

# **City of Chelsea, Massachusetts Annual Comprehensive Financial Report**



**For the Fiscal Year  
July 1, 2021 - June 30, 2022**

**On the cover:** The recently restored clock tower and gold dome atop Chelsea City Hall, a beacon of the City's resiliency and strength.

The City of Chelsea endured through the challenges of the COVID19 pandemic. The City rallied together with residents and community organizations to launch innovative programs providing crucial support to the community while also continuing to deliver municipal services.

Note the Tobin Bridge in the background providing direct access to the City of Boston, which is approximately 2 miles from Chelsea.

# **CITY OF CHELSEA, MASSACHUSETTS**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2022

Ned Keefe, Acting City Manager



*Prepared by the Finance Division*



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**CITY OF CHELSEA, MASSACHUSETTS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
YEAR ENDED JUNE 30, 2022**

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# INTRODUCTORY SECTION



Moored boats at the Admiral's Hill Marina along the Mystic River.





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CITY OF CHELSEA, MA  
Office of the City Manager

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**Ned Keefe**

Acting City Manager

City Hall, Broadway, Room 302 · Chelsea, MA 02150

Office: (617)466-4100 · Email: [nkeefe@chelseama.gov](mailto:nkeefe@chelseama.gov)

April 19, 2023

Dear Councilors:

I am pleased to submit the City of Chelsea's *Annual Comprehensive Financial Report* for the fiscal year ended June 30, 2022. This letter of transmittal, and management's discussion and analysis as located in the financial section of the Annual Comprehensive Financial Report, provides a comprehensive financial overview of the City.

The Annual Comprehensive Financial 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 this report. To provide a reasonable basis for the representations about the City's finances contained in the Annual Comprehensive Financial Report, the City has established a comprehensive internal control framework that is 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 generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City of Chelsea'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.

Pursuant to the City Charter, as particularly found in Section 5-6, and the instituted management practices of City government that the City Council has helped to implement over the years, a primary focus of the City continues to be an adherence to all Charter mandates and applicable ordinances, laws and practices. This Annual Comprehensive Financial Report meets and exceeds these legal requirements and presents itself as an informative resource for all those interested in the financial workings of the municipality.

Generally accepted accounting principles ("GAAP") require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the City's independent auditor. The remainder of this transmittal letter highlights concepts important to the administration of the City's financial processes.

## **REPORTING ENTITY AND SERVICES PROVIDED**

The basic financial statements present all of the financial information of the City (the primary government) and its component units as required by accounting principles generally accepted in the United States of America. Component units are included in the City's basic financial statements because of the nature and/or significance of their relationship with the City. The inclusion of such component units within the reporting entity does not affect their legal standing.

The City has included the Chelsea Contributory Retirement System (System) as a component unit (blended) in the basic financial statements. The financial statements of the System are presented for the year ended December 31, 2021, which represents the fiscal reporting period for the Commonwealth of Massachusetts' Public Employee Retirement Administration Commission.

## **PROFILE OF THE CITY**

The City of Chelsea, Massachusetts is located in Suffolk County directly across the Mystic River from the City of Boston. The City was first settled in 1624, established itself as a Town in 1739 and was incorporated as a City in 1857. The City has an estimated population of approximately 40,000 and occupies a land area of 1.8 square miles. It is one of the most densely populated municipalities in the Commonwealth.

The City provides a full range of traditional municipal services for the territory within its boundaries, including police and fire protection, trash collection and disposal, public education (pre-kindergarten through grade twelve), water and sewer services, parks and recreation, health and social services, libraries/culture and maintenance of streets and highways. The Massachusetts Bay Transportation Authority provides commuter rail service and bus coverage throughout the City with connections to the metropolitan Boston area. The Massachusetts Department of Conservation & Recreation maintains certain parks and highways. The Massachusetts Water Resource Authority provides water and sewerage disposal services to the City.

In August of 1995, the City implemented a new City Charter. The Charter mandated the Council-Manager form of government, which replaced the Mayor-Alderman form of government. The Charter establishes an eleven-member City Council, eight members of which are elected by district and three of which are elected at-large. The School Committee consists of nine members; 8 are elected by district and one is elected at-large. The terms of councilors and school committee members are for two years. There are no other elected bodies. The City Manager is selected by the City Council. The City Manager is the chief executive of the City and is responsible for the day-to-day administration of City affairs. The Charter grants the City Manager strong executive and administrative powers.

The Charter requires the implementation of a coordinated budget process. The Council and School Committee share responsibility and coordinate their activities. In addition, the Charter requires the City to implement and undertake annual processes for capital planning, long-term financial forecasting and an open operating budget development process. The City has successfully implemented all the financial mandates required by the Charter.

## **ECONOMIC CONDITIONS**

Economic conditions in Chelsea, similar to those in the entire nation, have been adversely impacted by COVID-19. The reduction in business travel in particular has led to revenue losses in hotel and motel room tax, meals tax and motor vehicle excise tax, and from which the recovery has been gradual and trending upward. These began in the last quarter of fiscal year 2020 and continue into fiscal year 2023.

Thankfully, Chelsea had previously taken preemptive steps to minimize the impact of the kind of economic downturn caused by COVID-19. Due to conservative fiscal management over the past decade, Chelsea created healthy reserves. This allowed the City, not only to balance its budget for fiscal year 2023, but also to address the myriad of social impacts caused by the pandemic's disproportionate impact in this majority-minority community. In addition, Federal COVID-related financial relief, particularly the

American Rescue Plan Act funds, has provided the City with substantial financial resources to address pandemic-related needs in the City.

Despite the pandemic, Chelsea's economic development potential, and its ability to restore surpluses and robust reserves, remains extremely positive due to three major assets: proximity to the Airport; proximity to Downtown Boston; and a robust public transportation network. These attributes continue to make Chelsea an incredibly attractive community for both residential and commercial development. Accordingly, we anticipate a strong economic rebound from the pandemic.

## LONG TERM FINANCIAL PLAN

Years ago, the City implemented 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 and expenditure projections.

<b>Five Year Financial Projection</b>					
Revenues	Fiscal Year Ended June 30				
	2023	2024	2025	2026	2027
Taxes (RE, PP, MVE, Hotel, Meals, PILOT etc.)	\$ 83,381,454	\$ 86,423,491	\$ 89,541,578	\$ 92,737,617	\$ 96,013,558
Charges for services	2,535,000	2,707,800	2,894,424	3,095,978	3,313,656
Licenses and Permits	1,831,250	1,863,281	1,896,113	1,929,766	1,964,260
Fines and Forfeits	2,137,500	2,175,938	2,215,336	2,255,719	2,297,112
Intergovernmental	118,326,209	120,557,442	122,832,605	125,152,566	127,518,209
Federal	975,000	975,000	975,000	975,000	975,000
Interfund transfers	2,468,217	2,528,574	2,590,741	2,654,773	2,720,726
Miscellaneous	690,000	690,000	690,000	690,000	690,000
<b>Total revenues</b>	<b>\$ 212,344,630</b>	<b>\$ 217,921,526</b>	<b>\$ 223,635,798</b>	<b>\$ 229,491,419</b>	<b>\$ 235,492,522</b>
Expenditures					
General government	7,319,186	7,634,399	7,963,412	8,306,839	8,665,320
Public safety	28,530,411	29,631,974	30,776,609	31,966,013	33,201,951
Education	119,542,287	122,530,844	126,294,116	130,251,450	133,507,737
Public works	8,593,612	9,056,654	9,545,485	10,061,576	10,606,484
Health and human services	2,881,287	3,010,331	3,145,230	3,286,254	3,433,683
Debt service	2,490,094	2,347,021	2,421,214	3,366,309	3,951,034
Employee benefits	18,790,950	19,990,071	21,002,478	22,066,362	22,890,349
Other	24,196,803	24,862,098	25,441,526	26,035,439	26,644,200
<b>Total expenditures</b>	<b>\$ 212,344,630</b>	<b>\$ 219,063,392</b>	<b>\$ 226,590,070</b>	<b>\$ 235,340,242</b>	<b>\$ 242,900,757</b>
Surplus (deficit)	\$ -	\$ (1,141,866)	\$ (2,954,273)	\$ (5,848,823)	\$ (7,408,235)

The above forecasts are fluid and are revised as information becomes more reflective of imminent situations. Historically, the City's actual revenues have outpaced forecasted revenues, and through aggressive budget management, actual expenditures are typically favorable when compared to budget. These favorable operating results have eliminated deficits identified in forecasts in almost all situations and this is anticipated to continue. In the unlikely event this does not prevail, the City has sufficient unassigned fund balance to subsidize any possible deficits for multiple years.

## **RISK MANAGEMENT**

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 all of which the City carries commercial insurance.

The City participates in a self-insured, group health care plan for its active and retired employees. The City is also self-insured for its workers' compensation activities. These activities are accounted for in the internal service fund, where revenues are recorded when earned and expenses are recorded when the liability is incurred.

## **CAPITAL FINANCING AND DEBT MANAGEMENT**

The City's debt burden is relatively low in relation to other communities. Outstanding long-term debt (related to governmental funds) as of June 30, 2022, totaled \$18,501,652, of which \$9,560,714 relates to school remodeling projects and \$50,000 relates to urban renewal, leaving a balance of \$8,890,938 in CIP projects.

Since fiscal year 1997, the City had funded a portion of its CIP on a "pay-as-you-go" basis out of current revenues (\$437,500 for FY22). In order to maintain this type of funding, even in difficult economic conditions, various Stabilization Funds have been established and, as of June 30, 2022, these funds totaled \$17,153,270.

## **CASH MANAGEMENT**

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

In Chelsea, idle cash is invested. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The City does not require collateral for its certificates of deposit, money market accounts, checking or savings accounts when dealing with major banking institutions in the Boston area. However, City officials reserve the right to require collateral when it is in the best interest of the City to do so. At June 30, 2022, general fund cash and cash equivalents totaled \$48,244,398.

