u>\$ 95,190,909</u>	<u>\$ 3,037,155</u>	<u>\$ 3,442,682</u>	<u>\$ 20,648,685</u>	<u>\$ (141,689,915)</u>	<u>\$ (141,829,131)</u>	<u>\$ (160,262,184)</u>	<u>\$ (176,648,148)</u>	<u>\$ (164,415,509)</u>	<u>\$ (161,213,578)</u>

(a) Restricted governmental activities net position was restated for the debt principal receivable from MSBA and other smaller restatements.

(b) Unrestricted governmental and business-type activities were restated for the net OPEB liability.

(c) Certain amounts were reclassified between net investment in capital assets and unrestricted net position in business-type activities.

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses -										
Governmental activities:										
General government.....	\$ 5,302,877	\$ 6,488,042	\$ 11,386,467	\$ 10,804,224	\$ 10,827,647	\$ 12,329,611	\$ 13,704,065	\$ 18,180,381	\$ 14,807,091	\$ 14,248,244
Public safety.....	36,911,626	37,592,454	38,322,086	40,922,695	43,483,817	46,661,450	52,668,468	57,269,233	49,239,941	55,451,674
Education.....	93,732,291	89,768,795	101,843,528	103,063,652	108,570,091	112,707,072	125,890,022	129,085,966	122,109,447	130,496,321
Public works.....	12,921,890	13,485,264	13,268,797	15,189,045	15,807,191	16,581,326	17,950,596	18,045,164	20,075,397	20,879,569
Human services.....	1,431,612	1,859,470	2,031,177	1,696,867	2,232,228	2,583,100	3,136,132	3,787,310	3,216,664	3,378,609
Culture and recreation.....	2,275,152	2,182,160	2,014,120	2,931,906	2,787,964	3,440,583	4,442,726	4,257,954	4,709,702	5,969,725
Interest.....	1,999,720	2,559,197	2,091,196	1,728,553	1,640,747	1,458,388	2,060,162	2,114,761	1,996,241	2,003,454
Intergovernmental.....	7,990,900	8,127,171	-	-	-	-	-	-	-	-
Total government activities expenses.....	162,566,068	162,062,553	170,957,371	176,336,942	185,349,685	195,761,530	219,852,171	232,740,769	216,154,483	232,427,596
Business-type activities:										
Water and sewer operations.....	20,880,078	21,616,201	23,138,814	22,865,477	24,065,920	25,065,647	26,277,000	27,126,025	26,407,947	27,651,016
Total business-type activities expenses.....	20,880,078	21,616,201	23,138,814	22,865,477	24,065,920	25,065,647	26,277,000	27,126,025	26,407,947	27,651,016
Total primary government expenses.....	\$ 183,446,146	\$ 183,678,754	\$ 194,096,185	\$ 199,202,419	\$ 209,415,605	\$ 220,827,177	\$ 246,129,171	\$ 259,866,794	\$ 242,562,430	\$ 260,078,612
Program Revenues -										
Governmental activities:										
Charges for services:										
General government.....	\$ 1,145,325	\$ 2,400,455	\$ 1,959,373	\$ 1,837,313	\$ 2,303,830	\$ 3,046,285	\$ 4,246,693	\$ 3,703,180	\$ 4,787,122	\$ 4,121,737
Public safety.....	2,937,815	4,989,140	2,855,669	2,984,543	3,525,791	4,789,098	3,701,542	5,467,472	5,382,986	6,133,358
Education.....	4,317,570	3,046,803	4,123,661	4,524,278	4,272,429	4,520,195	3,122,810	1,352,076	4,171,497	4,353,929
Public works.....	627,764	910,561	951,140	854,234	999,256	1,014,017	901,288	946,778	904,506	1,092,267
Human services.....	137,885	171,268	186,788	229,339	209,457	186,411	169,869	257,771	356,515	517,739
Culture and recreation.....	232,708	291,749	353,201	273,702	295,774	863,183	352,212	376,472	431,240	719,524
Operating grants and contributions.....	35,666,158	30,312,244	31,940,822	36,803,180	35,646,118	36,660,262	39,754,083	49,587,692	52,407,493	54,474,094
Capital grants and contributions.....	186,815	5,239,725	4,794,539	1,208,013	6,889,062	5,877,616	7,730,868	6,870,382	6,889,544	2,490,025
Total government activities program revenues.....	45,252,040	47,361,945	47,165,193	48,714,602	54,141,717	56,957,067	59,979,365	68,561,823	75,330,903	73,902,673
Business-type activities:										
Charges for services.....	21,790,526	22,666,121	24,655,674	24,883,938	24,426,968	25,408,801	25,346,369	26,816,397	27,008,371	28,280,729
Capital grants and contributions.....	-	-	954,000	-	471,150	-	63,954	32,191	-	45,000
Total business-type activities program revenues.....	21,790,526	22,666,121	25,609,674	24,883,938	24,898,118	25,408,801	25,410,323	26,848,588	27,008,371	28,325,729
Total primary government program revenues.....	\$ 67,042,566	\$ 70,028,066	\$ 72,774,867	\$ 73,598,540	\$ 79,039,835	\$ 82,365,868	\$ 85,389,688	\$ 95,410,411	\$ 102,339,274	\$ 102,228,402
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (117,314,028)	\$ (114,700,608)	\$ (123,792,178)	\$ (127,622,340)	\$ (131,207,968)	\$ (138,804,463)	\$ (159,872,806)	\$ (164,178,946)	\$ (140,823,580)	\$ (158,524,923)
Business-type activities.....	910,448	1,049,920	2,470,860	2,018,461	832,198	343,154	(866,677)	(277,437)	600,424	674,713
Total primary government net (expense)/program revenue.....	\$ (116,403,580)	\$ (113,650,688)	\$ (121,321,318)	\$ (125,603,879)	\$ (130,375,770)	\$ (138,461,309)	\$ (160,739,483)	\$ (164,456,383)	\$ (140,223,156)	\$ (157,850,210)

(continued)

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues, Transfers and Other Changes in Net Position -										
Governmental activities:										
Real estate and personal property taxes,										
net of tax refunds payable.....	\$ 92,987,889	\$ 96,588,090	\$ 100,632,745	\$ 106,775,326	\$ 110,212,724	\$ 114,744,424	\$ 118,999,741	\$ 123,874,990	\$ 129,551,739	\$ 133,758,993
Motor vehicle and other excise taxes.....	6,691,398	7,454,835	7,845,104	8,665,658	8,669,911	9,084,237	8,769,289	7,973,685	8,881,741	9,570,297
Penalties and interest on taxes.....	1,611,838	1,483,048	1,698,277	1,000,424	933,928	692,283	467,890	642,725	860,712	788,360
Grants and contributions not restricted to specific programs.....	22,135,105	10,737,184	11,276,371	11,702,875	12,157,690	12,585,868	12,933,547	12,934,929	13,396,810	14,135,288
Unrestricted investment income (loss).....	1,222,950	567,677	557,700	906,729	835,226	1,166,882	1,116,361	2,575,150	(841,554)	2,476,565
Miscellaneous.....	570,266	121,295	113,730	-	-	-	-	-	-	-
Gain on sale of assets.....	-	-	-	-	-	-	-	-	599,619	-
Transfers.....	749,603	1,271,946	121,975	97,534	119,562	108,855	285,454	303,506	229,144	(477,850)
Total governmental activities.....	125,969,049	118,224,075	122,245,902	129,148,546	132,929,041	138,382,549	142,572,282	148,304,985	152,678,211	160,251,653
Business-type activities:										
Unrestricted investment income.....	-	1,611	4,047	8,456	55,155	48,399	19,602	1,938	6,728	322,638
Transfers.....	(749,603)	(1,271,946)	(121,975)	(97,534)	(119,562)	(108,855)	(285,454)	(303,506)	(229,144)	477,850
Total business-type activities.....	(749,603)	(1,270,335)	(117,928)	(89,078)	(64,407)	(60,456)	(265,852)	(301,568)	(222,416)	800,488
Total primary government general revenues, transfers and other										
changes in net position.....	\$ 125,219,446	\$ 116,953,740	\$ 122,127,974	\$ 129,059,468	\$ 132,864,634	\$ 138,322,093	\$ 142,306,430	\$ 148,003,417	\$ 152,455,795	\$ 161,052,141
Changes in Net Position										
Governmental activities.....	\$ 8,655,021	\$ 3,523,467	\$ (1,546,276)	\$ 1,526,206	\$ 1,721,073	\$ (421,914)	\$ (17,300,524)	\$ (15,873,961)	\$ 11,854,631	\$ 1,726,730
Business-type activities.....	160,845	(220,415)	2,352,932	1,929,383	767,791	282,698	(1,132,529)	(579,005)	378,008	1,475,201
Total primary government changes in net position.....	\$ 8,815,866	\$ 3,303,052	\$ 806,656	\$ 3,455,589	\$ 2,488,864	\$ (139,216)	\$ (18,433,053)	\$ (16,452,966)	\$ 12,232,639	\$ 3,201,931

(concluded)