## **INDEPENDENT AUDIT**

The City's financial records, books of accounts and financial transactions are audited each fiscal year by an independent firm of certified public accountants. The independent public accounting firm of Roselli, Clark & Associates performed the City's annual audit for the fiscal year ended June 30, 2022. The independent auditors' report on the basic financial statements, for the fiscal year ended June 30, 2022, is included herein and contains an unmodified opinion.

## **CERTIFICATES, AFFILIATIONS AND AWARDS**

For the twenty fourth straight year, the City has been recognized by the Government Finance Officers Association (GFOA) of the United States and Canada with a "Certificate of Achievement for Excellence in Financial Reporting" for its June 30, 2021 Annual Comprehensive Financial Report. The Certificate of Achievement is the most prestigious award of its kind. The award reflects the effort and emphasis that the City places in meeting and exceeding the highest standards for financial and operational

reporting. In order to be awarded the Certificate of Achievement, a government must publish an easily readable and well-organized document that conforms to accounting principles generally accepted in the United States of America and the Certificate Program requirements.

A Certificate of Achievement is valid for a period of one year. We believe that this fiscal year 2022 Annual Comprehensive Financial Report continues to meet the Certificate Program's requirements and, accordingly, we have submitted it to the GFOA to determine its eligibility for another Certificate of Achievement.

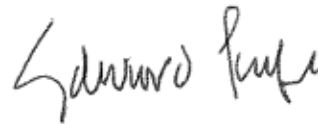
## **ACKNOWLEDGMENTS**

Chelsea works because the City and the community are both committed and collaborative. All of our successes in the City are due to the combined hard work of elected officials, City Hall employees and engaged residents.

While we all share in the achievement of another positive Annual Comprehensive Financial Report, I especially wish to recognize our financial officials for their diligent work. The City has assembled an extraordinary financial team that has earned distinction, including receipt of a long string of municipal awards. This Annual Comprehensive Financial Report stands as a further testament to their work.

On behalf of the entire City, I am pleased to share with the City Council and the entire Chelsea community the City's Fiscal Year 2022 Annual Comprehensive Financial Report. Once again, our municipal government is not only accurately and openly reporting its operations, but it is doing so in a transparent manner consistent with Chelsea's revitalized City government.

Sincerely,

A handwritten signature in black ink, appearing to read "Ned Keefe".

Ned Keefe  
Acting City Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Chelsea  
Massachusetts**

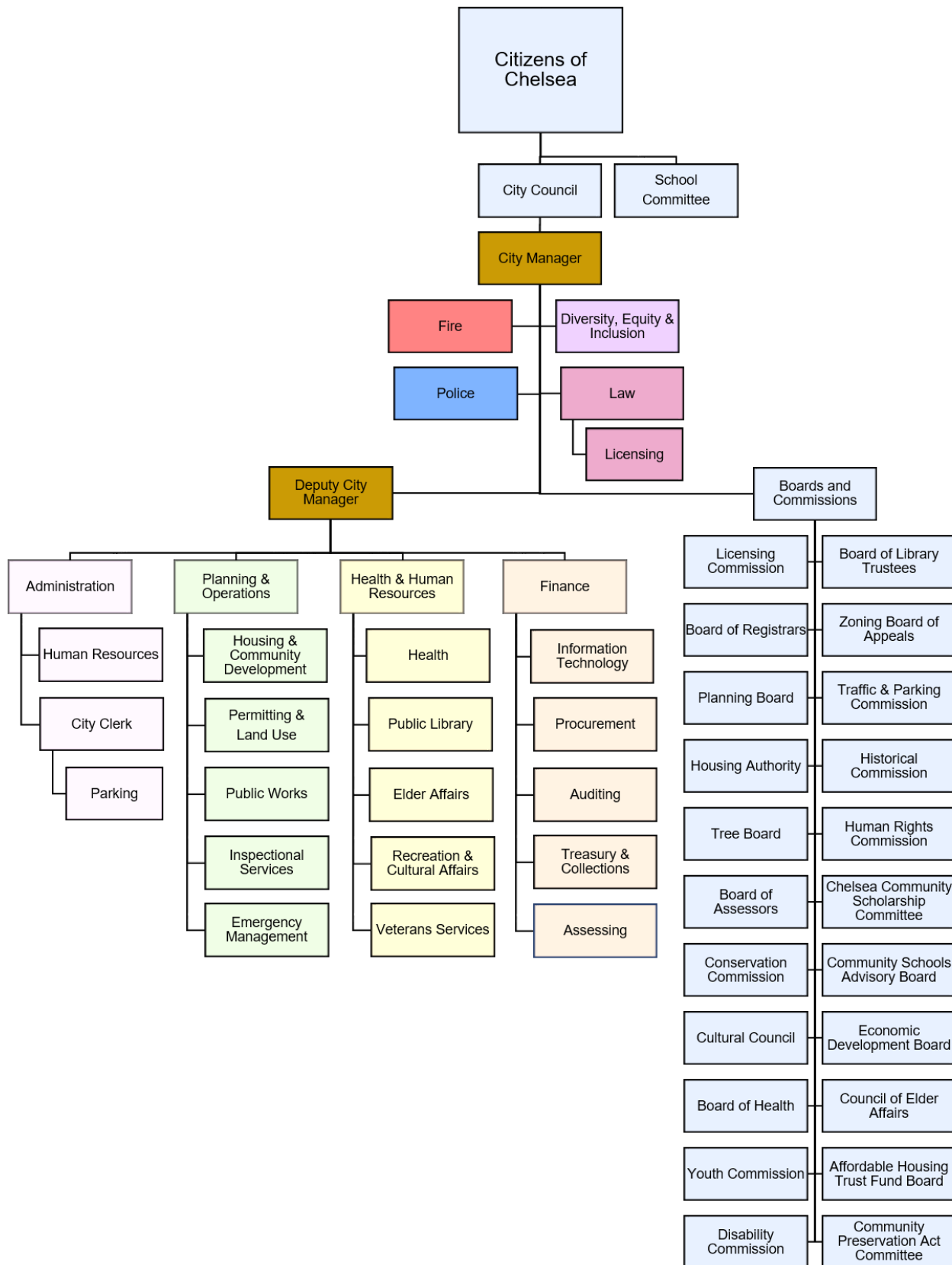
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

# City of Chelsea Organization





# Principal Officials

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Department	Official(s)	Additional Areas of Authority
Assessors	James Sullivan, Acting Director	Chairperson, Board of Assessors
Auditing	Edward Dunn, City Auditor	
City Clerk	Jeannette Cintron White, City Clerk	Traffic & Parking
City Council	Roy Avellaneda, President Paul Casino, Clerk to City Council	
Executive	Thomas Ambrosino, City Manager Ned Keefe, Deputy City Manager	
Emergency Management	Steven Staffier, Director	E911
Fire	Leonard Albanese, Chief	
Health & Human Services	Vacant, Director	Elder Affairs, Health, Library, Veterans Services, Community Schools
Human Resources	Edward Ells, Director	
Inspectional Services	Michael McAteer, Director	
Legal	Cheryl Watson Fisher, City Solicitor	
M.I.S.	Ramon Garcia, Chief Information Officer	
Housing & Community Development	Alex Train, Director	
Permit and Land Use	John DePriest, Director	
Police	Brian Kyes, Chief	Animal Control, Harbor Master
Public Works	Louis Mammolette, Acting Public Works Commissioner	Central Billing and Research
Retirement Board	Joseph Siewko, Chairman	
School	Kelly Garcia, Chairwoman Almudena G. Abeyta, Superintendent	
Treasurer/Collector	Patrice Montefusco, Treasurer/Collector	Payroll
Veteran Services	Francisco Toro, Director	

## City Council

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At Large	Roy Avellaneda, <i>President</i>
At Large	Damali Vidot
At Large	Leo Robinson
District One	Todd B. Taylor
District Two	Melinda Vega Maldonado
District Three	Norieliz De Jesus
District Four	Enio A. Lopez
District Five	Judith Garcia
District Six	Giovanni A. Recupero
District Seven	Tanairi Garcia
District Eight	Calvin T. Brown, <i>Vice President</i>

## School Committee

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At Large	Roberto Jimenez-Rivera
District One	Shawn O'Regan <i>Delegate to the City Council</i>
District Two	Jeanette Velez
District Three	Naomi Zabet, <i>Delegate to Shore Collaborative</i>
District Four	Claryangeliz Covas Caraballo
District Five	Katherine Cabral
District Six	Ana Hernandez, <i>Vice Chair</i>
District Seven	Kelly Garcia, <i>Chairwoman</i>
District Eight	Yessenia Alfaro



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# FINANCIAL SECTION



Artist David Fichter poses with his painting assistants Eliseo Fuentes, Xerxes Butt, Bianca Oppedisano, and Megan Barnes.

*Chelsea Resilient: Call and Response Through the Ages* is an 80-foot painted mural by David Fichter on aluminum panels installed on the Fifth Street side of 472 Broadway in Bellingham Square. The mural traces the rich history of Chelsea from its beginnings as Winnisimmet, to the urban, diverse city we know today.



## **INDEPENDENT AUDITOR'S REPORT**

Honorable City Council and City Manager  
City of Chelsea, 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 Chelsea, Massachusetts, (the "City") as of and for the year ended June 30, 2022 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 Chelsea Contributory Retirement System, (the "System" or "Retirement System") which is as of December 31, 2021).

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, 2022, (except for the System which is as of December 31, 2021) 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.

### **Restatements**

As more fully described in Note IV, a restatement of prior year ending fund balances was made to the City's major and nonmajor governmental funds. Our opinion was not modified with respect to this matter.

### **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 April 19, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, 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  
April 19, 2023



# MANAGEMENT DISCUSSION AND ANALYSIS



Revitalized Chelsea Square with a vibrant seating area and open space for community enjoyment.



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## 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, 2022.

### **Financial Highlights**

- The City's assets and deferred outflows of financial resources exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by over \$156.4 million.
- The government's total net position increased by over \$44.7 million. This consisted of an increase in governmental activities' net position by nearly \$39.9 million combined with an increase in business-type activities' net position by about \$4.9 million.
- The City's Unassigned Fund Balance reported in the General Fund was over \$41.9 million (20.3% of General Fund expenditures). Total Fund Balance in the General Fund was over \$62.8 million (30.4% of General Fund expenditures).
- The City's total debt increased by approximately \$0.2 million.