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL 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:										
Assigned.....	\$ 1,363,043	\$ 1,472,725	\$ 743,299	\$ 1,168,654	\$ 939,252	\$ 276,400	\$ 5,972,849	\$ 1,012,324	\$ 594,516	\$ 837,487
Unassigned.....	8,664,653	9,502,058	10,939,911	11,940,233	11,656,412	14,550,692	10,800,518	18,776,145	30,293,919	39,261,218
Total general fund.....	<u>\$ 10,027,696</u>	<u>\$ 10,974,783</u>	<u>\$ 11,683,210</u>	<u>\$ 13,108,887</u>	<u>\$ 12,595,664</u>	<u>\$ 14,827,092</u>	<u>\$ 16,773,367</u>	<u>\$ 19,788,469</u>	<u>\$ 30,888,435</u>	<u>\$ 40,098,705</u>
All Other Governmental Funds:										
Nonspendable.....	4,271,360	4,369,510	4,223,795	4,400,430	4,450,010	4,482,890	4,524,490	4,524,490	4,524,490	4,524,490
Restricted.....	21,887,042	12,152,713	11,830,883	12,907,798	19,487,181	24,726,602	27,960,390	32,055,546	32,442,995	36,906,213
Committed.....	-	1,206,240	1,202,589	-	-	-	-	-	-	-
Unassigned.....	(1,482,653)	(870,466)	(796,263)	(1,770,538)	(2,595,501)	(4,842,792)	(1,557,906)	(1,671,939)	(2,254,945)	(2,171,839)
Total all other governmental funds.....	<u>\$ 24,675,749</u>	<u>\$ 16,857,997</u>	<u>\$ 16,461,004</u>	<u>\$ 15,537,690</u>	<u>\$ 21,341,690</u>	<u>\$ 24,366,700</u>	<u>\$ 30,926,974</u>	<u>\$ 34,908,097</u>	<u>\$ 34,712,540</u>	<u>\$ 39,258,864</u>

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 93,152,581	\$ 96,795,073	\$ 100,604,863	\$ 106,810,370	\$ 110,277,282	\$ 114,812,791	\$ 118,092,389	\$ 124,069,338	\$ 129,377,290	\$ 133,863,447
Motor vehicle and other excise taxes.....	6,777,690	7,352,602	8,110,524	8,354,578	8,582,319	8,804,595	8,616,434	8,497,913	8,365,927	9,746,382
Penalties and interest on taxes.....	1,611,838	1,483,048	1,698,277	1,000,424	933,928	692,283	467,890	642,725	860,712	788,360
Intergovernmental.....	57,603,412	43,914,883	46,924,102	50,348,400	56,144,528	56,633,042	61,723,972	69,328,924	67,689,953	70,679,174
Departmental and other.....	6,986,347	7,569,865	8,420,165	8,391,531	8,782,156	10,491,107	10,596,367	11,040,794	14,425,739	12,487,362
Licenses and permits.....	2,226,774	4,638,717	2,542,058	2,176,821	2,668,612	4,037,837	2,933,536	2,296,359	3,320,339	3,448,569
Fines and forfeitures.....	651,092	419,194	189,093	167,951	166,346	164,703	106,254	23,961	303,849	948,224
Contributions.....	489,784	1,677,765	552,091	1,865,092	1,193,835	997,280	447,106	1,843,228	3,002,605	420,233
Investment income (loss).....	1,044,264	388,984	379,061	906,028	831,804	1,155,575	1,114,540	2,574,605	(841,874)	2,466,778
Total Revenue.....	170,543,782	164,240,131	169,420,234	180,021,195	189,580,810	197,789,213	204,098,488	220,317,847	226,504,540	234,848,529
Expenditures:										
General government.....	4,696,001	4,620,226	5,872,735	5,248,315	5,102,166	5,957,434	6,602,546	11,110,593	8,343,925	7,129,386
Public safety.....	26,923,500	25,555,767	27,360,705	27,673,941	29,065,036	29,840,665	29,086,040	32,524,686	32,455,512	32,868,930
Education.....	55,838,659	61,624,835	63,459,576	64,736,666	66,761,440	67,229,479	68,329,598	68,602,068	77,813,066	82,964,838
Public works.....	11,498,795	11,019,295	10,902,256	11,728,294	11,985,278	13,027,314	13,420,721	13,559,363	15,757,051	16,528,850
Health and human services.....	1,065,135	995,622	1,628,075	1,046,084	1,534,972	1,756,582	2,037,279	2,742,804	2,444,557	2,358,945
Culture and recreation.....	1,503,810	1,200,076	1,272,434	1,982,610	1,732,703	2,376,641	3,010,038	2,785,754	3,043,960	3,620,141
State and county charges.....	7,990,901	8,127,171	8,475,699	8,655,301	9,174,557	10,286,228	11,310,808	12,621,086	12,300,600	12,072,425
Pension and fringe benefits.....	42,158,732	35,860,999	40,266,173	44,820,084	46,201,137	46,603,441	51,433,586	55,487,576	47,114,148	50,797,875
Capital outlay.....	24,435,000	17,830,000	3,240,000	4,842,346	5,875,213	11,715,308	30,456,405	22,118,772	13,750,942	6,236,762
Debt service:										
Principal.....	4,675,000	4,833,000	4,637,000	4,830,000	5,125,000	5,290,000	5,853,000	6,125,000	3,473,249	3,771,662
Interest.....	1,838,683	2,440,751	2,154,325	1,964,146	1,852,093	1,596,538	1,600,832	2,505,849	2,531,884	2,264,271
Total Expenditures.....	182,624,216	174,107,742	169,268,978	177,527,787	184,409,595	195,679,630	223,140,853	230,183,551	219,028,894	220,614,085
Excess of revenues over (under) expenditures.....	(12,080,434)	(9,867,611)	151,256	2,493,408	5,171,215	2,109,583	(19,042,365)	(9,865,704)	7,475,646	14,234,444
Other Financing Sources (Uses):										
Issuance of bonds and notes.....	20,963,000	1,467,000	-	-	-	3,038,000	26,037,050	14,822,950	-	-
Issuance of direct financing.....	-	-	-	-	-	-	-	-	2,600,000	-
Proceeds from capital lease.....	1,302,000	258,000	439,335	-	-	-	-	-	-	-
Premiums from issuance of bonds and notes.....	-	-	-	-	-	-	1,226,410	1,668,471	-	-
Sale of capital assets.....	-	-	-	-	-	-	-	-	599,619	-
Transfers in.....	3,021,989	3,118,105	1,634,282	1,297,912	2,932,609	4,394,301	1,716,341	856,255	578,773	3,732,590
Transfers out.....	(2,272,386)	(1,846,159)	(1,512,307)	(1,200,378)	(2,813,047)	(4,285,446)	(1,430,887)	(552,749)	(349,629)	(4,210,440)
Total other financing sources (uses).....	23,014,603	2,996,946	561,310	97,534	119,562	3,146,855	27,548,914	16,794,927	3,428,763	(477,850)
Net change in fund balance.....	\$ 10,934,169	\$ (6,870,665)	\$ 712,566	\$ 2,590,942	\$ 5,290,777	\$ 5,256,438	\$ 8,506,549	\$ 6,929,223	\$ 10,904,409	\$ 13,756,594
Debt service as a percentage of noncapital expenditures.....	4.12%	4.65%	4.09%	3.93%	3.91%	3.74%	3.87%	4.15%	2.93%	2.82%

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY CLASSIFICATION AND TAX RATES

LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value					Total City Value	State Equalized Value	Ratio of Assessed to Equalized Value	Tax Rates		
	Residential Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value				Residential Tax Rate	Commercial Tax Rate	Average Tax Rate
2014	\$ 5,930,338,991	\$ 632,697,209	\$ 92,874,000	\$ 122,328,860	\$ 847,900,069	\$ 6,778,239,060	\$ 7,098,761,300	95.48%	\$ 12.36	\$ 24.39	\$ 13.55
2015	6,534,408,440	654,943,460	97,461,000	125,684,630	878,089,090	7,412,497,530	7,325,080,700	101.19%	11.70	22.77	13.01
2016	7,113,829,540	737,790,960	98,416,800	135,531,970	971,739,730	8,085,569,270	7,325,080,700	110.38%	11.19	21.82	12.47
2017	7,958,487,445	775,397,455	103,413,100	147,677,450	1,026,488,005	8,984,975,450	8,962,552,200	100.25%	10.56	20.46	11.69
2018	8,623,196,642	807,672,258	105,231,500	157,260,430	1,070,164,188	9,693,360,830	8,962,552,200	108.15%	10.24	19.76	11.29
2019	9,661,238,326	858,343,674	111,967,400	170,342,310	1,140,653,384	10,801,891,710	10,557,928,900	102.31%	9.60	18.43	10.53
2020	10,541,615,485	905,169,415	118,175,100	187,406,590	1,210,751,105	11,752,366,590	10,557,928,900	111.31%	9.18	17.57	10.04
2021	10,665,994,170	916,724,973	122,944,200	210,787,400	1,250,456,573	11,916,450,743	12,501,964,700	95.32%	9.41	18.05	10.32
2022	11,690,697,675	964,578,525	132,454,200	230,424,230	1,327,456,955	13,018,154,630	12,501,964,700	104.13%	9.01	17.23	9.85
2023	12,518,031,403	1,047,977,797	141,839,500	240,804,280	1,430,621,577	13,948,652,980	13,888,346,300	100.43%	8.65	16.56	9.46

Source: Official Statements, State Division of Local Services

Note: All property in the Commonwealth of Massachusetts is assessed at 100% of full and fair cash value. The State estimates this "equalized valuation" for all municipalities every two years. 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% 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%, subject to an exception for property added to the tax rolls and for certain valuation increases. This secondary limit may be exceeded in any fiscal year by majority approval of the voters, however, it cannot exceed the primary limitation.