### **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.

**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, and Capital Projects 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 and are used 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 employee and retiree health, and worker's compensation plans.

**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. Fiduciary funds include a combined fund to account for the City's Pension and OPEB trusts in addition to Private Purpose trust funds and Agency

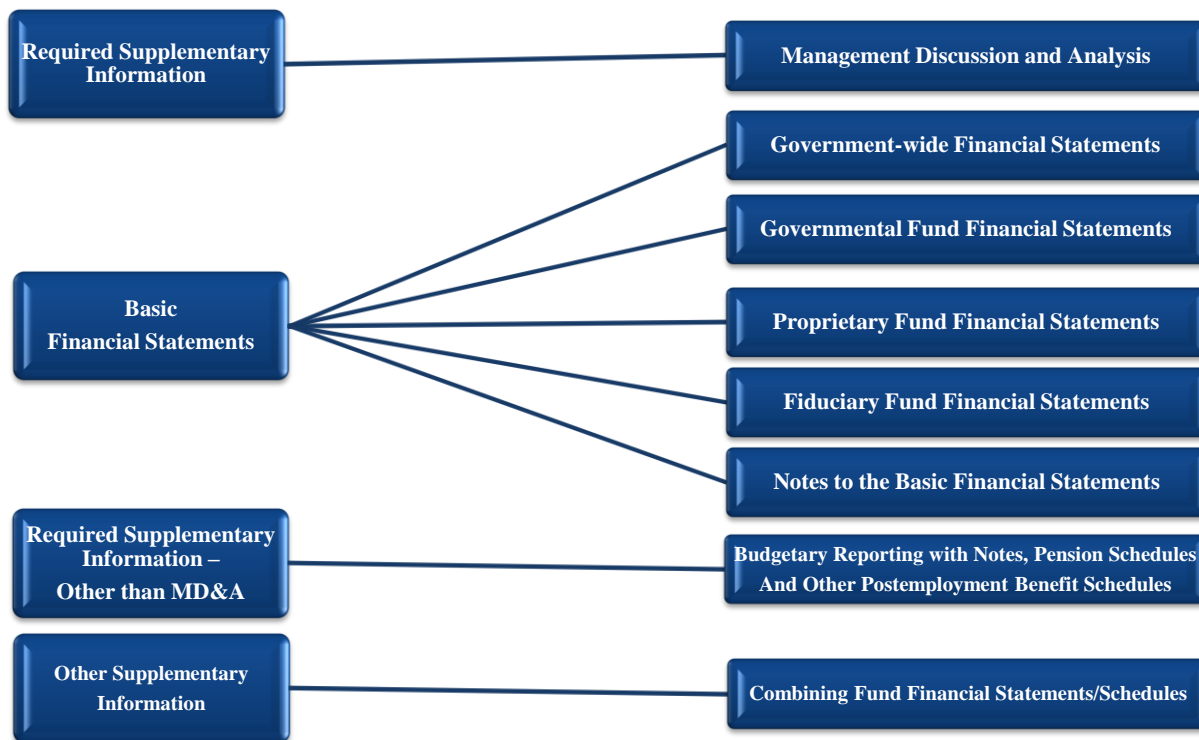
funds. The Pension System is a legally separate entity reported as a fiduciary fund. Because the Pension System services almost entirely the City, it is presented as a blended component unit as if it were part of the primary government as a fiduciary fund due to the significance of its operations.

**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.

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 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 assets and deferred outflows of financial resources exceeded its liabilities and deferred inflows of financial resources at the close of the most recent fiscal year by over \$156.4 million.

Condensed net position data is presented as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b><u>Assets</u></b>						
Current and other assets	\$ 177,805,432	\$ 167,608,665	\$ 20,672,666	\$ 19,298,640	\$ 198,478,098	\$ 186,907,305
Capital assets, net	<u>216,256,631</u>	<u>206,533,248</u>	<u>53,743,946</u>	<u>49,177,174</u>	<u>270,000,577</u>	<u>255,710,422</u>
<b>Total Assets</b>	394,062,063	374,141,913	74,416,612	68,475,814	468,478,675	442,617,727
<b>Deferred outflows of resources</b>	<u>20,474,557</u>	<u>9,329,940</u>	<u>139,728</u>	<u>69,088</u>	<u>20,614,285</u>	<u>9,399,028</u>
<b><u>Liabilities</u></b>						
Current liabilities	47,192,994	42,905,349	758,225	643,079	47,951,219	43,548,428
Long-term liabilities	<u>169,290,502</u>	<u>190,005,238</u>	<u>15,964,673</u>	<u>14,992,191</u>	<u>185,255,175</u>	<u>204,997,429</u>
<b>Total Liabilities</b>	216,483,496	232,910,587	16,722,898	15,635,270	233,206,394	248,545,857
<b>Deferred inflows of resources</b>	<u>98,765,328</u>	<u>91,136,183</u>	<u>679,794</u>	<u>613,413</u>	<u>99,445,122</u>	<u>91,749,596</u>
<b><u>Net Position</u></b>						
Net investment in capital assets	200,852,541	195,096,672	43,445,016	40,220,437	244,297,557	235,317,109
Restricted	34,002,831	33,069,703	-	-	34,002,831	33,069,703
Unrestricted	<u>(135,567,576)</u>	<u>(168,741,292)</u>	<u>13,708,632</u>	<u>12,075,782</u>	<u>(121,858,944)</u>	<u>(156,665,510)</u>
<b>Total Net Position</b>	<u>\$ 99,287,796</u>	<u>\$ 59,425,083</u>	<u>\$ 57,153,648</u>	<u>\$ 52,296,219</u>	<u>\$ 156,441,444</u>	<u>\$ 111,721,302</u>

By far, the largest portion (approximately \$244.3 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.

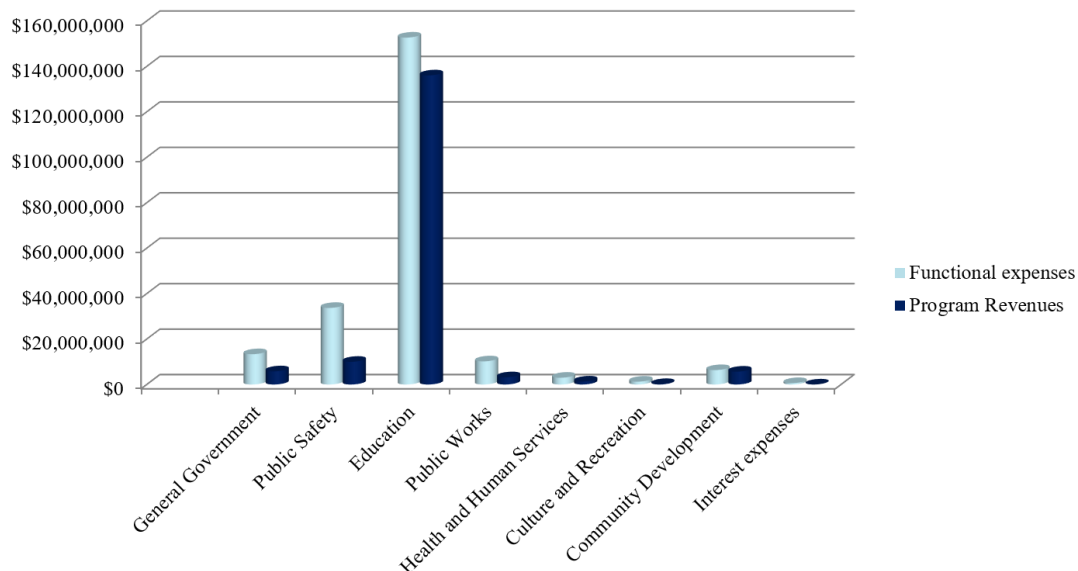
An additional portion, approximately \$34.0 million, of the City's net position represents resources that are subject to external restrictions on how they may be used.

*Unrestricted net position* is reported as a deficit, of almost \$121.9 million. This is due to the recognition of significant net pension and net other postemployment benefit liabilities reported under GASB 68 and GASB 75. These deficits are expected to continue into the future until these liabilities become fully funded.

Condensed changes in net position data are presented as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	2022	2021	2022	2021	2022	2021
<b><u>Revenues</u></b>						
Program revenues:						
Charges for services	\$ 13,549,105	\$ 12,788,393	\$ 25,153,835	\$ 23,048,175	\$ 38,702,940	\$ 35,836,568
Operating grants and contributions	144,803,867	144,085,097	-	-	144,803,867	144,085,097
Capital grants and contributions	3,799,688	4,564,551	380,733	1,364,065	4,180,421	5,928,616
General revenues:						
Property taxes	70,152,745	63,489,537	-	-	70,152,745	63,489,537
Excise and other taxes	13,958,441	11,083,208	-	-	13,958,441	11,083,208
Grants and contributions not restricted	9,238,512	8,862,435	-	-	9,238,512	8,862,435
Other	5,400,863	6,304,599	-	-	5,400,863	6,304,599
<b>Total Revenues</b>	<b>260,903,221</b>	<b>251,177,820</b>	<b>25,534,568</b>	<b>24,412,240</b>	<b>286,437,789</b>	<b>275,590,060</b>
<b><u>Expenses</u></b>						
General government	13,324,962	23,296,424	-	-	13,324,962	23,296,424
Public safety	33,705,116	38,411,111	-	-	33,705,116	38,411,111
Education	152,666,192	148,805,308	-	-	152,666,192	148,805,308
Public works	10,170,344	11,012,929	-	-	10,170,344	11,012,929
Health and human services	2,979,105	2,259,953	-	-	2,979,105	2,259,953
Culture and recreation	1,252,077	1,238,976	-	-	1,252,077	1,238,976
Community development	6,332,618	5,621,347	-	-	6,332,618	5,621,347
Interest expense	610,094	662,932	-	-	610,094	662,932
Water and sewer	-	-	20,677,139	18,493,433	20,677,139	18,493,433
<b>Total Expenses</b>	<b>221,040,508</b>	<b>231,308,980</b>	<b>20,677,139</b>	<b>18,493,433</b>	<b>241,717,647</b>	<b>249,802,413</b>
Increase (decrease) in net position before transfers	39,862,713	19,868,840	4,857,429	5,918,807	44,720,142	25,787,647
Transfers	-	2,123,136	-	(2,123,136)	-	-
Increase (decrease) in net position	39,862,713	21,991,976	4,857,429	3,795,671	44,720,142	25,787,647
Net position, beginning of year	59,425,083	37,433,107	52,296,219	48,500,548	111,721,302	85,933,655
Net position, end of year	<u>\$ 99,287,796</u>	<u>\$ 59,425,083</u>	<u>\$ 57,153,648</u>	<u>\$ 52,296,219</u>	<u>\$ 156,441,444</u>	<u>\$ 111,721,302</u>

**Governmental Activities** – Functional expenses as compared to program revenues are illustrated below:

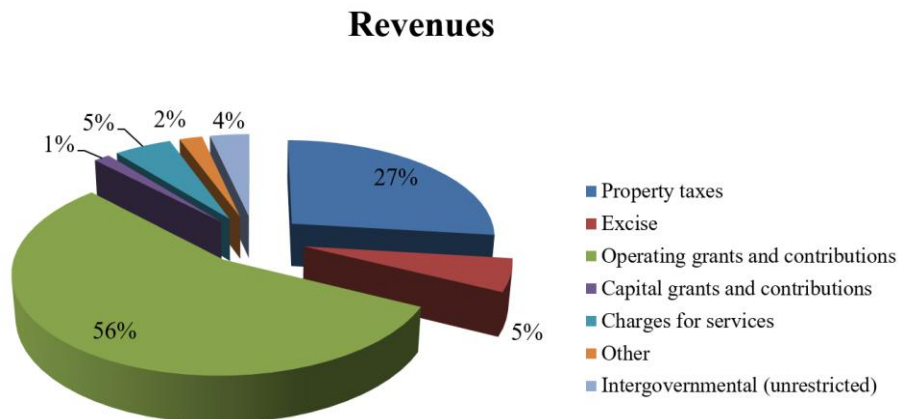




The governmental activities increased net position by approximately \$39.9 million. Increases in revenue and decreases in expenses combined to increase net position approximately \$18.0 million more than it did in the prior year.

The primary reasons for the net increase are discussed within the following sections:

**Major sources of revenue for governmental activities consist of:**



(1) Property taxes which represented 26.9% of total revenues or an increase of nearly \$6.7 million over the prior year; under Massachusetts General Laws, communities are allowed to assess taxes at 2 ½% of the prior year plus any new growth which made up about \$5.5 million of this increase. The remainder is made up of tax liens which are collected for delinquent outstanding taxes of prior years. Therefore, this net increase met a net increase that was expected from year to year.

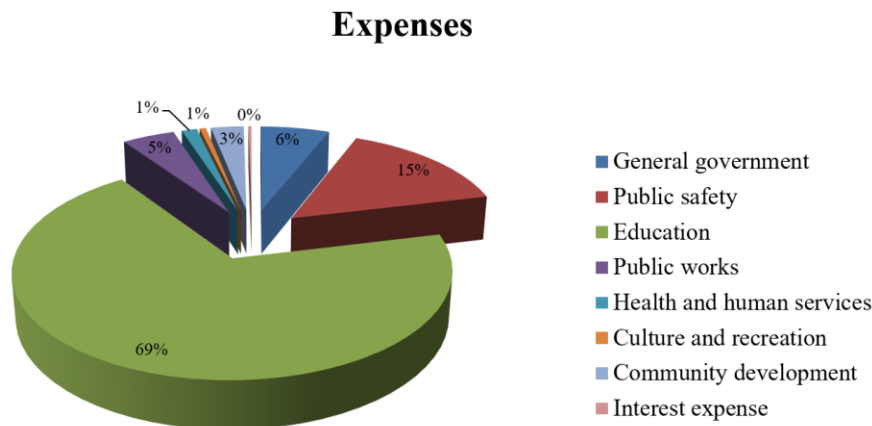
(2) Operating grants make up 55.5% of the City's total revenues. These are made up of local distributions from the State for general and school operating purposes, amounts contributed to teacher pensions under a special funding situation and grants received from the Federal or State government. The dollar amount was consistent with the prior year.

(3) Charges for services represent fees the City receives from various services it provides to its constituents. Representing 5.2% of total revenues, this is consistent with the prior year.

(4) Excise and other taxes represent motor vehicle, meals and hotel excise. Representing 5.4% of total revenue, this amount is greater than the prior year 4.4%. The City is a hub for several car rental companies that service Logan airport that moved a significant amount of vehicles due to the pandemic effect on travel in the prior year. The increase in revenue reflects the slow rebound back to normal in 2022.

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

**Major expense outlays incurred by governmental activities are summarized as follows:**



Expenses in total were down 4.4% year to year; a decrease of almost \$10.3 million. The majority of this is explained as expenses associated with the pandemic in the prior year that did not recur in the current year. In addition, favorable actuarial calculations of both the net pension and net OPEB liabilities resulted in less allocations of these type expenses to the functional expense categories. These decreases were offset by general cost of living increases in all functions.

The following expenses are the largest expenses in City Government:

- (1) General – Representing 6% of total expenses, the reduction of nearly \$10.0 million in expenses as compared to is was primarily due to many of the pandemic related expenses being classified in this function in the prior year.
- (2) Education – Representing 69% of total expenses, the City continues to devote significant resources to the quality of its education. The increase in expense amount of about \$3.9 million when compared to the prior year is primarily due to general cost of living increases. In addition, Massachusetts requires School Districts to meet a net cost per student spending mandate. The City has once again achieved this level.
- (3) Public Safety is another significant expense, representing 15.2% of total expenses. Protecting the City’s streets and residents is a priority to City Management and thus why a moderate level of resources are devoted to the safety of the City’s citizens. The decrease over the prior year of \$4.7 million is due primarily to Pension and OPEB expense allocations at about \$5 million less than last year.

The remainder of the City’s functional expense categories are either not significant or did not fluctuate significantly from year to year.

**Business-type Activities** – Net position of the business-type activities increased by approximately \$4.8 million (9.3% of business-type activities' net position) over the prior year balances. The City typically sets its water and sewer rates to cover operating expenses, both those incurred directly in the enterprise fund and those incurred in the general fund on behalf of the enterprise fund. In addition, the rates are designed to also cover debt service. Since principal payback is not an expense under GAAP, user charges typically exceed expenses and financing uses, the difference being principal payback.

Current year operations were consistent with the prior year except for grants which were approximately \$1.4 million in the prior year and make up the majority of the cause in the difference in the operating result.

The City receives its water and sewer services from the Massachusetts Water Resources Authority. This is the State agency that provides water and sewer services to many communities in Massachusetts.

### **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.

As of the close of the current fiscal year, the City's governmental funds balance sheet reported a combined ending fund balance of approximately \$112.2 million, an increase of over \$6.1 million over the prior year.

The highlights are as follows:

1. An increase in the General Fund of \$2.2 million. Despite the lingering issues associated with Covid-19 and the adverse impact on motor vehicle and hotel excise, the City's revenues still exceeded revenues by a significant amount. This was primarily due to a large increase in the City's Chapter 70 allotment from the Commonwealth and robust property tax collections. This was offset by transfers, funded from surplus revenue (free cash) to the Capital Projects Fund.
2. City Capital Projects fund balance were consistent with the prior year, as debt issuance and transfers in from the general fund were consistent with the timing of construction expenses.
3. A increase to nonmajor funds of nearly \$3.7 million as the City continues to be the recipient of significant grants from the Federal and State governments.

The City's Unassigned Fund Balance reported in the General Fund was approximately \$41.9 million (20.3% of General Fund expenditures). Total Fund Balance in the General Fund was approximately \$62.8 million (30.4% of General Fund expenditures). The City reported combined restricted fund balances of about \$54.8 million in its ARPA Grant Fund, City Capital Projects Fund and Nonmajor funds. The City also reports deficits in the special revenue fund for expenditures incurred but grants not yet received as unassigned fund balance of almost \$5.0 million. The remainder of governmental fund balances are minor amounts and are reflected as unassigned and nonspendable.

**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 Employee and Retiree Health Insurance Plan and Worker’s Compensation Plan. The Internal Service Fund balance was essentially the same as the prior year as contributions and medical claims approximated one another.

**Fiduciary Fund** – The City’s fiduciary fund is comprised of three fund types. The significant fund is a fund which combines the City’s Retirement System and its OPEB fund. The Retirement System had approximately \$276.0 million in net position and the OPEB fund had approximately \$2.9 in net position.

The Retirement System net position increased by over \$49.9 million due to favorable market conditions at the end of calendar year 2021 and the OPEB fund net position decreased by about \$0.1 million as contributions and investment income were consistent with benefit payments.

The City also includes Private Purpose Trust Funds in this category of funds. These decreased by a minor amount as donations from benefactors and investment income were slight less than expenses.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were approximately \$3.9 million. These included increases to Education \$1.1 million, Public Works \$2.2 million, and Public Safety \$0.8 million. Other increases and decreases were not significant.

Major budget to actual differences on the revenue side in aggregate were about \$10.5 million over forecast. The largest differences were in Motor Vehicle, Hotel and Meals excise. Emerging from the pandemic, these revenue types began to normalize but were not forecasted to at the beginning of the year and thus the large difference of \$6.7 million. The remainder was spread evenly over most revenue types.

On the expenditure side, the City performed better than budget by about \$3.7 million. These were spread fairly ratably across most expenditure functions.

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, 2022 amounts to approximately \$268.1 million (net of accumulated depreciation) an increase from the previous year’s balance of approximately \$12.4 million. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery, equipment, and software. The total increase is due to capital asset additions less disposals exceeding depreciation for the year. Right to use assets were nearly \$2.0 million net of amortization. These are new to the statements this year.