PRINCIPAL TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Nature of Business	2024			2014		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
CH Realty VIII - THC MF Boston Mystic	Apartments/Retail Stores	\$ 163,199,600	1	1.17%			
Station Landing LLC	Apartments/Retail Stores	148,914,500	2	1.07%	\$ 83,431,600	1	1.23%
MCREF Medford Development LLC	Office	117,971,300	3	0.85%			
Mystic Place, LLC	Apartments	103,801,700	4	0.74%	50,713,600	2	0.75%
Boston Gas Company	Utility	82,008,980	5	0.59%	24,078,150	7	
Meadow Glen LLC	Retail Stores	81,320,600	6	0.58%			
One Cabot Owner LLC	Office	77,061,600	7	0.55%			
Guardian Lumiere LLC	Apartments	70,000,000	8	0.50%			
Massachusetts Electric Company	Utility	65,614,080	9	0.47%			
Simmons Properties LLC	Office	45,879,100	10	0.33%	19,084,200	9	0.28%
VEF VI, LLC	Commercial Office				41,539,200	3	0.61%
Station Landing V LLC	Apartments/Retail Stores				33,735,400	4	0.50%
National Grid	Utility				30,681,190	5	0.45%
MIREF Wellington LLC	Apartments				27,030,400	6	0.40%
BNYH Medford LLC	Warehouse/Distributor				23,818,400	8	0.35%
Medford Assoc LTD Partnership	Retail Stores				18,634,900	10	0.27%
		<u>\$ 955,771,460</u>		<u>6.85%</u>	<u>\$ 352,747,040</u>		<u>4.85%</u>

Source: Official Statements

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Levy			Collections				Percent of Total Tax Collections to Net Tax Levy
	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	
2014	\$ 93,004,733	\$ 700,001	\$ 92,304,732	\$ 91,326,663	98.94%	\$ 818,393	\$ 92,145,056	99.83%
2015	96,446,667	745,895	95,700,772	94,099,676	98.33%	812,104	94,911,780	99.18%
2016	100,828,933	574,608	100,254,325	99,114,217	98.86%	805,890	99,920,107	99.67%
2017	105,043,572	631,486	104,412,086	103,415,981	99.05%	621,113	104,037,094	99.64%
2018	109,477,978	691,372	108,786,606	107,813,083	99.11%	741,001	108,554,084	99.79%
2019	113,770,130	893,684	112,876,446	112,087,264	99.30%	789,182	112,876,446	100.00%
2020	118,044,927	558,699	117,486,228	115,472,772	98.29%	1,756,844	117,229,616	99.78%
2021	122,937,746	1,584,949	121,352,797	120,962,603	99.68%	377,761	121,340,364	99.99%
2022	128,205,269	1,942,494	126,262,775	123,159,437	97.54%	640,696	123,800,133	98.05%
2023	131,972,065	577,863	131,394,202	130,352,871	99.21%	-	130,352,871	99.21%

Source: Accounting Records

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities		Business-Type Activities		Total Outstanding Debt	Personal Income	Percentage of Personal Income	U.S. Census Population	Debt Per Capita
	General Obligation Bonds (1)	Capital Financing	General Obligation Bonds (1)	Direct Placements					
2014	\$ 61,899,000		\$ 1,385,000	\$ 2,992,764	\$ 66,276,764	\$ 1,944,428,395	3.41%	56,173	\$ 1,180
2015	58,355,000		925,000	2,563,180	61,843,180	1,944,428,395	3.18%	56,173	1,101
2016	53,540,000		880,000	3,396,833	57,816,833	1,944,428,395	2.97%	56,173	1,029
2017	48,532,000		835,000	2,831,285	52,198,285	1,944,428,395	2.68%	56,173	929
2018	43,229,000		790,000	4,916,588	48,935,588	1,944,428,395	2.52%	56,173	871
2019	40,799,000		1,082,000	4,028,370	45,909,370	1,944,428,395	2.36%	56,173	817
2020	62,031,460		1,035,000	3,140,153	66,206,613	3,110,202,647	2.13%	59,659	1,110
2021	72,108,691		980,000	2,251,935	75,340,626	3,110,202,647	2.42%	59,659	1,263
2022	68,600,647	2,346,751	920,000	2,818,918	74,686,316	3,110,202,647	2.40%	59,659	1,252
2023	64,860,607	2,105,089	860,000	9,937,300	77,762,996	3,110,202,647	2.50%	59,659	1,303