The City has in recent years undergone major renovations to its educational facilities. Under pertinent Massachusetts general school construction regulations, the City is allowed to recoup a percentage of the construction costs thus only a fraction of the cost was passed to the taxpayer.

Additional information on the City’s capital assets can be found in Note II subsection D.

**Long-term Debt** – At the end of the current fiscal year, the City had total debt outstanding of approximately \$34.0 million including unamortized premium. The entire amount comprises debt backed

by the full faith and credit of the government. The City's total debt increased by over \$0.2 million during the fiscal year. Detail of this decrease can be observed in the following table:

Issuance of bonds and notes	
Governmental Activities	\$ 955,000
Business-Type Activities	3,645,000
Regular Scheduled Maturities:	
Governmental Activities	(1,788,081)
Business-Type Activities	(2,499,465)
Amortization of bond premiums	
Governmental Activities	(104,544)
	<u>\$ 207,910</u>

The City's most recent credit evaluation resulted in maintaining an "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 \$256.7 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 Note II under subsections F and G.

### **Economic Factors and Next Year's Budget and Rates**

- Unemployment rates across the Commonwealth have improved tremendously over the past year since the height of the pandemic. Rates are hovering near historic lows.
- The City's real estate tax base is made up of residential, commercial, industrial and personal taxes. Just over ½ is residential as the City relies heavily on its commercial and industrial base which represents the majority of the other ½. 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 Commonwealth continues to provide the City with over half the revenues for its general operating budget. This is expected to increase.
- The City's housing market has been very strong for the past several years. This has been bolstered by mortgage rates at historic lows. Current actions by the Federal Open Market Committee to soften the economy due to inflation have caused mortgage rates to spike during fiscal year 2023. Such trends may have an adverse effect on the housing market, and the City is monitoring this.

- Inflation is peaking near 40-year historic highs. This is creating challenges for the City. Wage inflation cannot guarantee that the City will be able to maintain employees without increasing wages. Energy inflation is causing a spike in energy costs. Price inflation is causing a spike in the price and delivery of goods and services. The construction building index is nearing historic highs which may cause the estimates of major capital projects to increase, in addition to the financing costs of these projects. The City continues to monitor this situation

All of the above items were considered when the City developed its budget for fiscal year 2023. The budget was adopted in June of 2022 and the City's tax rate was certified in December 2022.

### **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 the City Manager, City Hall, 500 Broadway Chelsea, MA 02150.



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# BASIC FINANCIAL STATEMENTS



Music on the Square event. Salsa dancing lesson in Chelsea Square.

**CITY OF CHELSEA, MASSACHUSETTS**

**STATEMENT OF NET POSITION  
JUNE 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activity	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 140,567,543	\$ 14,826,347	\$ 155,393,890
Investments	26,363,190	-	26,363,190
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	1,128,320	-	1,128,320
Tax, utility and other liens	551,147	239,849	790,996
Motor vehicle and other excise taxes	1,385,969	-	1,385,969
User charges	-	5,606,470	5,606,470
Trash	294,907	-	294,907
Departmental and other	2,690,308	-	2,690,308
Intergovernmental	4,709,422	-	4,709,422
Tax foreclosures	114,626	-	114,626
Capital assets not being depreciated	27,051,250	9,652,933	36,704,183
Capital assets, net of accumulated depreciation	187,254,794	44,091,013	231,345,807
Right-to-use assets, net of accumulated amortization	1,950,587	-	1,950,587
<b>Total Assets</b>	<b>394,062,063</b>	<b>74,416,612</b>	<b>468,478,675</b>
<b>Deferred Outflows of Resources</b>			
Related to net other postemployment benefits liability	14,783,626	96,723	14,880,349
Related to net pension liability	5,690,931	43,005	5,733,936
<b>Total Deferred Outflows of Resources</b>	<b>20,474,557</b>	<b>139,728</b>	<b>20,614,285</b>
<b>Liabilities</b>			
Warrants and accounts payable	9,012,882	639,828	9,652,710
Accrued payroll and withholdings	575,385	-	575,385
Tax refunds payable	1,990,395	-	1,990,395
Unearned revenue	32,897,632	-	32,897,632
Accrued interest expense	193,821	90,214	284,035
Health claims incurred but not reported	1,127,636	-	1,127,636
Other liabilities	1,395,243	28,183	1,423,426
Noncurrent liabilities:			
Due in one year or less	3,880,388	2,825,233	6,705,621
Due in more than one year	165,410,114	13,139,440	178,549,554
<b>Total Liabilities</b>	<b>216,483,496</b>	<b>16,722,898</b>	<b>233,206,394</b>
<b>Deferred Inflows of Resources</b>			
Related to net other postemployment benefits liability	65,615,518	429,292	66,044,810
Related to net pension liability	33,149,810	250,502	33,400,312
<b>Total Deferred Inflows of Resources</b>	<b>98,765,328</b>	<b>679,794</b>	<b>99,445,122</b>
<b>Net Position</b>			
Net investment in capital assets	200,852,541	43,445,016	244,297,557
Restricted:			
Nonexpendable permanent funds	22,392	-	22,392
Expendable permanent funds	115,925	-	115,925
Community development and redevelopment	13,320,208	-	13,320,208
Receipts reserved	2,696,461	-	2,696,461
Gifts and grants	11,940,701	-	11,940,701
Capital	1,557,349	-	1,557,349
Other specific purposes	4,349,795	-	4,349,795
Unrestricted	(135,567,576)	13,708,632	(121,858,944)
<b>Total Net Position</b>	<b>\$ 99,287,796</b>	<b>\$ 57,153,648</b>	<b>\$ 156,441,444</b>

See accompanying notes to basic financial statements.

**CITY OF CHELSEA, MASSACHUSETTS**

**STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2022**

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
<b>Primary Government:</b>							
<i>Governmental Activities:</i>							
General government	\$ 13,324,962	\$ 1,870,405	\$ 1,229,080	\$ 2,693,074	\$ (7,532,403)	\$ -	\$ (7,532,403)
Public safety	33,705,116	8,285,289	1,636,441	60,589	(23,722,797)	-	(23,722,797)
Education	152,666,192	880,330	135,142,966	-	(16,642,896)	-	(16,642,896)
Public works	10,170,344	2,402,615	66,636	705,929	(6,995,164)	-	(6,995,164)
Health and human services	2,979,105	4,710	1,303,623	-	(1,670,772)	-	(1,670,772)
Culture and recreation	1,252,077	46,276	161,811	-	(1,043,990)	-	(1,043,990)
Community development	6,332,618	59,480	5,263,310	340,096	(669,732)	-	(669,732)
Interest expense	610,094	-	-	-	(610,094)	-	(610,094)
Total Governmental Activities	221,040,508	13,549,105	144,803,867	3,799,688	(58,887,848)	-	(58,887,848)
<i>Business-Type Activity:</i>							
Water and sewer	20,677,139	25,153,835	-	380,733	-	4,857,429	4,857,429
Total Business Type Activity	20,677,139	25,153,835	-	380,733	-	4,857,429	4,857,429
Total Primary Government	\$ 241,717,647	\$ 38,702,940	\$ 144,803,867	\$ 4,180,421	(58,887,848)	4,857,429	(54,030,419)
<b>General Revenues:</b>							
					70,152,745	-	70,152,745
					13,958,441	-	13,958,441
					2,256,906	-	2,256,906
					397,340	-	397,340
					1,797,798	-	1,797,798
					830,602	-	830,602
					9,238,512	-	9,238,512
					118,217	-	118,217

See accompanying notes to basic financial statements.

## CITY OF CHELSEA, MASSACHUSETTS

## BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2022

	General	ARPA Grant Fund	City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and short-term investments	\$ 48,244,398	\$ 33,190,456	\$ 16,564,793	\$ 27,595,419	\$ 125,595,066
Investments	22,341,197	-	-	4,021,993	26,363,190
Receivables, net of allowance for uncollectibles:					
Real estate and personal property taxes	1,109,963	-	-	18,357	1,128,320
Tax, utility and other liens	551,147	-	-	-	551,147
Motor vehicle and other excise taxes	1,385,969	-	-	-	1,385,969
Trash	294,907	-	-	-	294,907
Departmental and other	1,685,408	-	-	1,004,900	2,690,308
Intergovernmental	-	-	-	4,709,422	4,709,422
Due from other funds	1,351,984	-	-	-	1,351,984
Tax foreclosures	114,626	-	-	-	114,626
<b>Total Assets</b>	<u>77,079,599</u>	<u>33,190,456</u>	<u>16,564,793</u>	<u>37,350,091</u>	<u>164,184,939</u>
<b>Total Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 77,079,599</u>	<u>\$ 33,190,456</u>	<u>\$ 16,564,793</u>	<u>\$ 37,350,091</u>	<u>\$ 164,184,939</u>
<b>Liabilities:</b>					
Warrants and accounts payable	\$ 5,572,258	\$ 292,824	\$ 1,348,473	\$ 1,793,013	\$ 9,006,568
Accrued payroll and withholdings	575,385	-	-	-	575,385
Tax refunds payable	1,990,395	-	-	-	1,990,395
Unearned revenue	-	32,897,632	-	-	32,897,632
Other liabilities	1,392,268	-	-	-	1,392,268
Due to other funds	-	-	-	1,351,984	1,351,984
<b>Total Liabilities</b>	<u>9,530,306</u>	<u>33,190,456</u>	<u>1,348,473</u>	<u>3,144,997</u>	<u>47,214,232</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenues - property taxes	710,894	-	-	18,357	729,251
Unavailable revenues - excise	1,385,969	-	-	-	1,385,969
Unavailable revenues - other	2,646,088	-	-	-	2,646,088
<b>Total Deferred Inflows of Resources</b>	<u>4,742,951</u>	<u>-</u>	<u>-</u>	<u>18,357</u>	<u>4,761,308</u>
<b>Fund Balances:</b>					
Nonspendable	-	-	-	22,392	22,392
Restricted	-	-	15,632,385	39,122,682	54,755,067
Committed	7,084,709	-	-	-	7,084,709
Assigned	13,779,325	-	-	-	13,779,325
Unassigned	41,942,308	-	(416,065)	(4,958,337)	36,567,906
<b>Total Fund Balances</b>	<u>62,806,342</u>	<u>-</u>	<u>15,216,320</u>	<u>34,186,737</u>	<u>112,209,399</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 77,079,599</u>	<u>\$ 33,190,456</u>	<u>\$ 16,564,793</u>	<u>\$ 37,350,091</u>	<u>\$ 164,184,939</u>

See accompanying notes to basic financial statements.