Source: U. S. Census, State Division of Local Services

(1) Presented net of original issuance discounts and premiums.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available (2)	Total	Assessed Value	Percentage of Assessed Value	U.S Census Population	Debt Per Capita
2014	\$ 63,284,000	\$ (20,922,316)	\$ 42,361,684	\$ 6,778,239,060	0.62%	56,173	\$ 754
2015	59,280,000	(18,691,795)	40,588,205	7,412,497,530	0.55%	56,173	723
2016	54,420,000	(16,360,900)	38,059,100	8,085,569,270	0.47%	56,173	678
2017	49,367,000	(13,925,116)	35,441,884	8,984,975,450	0.39%	56,173	631
2018	44,019,000	(11,379,721)	32,639,279	9,693,360,830	0.34%	56,173	581
2019	41,881,000	(8,719,784)	33,161,216	10,801,891,710	0.31%	56,173	590
2020	63,066,460	(5,940,149)	57,126,311	11,752,366,590	0.49%	59,659	958
2021	73,088,691	(3,035,431)	70,053,260	11,916,450,743	0.59%	59,659	1,174
2022	69,520,647	-	69,520,647	13,018,154,630	0.53%	59,659	1,165
2023	65,720,607	-	65,720,607	13,948,652,980	0.47%	59,659	1,102

Source: U. S. Census, State Division of Local Services

(1) General obligation bonds consist of debt of both governmental and business-type activities, net of original issuance discounts and premiums.

(2) These are restricted resources from the Massachusetts School Building Authority for debt principal on school construction.

COMPUTATION OF LEGAL DEBT MARGIN

LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Equalized Valuation.....	\$ 7,098,761,000	\$ 7,325,081,000	\$ 7,325,081,000	\$ 8,962,552,000	\$ 8,962,552,000	\$ 10,557,928,900	\$ 10,557,928,900	\$ 12,501,964,700	\$ 12,501,964,700	\$ 13,888,346,300
Debt Limit.....	354,938,050	366,254,050	366,254,050	448,127,600	448,127,600	527,896,445	527,896,445	625,098,235	625,098,235	694,417,315
Outstanding general obligation bonds and direct placements.....	66,276,764	61,843,180	57,816,833	52,198,285	48,935,588	45,909,370	66,206,613	75,340,626	72,190,669	75,477,389
Authorized and unissued debt.....	9,500,000	10,500,000	15,500,000	10,500,000	3,666,966	62,586,583	30,000,683	13,610,014	14,860,014	16,360,014
Debt not applicable to debt limit.....	(32,340,764)	(29,739,180)	(26,440,833)	(22,963,485)	(21,306,137)	(17,116,090)	(12,616,443)	(7,921,595)	(8,213,748)	(15,047,300)
Legal debt margin.....	<u>\$ 311,502,050</u>	<u>\$ 323,650,050</u>	<u>\$ 319,378,050</u>	<u>\$ 408,392,800</u>	<u>\$ 416,831,183</u>	<u>\$ 436,516,582</u>	<u>\$ 444,305,592</u>	<u>\$ 544,069,190</u>	<u>\$ 546,261,300</u>	<u>\$ 617,627,212</u>
Total debt applicable to the limit as a percentage of debt limit.....	12.24%	11.63%	12.80%	8.87%	6.98%	17.31%	15.83%	12.96%	12.61%	11.06%

Source: State Division of Local Services, Accounting Records

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2023

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Massachusetts Bay Transportation Authority (MBTA).....	\$ 5,546,685,000	2.398%	<u>\$ 133,009,506</u>
Subtotal, overlapping debt.....			133,009,506
City direct debt.....			<u>64,860,607</u>
Total direct and overlapping debt.....			<u><u>\$ 197,870,113</u></u>

Source: Official Statements, Accounting Records

Note: The estimated percentage applicable is determined based on the City's weighted percentage of the total population of the authority as provided in its enabling act.

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2014	56,173	\$ 1,944,428,395	\$ 34,615	36.7	4,590	4.80%
2015	56,173	1,944,428,395	34,615	36.7	4,514	3.90%
2016	56,173	1,944,428,395	34,615	36.7	4,437	3.30%
2017	56,173	1,944,428,395	34,615	36.7	4,487	3.10%
2018	56,173	1,944,428,395	34,615	36.7	4,341	2.10%
2019	56,173	1,944,428,395	34,615	36.7	4,204	2.00%
2020	59,659	3,110,202,647	52,133	36.7	3,976	7.90%
2021	59,659	3,110,202,647	52,133	36.7	3,875	4.70%
2022	59,659	3,110,202,647	52,133	36.7	4,024	3.10%
2023	59,659	3,110,202,647	52,133	36.7	4,166	3.00%

N/A - Information not available at the current time.

Source: U. S. Census, Division of Local Services, Massachusetts
 Department of Elementary and Secondary Education.
 Median age is based on most recent census data.