**CITY OF CHELSEA, MASSACHUSETTS**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

	<u>Total</u>
<b>Total Governmental Fund Balances</b>	<b>\$ 112,209,399</b>
Capital assets and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	216,256,631
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.	13,456,077
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	4,761,308
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 other postemployment benefits liability	14,783,626
Deferred outflows related to net pension liability	5,690,931
Deferred inflows related to net other postemployment benefits liability	(65,615,518)
Deferred inflows related to net pension liability	<u>(33,149,810)</u>
Net effect of reporting deferred outflows and inflows of resources	(78,290,771)
In the Statement of Net Position, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	(193,821)
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	(18,501,653)
Unamortized bond premium	(486,784)
Lease obligations	(1,908,545)
Compensated absences	(6,451,855)
Net pension liability	(7,935,028)
Net other postemployment benefits liability	<u>(133,627,162)</u>
Net effect of reporting long-term liabilities	<u>(168,911,027)</u>
<b>Net Position of Governmental Activities</b>	<b><u>\$ 99,287,796</u></b>

See accompanying notes to basic financial statements.

## CITY OF CHELSEA, MASSACHUSETTS

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED JUNE 30, 2022**

	<u>General</u>	<u>ARPA Grant Fund</u>	<u>City Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Real estate and personal property taxes, net	\$ 69,692,719	\$ -	\$ -	\$ -	\$ 69,692,719
Intergovernmental	118,763,970	1,493,669	-	35,932,181	156,189,820
Motor vehicle and other excise	13,570,838	-	-	-	13,570,838
Meals and room taxes	2,256,906	-	-	-	2,256,906
Tax and trash liens	591,395	-	-	-	591,395
Payments in lieu of taxes	1,797,798	-	-	-	1,797,798
Community preservation surcharges	-	-	-	831,124	831,124
Charges for services	-	-	-	3,404,659	3,404,659
Trash disposal	2,413,761	-	-	-	2,413,761
Licenses and permits	2,242,333	-	-	-	2,242,333
Departmental and other	1,611,860	-	45,000	1,074,175	2,731,035
Penalties and interest on taxes	397,340	-	-	-	397,340
Fines and forfeitures	2,786,133	-	-	-	2,786,133
Interest and investment income (loss)	121,123	-	-	(15,661)	105,462
Contributions and donations	-	-	-	1,602,331	1,602,331
<b>Total Revenues</b>	<u>216,246,176</u>	<u>1,493,669</u>	<u>45,000</u>	<u>42,828,809</u>	<u>260,613,654</u>
<b>Expenditures:</b>					
Current:					
General government	6,516,216	-	2,203,815	5,292,691	14,012,722
Public safety	27,091,152	60,589	459,547	4,589,909	32,201,197
Education	98,530,034	-	336,288	23,985,054	122,851,376
Public works	8,770,595	-	3,378,167	2,514,950	14,663,712
Health and human services	1,131,459	306,400	-	1,503,060	2,940,919
Culture and recreation	994,293	-	350,749	101,044	1,446,086
Community development	-	1,126,680	-	4,975,217	6,101,897
Pension benefits	22,849,844	-	-	-	22,849,844
Employee benefits	17,163,840	-	-	-	17,163,840
Property and liability insurance	1,405,917	-	-	-	1,405,917
Claims and judgements	15,627	-	-	-	15,627
State and county tax assessments	19,326,504	-	-	-	19,326,504
Debt service:					
Principal	1,788,081	-	-	-	1,788,081
Interest expense	730,690	-	-	-	730,690
<b>Total Expenditures</b>	<u>206,314,252</u>	<u>1,493,669</u>	<u>6,728,566</u>	<u>42,961,925</u>	<u>257,498,412</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>9,931,924</u>	<u>-</u>	<u>(6,683,566)</u>	<u>(133,116)</u>	<u>3,115,242</u>
<b>Other Financing Sources (Uses):</b>					
Transfers in	345,026	-	6,007,334	2,085,000	8,437,360
Transfers out	(8,092,334)	-	-	(345,026)	(8,437,360)
Issuance of bonds	-	-	955,000	-	955,000
Issuance of capital lease obligation	-	-	-	2,053,250	2,053,250
<b>Total Other Financing Sources (Uses)</b>	<u>(7,747,308)</u>	<u>-</u>	<u>6,962,334</u>	<u>3,793,224</u>	<u>3,008,250</u>
<b>Net Change in Fund Balance</b>	2,184,616	-	278,768	3,660,108	6,123,492
Fund Balances - Beginning, as restated (see Note IV)	60,621,726	-	14,937,552	30,526,629	106,085,907
Fund Balances - Ending	<u>\$ 62,806,342</u>	<u>\$ -</u>	<u>\$ 15,216,320</u>	<u>\$ 34,186,737</u>	<u>\$ 112,209,399</u>

See accompanying notes to basic financial statements.

**CITY OF CHELSEA, 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, 2022**

	<u>Total</u>
<b>Net Change in Fund Balances - Total Governmental Fund Balances</b>	<b>\$ 6,123,492</b>
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. The net amounts are reflected here as reconciling items:</p>	
Capital outlays	\$ 19,664,828
Depreciation expense	(9,838,782)
Amortization expense	<u>(102,663)</u>
Net effect of reporting capital assets	9,723,383
<p>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.</p>	
	(164,228)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither 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:</p>	
Proceeds from bond issuances	(955,000)
Proceeds from lease obligations	(2,053,250)
Amortization of bond premiums	104,544
Repayments of lease obligations	144,705
Repayments of debt	<u>1,788,081</u>
Net effect of reporting long-term debt	(970,920)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	276,812
<p>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.</p>	
	16,052
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:</p>	
Compensated absences	265,598
Other postemployment benefits	8,407,112
Pension benefits	<u>16,185,412</u>
Net effect of reporting long-term liabilities	<u>24,858,122</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ 39,862,713</u></b>

See accompanying notes to basic financial statements.

## CITY OF CHELSEA, MASSACHUSETTS

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2022

	Business-Type Activity Water and Sewer Enterprise Fund	Governmental Activity Internal Service Funds
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 14,826,347	\$ 14,972,477
User fees, net of allowance for uncollectibles	5,606,470	-
Total current assets	20,432,817	14,972,477
Noncurrent assets:		
Utility liens	239,849	-
Capital assets not being depreciated	9,652,933	-
Capital assets, net of depreciation	44,091,013	-
Total noncurrent assets	53,983,795	-
<b>Total Assets</b>	<b>74,416,612</b>	<b>14,972,477</b>
<b>Deferred Outflows of Resources:</b>		
Related to net other postemployment benefits liability	96,723	-
Related to net pension liability	43,005	-
<b>Total Deferred Outflows of Resources</b>	<b>139,728</b>	<b>-</b>
<b>Liabilities:</b>		
Current liabilities:		
Warrants and accounts payable	639,828	6,314
Accrued interest expense	90,214	-
Health claims incurred but not reported	-	1,127,636
Other liabilities	28,183	2,975
Workers' compensation claims	-	189,737
Current portion of debt	2,825,233	-
Total current liabilities	3,583,458	1,326,662
Noncurrent liabilities:		
Workers' compensation claims	-	189,738
Net other postemployment benefits liability	874,259	-
Net pension liability	59,962	-
Noncurrent portion of debt	12,205,219	-
Total noncurrent liabilities	13,139,440	189,738
<b>Total Liabilities</b>	<b>16,722,898</b>	<b>1,516,400</b>
<b>Total Deferred Inflows of Resources:</b>		
Related to net other postemployment benefits liability	429,292	-
Related to net pension liability	250,502	-
<b>Total Deferred Inflows of Resources</b>	<b>679,794</b>	<b>-</b>
<b>Net Position:</b>		
Net investment in capital assets	43,445,016	-
Unrestricted	13,708,632	13,456,077
<b>Total Net Position</b>	<b>\$ 57,153,648</b>	<b>\$ 13,456,077</b>

See accompanying notes to basic financial statements.



**CITY OF CHELSEA, MASSACHUSETTS**

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

**FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Business-Type Activity Water and Sewer Enterprise Fund</u>	<u>Governmental Activities Internal Service Funds</u>
<b>Operating Revenues:</b>		
Charges for services	\$ 25,153,835	\$ -
Employee contributions	-	5,055,181
Employer contributions	-	18,895,997
Stop loss receipts	-	1,654,168
Total Operating Revenues	<u>25,153,835</u>	<u>25,605,346</u>
<b>Operating Expenses:</b>		
Operating costs	3,965,001	-
Water and sewer assessment	14,446,727	-
Employee benefits	-	25,782,329
Depreciation	1,960,495	-
Total Operating Expenses	<u>20,372,223</u>	<u>25,782,329</u>
<b>Operating Income</b>	<u>4,781,612</u>	<u>(176,983)</u>
<b>Nonoperating Revenues (Expenses):</b>		
Interest income	-	12,755
Interest expense	(304,916)	-
Total Nonoperating Revenues (Expenses)	<u>(304,916)</u>	<u>12,755</u>
<b>Income Before Capital Contributions</b>	4,476,696	(164,228)
Capital contributions	<u>380,733</u>	<u>-</u>
<b>Change in Net Position</b>	<u>4,857,429</u>	<u>(164,228)</u>
Total Net Position - Beginning	52,296,219	13,620,305
Total Net Position - Ending	<u>\$ 57,153,648</u>	<u>\$ 13,456,077</u>

See accompanying notes to basic financial statements.

**CITY OF CHELSEA, MASSACHUSETTS**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FISCAL YEAR ENDED JUNE 30, 2022**

	Business-Type Activity Water and Sewer Enterprise Fund	Governmental Activities Internal Service Funds
<b>Cash Flows from Operating Activities:</b>		
Receipts from users	\$ 24,362,624	\$ -
Employee contributions	-	5,055,181
Employer contributions	-	18,895,997
Other revenues	-	1,654,168
Payments to vendors	(17,342,027)	-
Payments to employees	(1,115,297)	-
Payments for interfund services used	-	(26,510,154)
Net Cash Provided by (Used for) Operating Activities	<u>5,905,300</u>	<u>(904,808)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Capital contributions	380,733	-
Proceeds from issuance of bonds	3,645,000	-
Acquisition and construction of capital assets	(6,527,267)	-
Principal payments on bonds and notes	(2,499,465)	-
Interest expense	<u>(321,486)</u>	<u>-</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(5,322,485)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>		
Interest income	<u>-</u>	<u>12,755</u>
Net Cash Provided by Investing Activities	<u>-</u>	<u>12,755</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>582,815</b>	<b>(892,053)</b>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>14,243,532</u>	<u>15,864,530</u>
End of year	<u><u>\$ 14,826,347</u></u>	<u><u>\$ 14,972,477</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities:</b>		
Operating income	\$ 4,781,612	\$ (176,983)
Depreciation	1,960,495	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Receivables	(791,211)	-
Deferred outflows of resources	(70,640)	-
Warrants and accounts payable	157,749	330
Accrued payroll and withholdings	(26,030)	-
Other liabilities	(3)	-
Health claims incurred but not reported	-	(385,149)
Workers' compensation claims	-	(343,006)
Net other postemployment benefits liability	88,900	-
Net pension liability	(261,953)	-
Deferred inflows of resources	<u>66,381</u>	<u>-</u>
Net Cash Provided by Operating Activities	<u><u>\$ 5,905,300</u></u>	<u><u>\$ (904,808)</u></u>

See accompanying notes to basic financial statements.

**CITY OF CHELSEA, MASSACHUSETTS**

**STATEMENT OF FIDUCIARY NET POSITION**

**JUNE 30, 2022**

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
	<u>Trust Funds</u>	<u>Trust Funds</u>
<b>Assets:</b>		
Cash and cash equivalents	\$ 264,273	\$ 909,300
Investments at fair value:		
Equity mutual funds	1,791,516	-
Fixed income mutual funds	847,626	-
Private equity funds	271,878	-
State Treasurer investment pool - PRIT	275,752,694	-
Total Investments	<u>278,663,714</u>	<u>-</u>
Receivables:		
Other	41,419	-
Total Receivables	<u>41,419</u>	<u>-</u>
<b>Total Assets</b>	<u>278,969,406</u>	<u>909,300</u>
<b>Liabilities:</b>		
Warrants and accounts payable	627	-
Other liabilities	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>627</u>	<u>-</u>
<b>Net Position:</b>		
Restricted for pensions	276,042,344	-
Restricted for other postemployment benefits	2,926,435	-
Held in trust for private purposes	<u>-</u>	<u>909,300</u>
<b>Total Net Position</b>	<u>\$ 278,968,779</u>	<u>\$ 909,300</u>

See accompanying notes to basic financial statements.

**CITY OF CHELSEA, MASSACHUSETTS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FISCAL YEAR ENDED JUNE 30, 2022**

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
<b>Additions</b>		
Contributions:		
Employer	\$ 19,645,461	\$ -
Employee	4,449,485	-
Other contributions	683,962	188,687
Total contributions	<u>24,778,908</u>	<u>188,687</u>
Investment earnings:		
Interest and dividends	5,871,174	319
Net appreciation in fair value of investments	39,929,386	-
Less - management fees	(1,245,246)	-
Net investment income	<u>44,555,314</u>	<u>319</u>
Other income	<u>10,053</u>	<u>-</u>
Total Additions	<u>69,344,275</u>	<u>189,006</u>
<b>Deductions</b>		
Benefit payments to retirees and beneficiaries	18,439,492	-
Member refunds	298,981	-
Transfers and reimbursements to other systems	496,187	-
Payroll expenses of the System	193,062	-
Other administrative expenses	130,907	-
Scholarships	<u>-</u>	<u>193,700</u>
Total Deductions	<u>19,558,629</u>	<u>193,700</u>
<b>Change in Net Position</b>	49,785,646	(4,694)
<b>Net Position - Beginning of Year</b>	<u>229,183,133</u>	<u>913,994</u>
<b>Net Position - End of Year</b>	<u><u>\$ 278,968,779</u></u>	<u><u>\$ 909,300</u></u>

See accompanying notes to basic financial statements.

## CITY OF CHELSEA, MASSACHUSETTS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2022

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#### **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 Suffolk County, directly across the Mystic River from the City of Boston. It was settled in 1624, first incorporated as a Town in 1739 and subsequently as a City in 1857. The City is governed by a City Manager and an eleven-member elected City Council. 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.

Chelsea Contributory Retirement System – The System was established to provide retirement benefits to City employees, the Chelsea 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.

The System did not issue a separate audited financial statement. The System issues a publicly available unaudited annual financial report that may be obtained by contacting the System at 500 Broadway, Chelsea, Massachusetts.

The City is a member community of the Northeast Metropolitan Regional Vocational School District that provides educational services to twelve area communities. This joint venture assesses each community its share of operational and debt service costs based on student population and other factors. In fiscal year 2022, the City's share of the operating and debt service expenses was \$1,002,864. There is no equity interest reported in these financial statements. Complete audited financial statements can be obtained directly from the District's administrative office located at 100 Hemlock Road, Wakefield, Massachusetts 01880.

## 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.

*City Capital Projects Fund* – is used to account for the accumulation of resources for various capital projects throughout the City.

*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/Sewer Enterprise Fund – is used to account for the City’s water and sewer activities.

Additionally, the following proprietary fund type is reported:

Internal Service Fund – is used to account for the financing of services provided to one department to other departments or governmental units. This fund is used to account for risk financing activities related to health insurance and workers’ compensation.

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 Equity**

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 six months after the close of the valuation year 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,, right-to-use building assets, 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 \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than one year. 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. Right-to-use building assets are amortized by the City on a straight-line basis.

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

Buildings and improvements	8-40 years
Machinery and equipment	5-15 years
Infrastructure	10-50 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 periods 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 other postemployment benefits liability. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A and 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 periods 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 three sources: property taxes, excise 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.

*Community development and redevelopment* represents amounts restricted for all federal, state and locally funded community development and redevelopment activities.

*Receipts reserved* represent amounts restricted for receipts that are designated to fund and supplement specific operating budgets of various departments.

*Gifts and grants* represent amounts restricted for gifts used to provide a specific benefit to governmental programs and state and federal grants for specific programs.

*Capital* represents amounts restricted for capital outlays, including the acquisition or construction of capital facilities and other capital assets, financed from sources other than proceeds from debt.

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

**Fund Equity** – 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.

*Assigned* represents amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. Under the City's structure, only authorized assignments for non-contractual encumbrances can be made by individual department heads. The policy established by the City Council pursuant to which this authorization is given is based on applicable Massachusetts General Law (MGL) related to encumbrances.

*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.

*Stabilization Fund* – The City maintains a general stabilization fund, in accordance with Massachusetts General Law Chapter 40, Section 5B, which may be used for any municipal purpose upon a two-thirds vote of the City Council. Additions to the fund require a majority vote of the City Council. The balance of the fund totals \$16,425,479 at June 30, 2022 and is reported as unassigned fund balance in the General Fund.

The City maintains a school capital stabilization fund, in accordance with Massachusetts General Law Chapter 40, Section 5B, which may be used for any school capital outlay purpose upon a two-thirds vote of the City Council. Additions to the fund require a majority vote of the City Council. The balance of the fund totals \$694,443 at June 30, 2022 and is reported as a capital projects fund.

*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 \$13,779,325 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	City Capital Projects	Nonmajor Governmental Funds	Total
Nonspendable:					
Nonexpendable trust funds	\$ -	\$ -	\$ -	\$ 22,392	\$ 22,392
Restricted:					
Redevelopment	-	-	-	1,680,454	1,680,454
Other community development	-	-	-	11,621,397	11,621,397
City federal grants	-	-	-	2,329,182	2,329,182
City state grants	-	-	-	1,003,662	1,003,662
School lunch	-	-	-	2,650,102	2,650,102
School revolving funds	-	-	-	1,080,389	1,080,389
School gifts	-	-	-	1,206,834	1,206,834
School federal grants	-	-	-	2,348,786	2,348,786
School state grants	-	-	-	4,228,389	4,228,389
Receipts reserved for appropriation	-	-	-	2,696,461	2,696,461
City revolving funds	-	-	-	628,132	628,132
City gifts	-	-	-	823,848	823,848
Urban I & II renewal	-	-	-	176,517	176,517
Capital outlay - schools	-	-	4,513,980	2,981,352	7,495,332
Capital outlay - public works	-	-	3,573,514	-	3,573,514
Capital outlay - open space	-	-	-	2,170,420	2,170,420
Capital outlay - other	-	-	7,544,891	689,585	8,234,476
School capital reserve	-	-	-	691,247	691,247
Other trust funds	-	-	-	115,925	115,925
Committed:					
Subsequent years' budget	7,084,709	-	-	-	7,084,709
Assigned:					
Encumbrances - education	7,753,566	-	-	-	7,753,566
Encumbrances - public works	4,091,401	-	-	-	4,091,401
Encumbrances - information technology	462,562	-	-	-	462,562
Encumbrances - other	1,471,796	-	-	-	1,471,796
Unassigned	41,942,308	-	(416,065)	(4,958,337)	36,567,906
	<u>\$62,806,342</u>	<u>\$ -</u>	<u>\$ 15,216,320</u>	<u>\$ 34,186,737</u>	<u>\$112,209,399</u>

#### E. Excess of Expenditures Over Appropriations and Deficits

The City incurred a fund deficit in its City Capital Projects Major Fund totaling \$416,065. The City also incurred fund deficits totaling \$2,024,649 and \$2,933,688 in the Other Community Development and City Federal Grant funds, respectively, which are all reported in the nonmajor governmental funds. These deficits will be funded in future fiscal years with bond proceeds, grants, contributions or available funds.