PRINCIPAL EMPLOYERS (EXCLUDING CITY)

CURRENT YEAR AND NINE YEARS AGO

Employer	Nature of Business	2023			2014		
		Approximate Number of Employees	Rank	Percentage of Total City Employment	Approximate Number of Employees	Rank	Percentage of Total City Employment
Tufts University	* Educational Institution	2,889	1	14.48%	1,819	2	10.25%
Wegman's	Retail Grocery	350	2	1.75%			
InkBit	Research and Development	355	3	1.78%			
Cross Country Group	** Business	250	4	1.25%			
Lifetime Brands	Home Furnishings	250	5	1.25%			
Stop and Shop	Retail Grocery	250	6	1.25%	212	7	1.19%
Bond Brothers Inc	Management Services	240	7	1.20%			
Management Sciences for Health	Health and Allied Services	190	8	0.95%			
The Elizabeth Grady Company	Educational Institution	179	9	0.90%			
Cambridge Systematics, Inc.	Management Services	154	10	0.77%			
Station's Landing	Retail Stores/Office				460	3	2.59%
Lawrence Memorial Hospital	Health Services				3,250	1	18.31%
Meadow Glen Mall	50 Retail Stores & Office				310	4	1.75%
Century Bank	Financial Services				302	5	1.70%
Harvard Vanguard	Health Services				240	6	1.35%
Citizens Bank	Financial Services				195	8	1.10%
Massachusetts Services in Health	Health Care Services				185	9	1.04%
Whole Foods	Retail Grocery				156	10	0.88%

Source: Official Statements

* = Tufts employs a total of 4,966 employees of which 2,889 are located in Medford.

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government.....	89	64	85	85	88	53	40	49	41	36
Public safety.....	287	287	301	305	302	239	265	235	276	238
Education.....(1)	979	833	947	805	968	892	772	1,035	1,010	1,050
Public works.....	63	66	81	69	70	35	45	45	43	45
Health and human services.....	34	29	31	34	34	19	12	13	15	17
Culture and recreation.....	78	76	81	89	89	28	32	24	26	23
Sub-total	1,530	1,355	1,526	1,387	1,551	1,266	1,166	1,401	1,411	1,409
Water and sewer.....	31	20	24	19	21	21	18	12	17	13
Total City employees.....	<u>1,561</u>	<u>1,375</u>	<u>1,550</u>	<u>1,406</u>	<u>1,572</u>	<u>1,287</u>	<u>1,184</u>	<u>1,413</u>	<u>1,428</u>	<u>1,422</u>

Source: City personnel records

(1) = 2021, 2022 and 2023 data includes full time and part time employees

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government:										
City Clerk										
Registered voters.....	25,415	27,857	34,996	38,112	39,114	39,134	41,732	41,837	41,495	40,861
Public Safety:										
Police										
Criminal offenses										
Homicide.....	-	1	-	-	-	-	-	-	1	2
Rape.....	5	6	2	6	5	8	4	10	8	18
Robbery.....	242	24	21	13	19	12	20	18	13	10
Aggravated assault.....	73	72	67	65	68	94	71	68	72	105
Burglary.....	99	115	89	119	108	82	40	49	52	55
Larceny.....	695	599	555	515	556	483	438	438	457	561
Motor vehicle theft.....	78	69	45	52	55	50	37	45	61	94
Arson.....	2	-	-	1	1	-	2	2	2	-
Total criminal offenses.....	1,194	886	779	771	812	729	612	630	666	845
Adult arrests.....	488	452	359	343	385	445	243	249	272	392
Juvenile arrests.....	22	12	3	8	8	3	5	8	7	13
Incident reports.....	3,345	2,972	2,849	2,755	2,859	2,902	4,955	4,771	4,700	5,476
Citations issued.....	2,022	2,207	2,292	1,626	2,042	1,343	1,198	859	853	1,167
Fire										
Incidents										
Fires.....	251	305	249	252	244	210	283	240	226	269
Non-fire incidents.....	9,025	9,244	9,292	9,428	9,448	9,574	10,849	11,314	11,770	12,309
Total fire calls.....	9,276	9,549	9,541	9,680	9,692	9,784	11,132	11,554	11,996	12,578
Inspectional Services										
Number of Building permits	1,572	1,903	1,887	4,423	1,362	1,771	1,843	2,189	1,989	1,985
Estimated dollar value of new construction	74,637,031	255,480,990 (a)	101,036,167	87,908,119	84,004,986	193,548,693	157,734,684	116,787,300	195,332,712	147,700,301
Education:										
Number of students.....	4,590	4,514	4,437	4,487	4,341	4,204	3,976	3,875	4,024	4,166
Public Works:										
Highway										
Roads paved (miles).....	1.698	3.827	1.378	0.714	1.540	0.460	2.650	1.500	1.300	1.580
Water										
Water mains replaced (miles).....	2.327	-	0.256	-	1.250	1.470	0.061	-	0.390	0.340
Sewer										
Sanitary sewers replaced (miles).....	0.065	0.289	0.236	0.206	0.680	1.220	-	-	0.380	0.190
Health and Human Services:										
Board of Health										
Permits issued										
Food permits.....	411	429	519	511	218	435	394	440	426	459
Other.....	950	1,106	1,184	1,833	1,114	885	671	1,364	1,339	1,582
Total permits.....	1,361	1,535	1,703	2,344	1,332	1,320	1,065	1,804	1,765	2,041
Culture and Recreation:										
Libraries										
Circulation.....	292,114	283,848	291,270	300,790	314,162	332,423	218,826	218,826	363,457	485,429
Holdings.....	191,191	199,040	209,369	225,837	233,379	214,882	222,225	161,239	246,307	274,668
Number of visits.....	N/A	N/A	N/A	168,233	196,747	193,583	51,220	46,875	70,288	202,067

N/A - Information not available at the current time.
Source: Various City Departments and State websites.

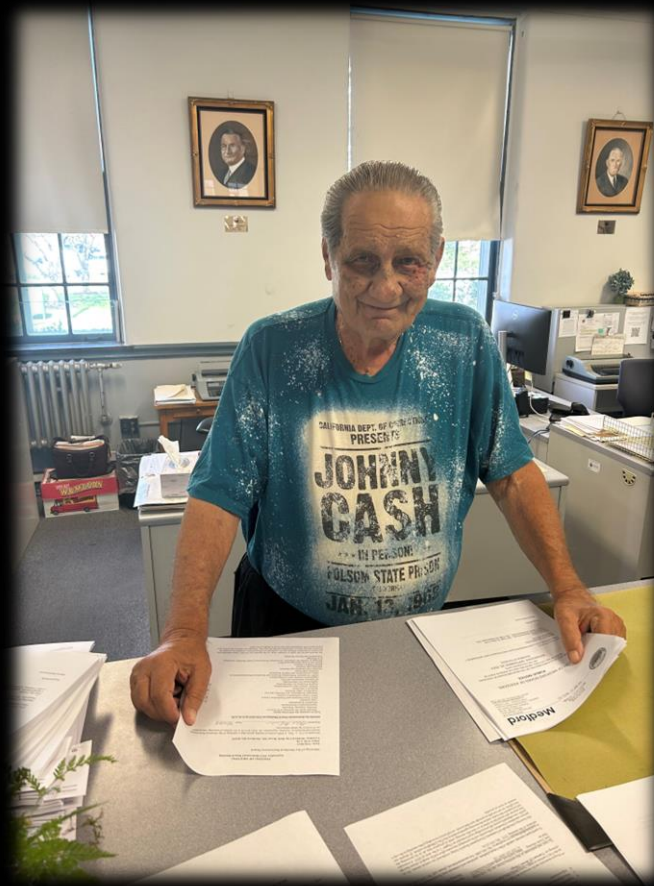
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government:										
Number of buildings.....	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	6	6	6	6	6	6	6	6	6	6
Education:										
Number of grade Pre-K to 8 schools.....	7	7	7	7	7	7	7	7	7	7
Number of middle schools.....	2	2	2	2	2	2	2	2	2	2
Number of high schools.....	2	2	2	2	2	2	2	2	2	2
Public Works:										
Number of facility yards.....	1	1	1	1	1	1	1	1	1	1
Road miles.....	115.36	115.36	115.36	115.36	115.36	115.36	115.36	115.36	115.36	115.36
Water main lines (miles).....	135	135	135	135	135	135	135	135	135	135
Sewer main lines (miles).....	119	119	119	119	119	119	119	119	119	119
Number of cemeteries.....	2	2	2	2	2	2	2	2	2	2
Culture and Recreation:										
Number of libraries.....	1	1	1	1	1	1	1	1	1	1
Number of senior centers.....	1	1	1	1	1	1	1	1	1	1
Number of public parks.....	26	26	26	27	28	28	28	28	28	28

Source: Various City Departments and State websites.

DEDICATION



Lawrence M. "Larry" Lepore

September 25, 1946 – October 14, 2024

Larry was an Army veteran who lived and breathed Medford. He was a fixture at City Hall and loved his job as City Messenger which he held for roughly 35 years. He had a deep admiration for the City Council and his colleagues in the Clerk's Office. He was a calming, steady presence at Council meetings, and he provided wise counsel to anyone who sought his advice. In addition to his service as City Messenger, Larry also spent nearly 29 years as an employee of the Medford Housing Authority, retiring from his position in 2002.



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