#### 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's policy for mitigating custodial credit risk is to limit deposit amounts in any institution to no more than 5% of assets. In addition, no more than 25% of deposits may be comprised of unsecured bank deposits. This percentage may be increased no more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the City in the future. At year-end, of the City's \$115,838,070 bank balance, \$10,796,881 was uninsured and uncollateralized and exposed to custodial credit risk. Included in the bank balances are \$20,751,637 of bank certificates of deposit with maturities less than one year.

*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 policy is to maintain investments held directly by the City or held in the City's name and tax identification number by a third-party custodian approved by the Treasurer. As of June 30, 2022, the City's investments were not exposed 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, 2022:

		Fair Value Measurements Using		
	Fair value	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
U.S. Treasuries	\$ 2,877,463	\$ 2,877,463	\$ -	\$ -
U.S. Agencies	2,718,493	-	2,718,493	-
Corporate bonds	12,260,410	-	12,260,410	-
Negotiable certificates of deposit	1,535,043	-	1,535,043	-
Fixed income exchange traded	1,836,987	-	1,836,987	-
Fixed income mutual funds	847,626	-	847,626	-
Total debt securities	22,076,022	2,877,463	19,198,559	-
Equity securities:				
Common stock	5,134,794	5,134,794	-	-
Equity mutual funds	1,791,516	1,791,516	-	-
Private equity funds	271,878	-	271,878	-
Total equity securities	7,198,188	6,926,310	271,878	-
Total investments by fair value level	\$ 29,274,210	\$ 9,803,773	\$ 19,470,437	\$ -

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. U.S. Government agencies, corporate bonds, negotiable certificates of deposit, fixed income funds and private equity funds classified in Level 2 are valued using matrix pricing based on the securities’ relationship to benchmark quoted prices.

*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, 2022, the City's investments had the following maturities:

Investments	Fair value	Maturities in Years		
		Less than 1	1 - 5	6 - 10
U.S. Treasuries	\$ 2,877,463	\$ 1,078,082	\$ 1,799,381	\$ -
U.S. Agencies	2,718,493	1,285,908	1,432,585	-
Corporate bonds	12,260,410	2,888,988	9,371,422	-
Negotiable certificates of deposit	1,535,043	1,535,043	-	-
Money market mutual funds	14,785,452	14,785,452	-	-
MMDT	25,750,541	25,750,541	-	-
Total investments with maturities	<u>\$ 59,927,402</u>	<u>\$ 47,324,014</u>	<u>\$ 12,603,388</u>	<u>\$ -</u>

Concentration of Credit Risk – The City's policy is to place no limit on the amount of investments in U.S. Government Agencies and the MMDT external investment pool, and to purchase other debt securities with a high concentration of 'A' credit ratings or better. At June 30, 2022, the City had 8% of its investments in U.S. Government Treasuries and Agencies and 37% of its investments in MMDT.

At June 30, 2022, the credit quality ratings of investments were as follows:

Quality Ratings (S & P)	U.S. Treasuries	U.S. Agencies	Corporate Bonds	Totals
AAA	\$ -	\$ -	\$ 341,236	\$ 341,236
AA+	2,877,463	2,718,493	-	\$ 5,595,956
A+	-	-	3,001,544	3,001,544
A	-	-	1,365,857	1,365,857
A-	-	-	410,661	410,661
BBB+	-	-	3,417,890	3,417,890
BBB	-	-	3,723,222	3,723,222
Totals - All	<u>\$ 2,877,463</u>	<u>\$ 2,718,493</u>	<u>\$ 12,260,410</u>	<u>\$ 17,856,366</u>

The City's investments in negotiable certificates of deposit, fixed income and money market 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.

The System participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee and provides regulatory insight. The reported value of the pool is the same as the fair value of the System's position in pool shares.

*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, 2021, \$186,605 of the System's bank deposits was not covered by FDIC or other depository insurance.

*Investments Summary* – The System's investments at December 31, 2021 consisted entirely of PRIT.

*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.

*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 is to insure all of their investments. At December 31, 2021, the System was not exposed to custodial credit risk on its investments.

*Credit Risk of Debt Securities: Investments* – Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The System does not have a policy for credit risk of debt securities. As of December 31, 2021, the System's investment in PRIT was unrated by a national credit rating organization.

## 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	\$ 1,296,709	\$ (186,746)	\$ 1,109,963
Community preservation surcharges	18,357	-	18,357
Tax, utility and other liens	551,147	-	551,147
Motor vehicle and other excise	2,512,182	(1,126,213)	1,385,969
Trash collection	294,907	-	294,907
Parking fines	2,937,513	(1,612,128)	1,325,385
Public safety detail charges	1,004,900	-	1,004,900
Other	360,023	-	360,023
Intergovernmental	4,709,422	-	4,709,422
Total	<u>\$ 13,685,160</u>	<u>\$ (2,925,087)</u>	<u>\$ 10,760,073</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	\$ 5,606,896	\$ -	\$ 5,606,896
Utility liens	239,423	-	239,423
Total	<u>\$ 5,846,319</u>	<u>\$ -</u>	<u>\$ 5,846,319</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 and other asset type:			
Real estate and personal property taxes	\$ 710,894	\$ 18,357	\$ 729,251
Tax, utility and other liens	551,147	-	551,147
Motor vehicle and other excise	1,385,969	-	1,385,969
Trash collection	294,907	-	294,907
Parking fines	1,325,385	-	1,325,385
Other	360,023	-	360,023
Tax foreclosures	114,626	-	114,626
Total	<u>\$ 4,742,951</u>	<u>\$ 18,357</u>	<u>\$ 4,761,308</u>

### C. Interfund Receivables, Payables and Transfers

The composition of interfund balances at June 30, 2022 is as follows:

Receivable Fund	Payable Funds	Amount
General Fund	Nonmajor Governmental Funds -	
	School Federal Grants	\$ 402,939
	City Federal Grants	576,620
	City Revolving	372,425
Total		<u>\$ 1,351,984</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, 2022 is as follows:

Transfers Out	Transfers In			Total
	General Fund	City Capital Projects	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 6,007,334	\$ 2,085,000	\$ 8,092,334 <sup>(1)</sup>
Nonmajor Governmental Funds	345,026	-	-	345,026 <sup>(2)</sup>
Total	<u>\$ 345,026</u>	<u>\$ 6,007,334</u>	<u>\$ 2,085,000</u>	<u>\$ 8,437,360</u>

(1) Transfers to city capital projects and nonmajor governmental funds for capital outlays.

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

#### D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Governmental Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 11,155,763	\$ 435,034	\$ -	\$ 11,590,797
Construction in progress	17,022,898	6,533,693	(8,096,138)	15,460,453
Total capital assets not being depreciated	28,178,661	6,968,727	(8,096,138)	27,051,250
Capital assets being depreciated:				
Buildings and improvements	233,796,490	9,570,963	-	243,367,453
Machinery and equipment	20,949,066	185,346	(827,544)	20,306,868
Infrastructure	52,328,254	8,982,680	-	61,310,934
Total capital assets being depreciated	307,073,810	18,738,989	(827,544)	324,985,255
Less accumulated depreciation for:				
Buildings and improvements	(98,197,997)	(6,442,175)	-	(104,640,172)
Machinery and equipment	(16,501,316)	(1,178,607)	827,544	(16,852,379)
Infrastructure	(14,019,910)	(2,218,000)	-	(16,237,910)
Total accumulated depreciation	(128,719,223)	(9,838,782)	827,544	(137,730,461)
Total capital assets being depreciated, net	178,354,587	8,900,207	-	187,254,794
Right-to-use assets being amortized:				
Buildings and improvements	-	2,053,250	-	2,053,250
Total right-to-use assets being amortized	-	2,053,250	-	2,053,250
Less accumulated amortization for:				
Buildings and improvements	-	(102,663)	-	(102,663)
Total accumulated amortization	-	(102,663)	-	(102,663)
Total capital assets being amortized, net	-	1,950,587	-	1,950,587
Total governmental activities capital assets, net	<u>\$ 206,533,248</u>	<u>\$ 17,819,521</u>	<u>\$ (8,096,138)</u>	<u>\$ 216,256,631</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Business-Type Activities: Water and Sewer</u></i>				
Capital assets not being depreciated:				
Construction in progress	\$ 5,499,410	\$ 4,153,523	\$ -	\$ 9,652,933
Total capital assets not being depreciated	5,499,410	4,153,523	-	9,652,933
Capital assets being depreciated:				
Machinery and equipment	462,477	-	-	462,477
Vehicles	605,000	111,580	-	716,580
Infrastructure	60,038,891	2,262,164	-	62,301,055
Total capital assets being depreciated	61,106,368	2,373,744	-	63,480,112
Less accumulated depreciation for:				
Machinery and equipment	(45,019)	(49,651)	-	(94,670)
Vehicles	(181,500)	(132,158)	-	(313,658)
Infrastructure	(17,202,085)	(1,778,686)	-	(18,980,771)
Total accumulated depreciation	(17,428,604)	(1,960,495)	-	(19,389,099)
Total capital assets being depreciated, net	43,677,764	413,249	-	44,091,013
Total business-type activities capital assets, net	<u>\$ 49,177,174</u>	<u>\$ 4,566,772</u>	<u>\$ -</u>	<u>\$ 53,743,946</u>

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

Governmental Activities:

General government	\$ 680,462
Public safety	975,261
Education	5,508,418
Public works	1,971,159
Health and human services	7,418
Culture and recreation	132,973
Community development	665,754
	<u>\$ 9,941,445</u>

Business-Type Activities:

Water and sewer	<u>\$ 1,960,495</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.

The City did not have any temporary notes payable at June 30, 2022.

## F. Leases

The City has entered into a non-cancelable lease for the use of office space for its schools. This lease qualifies as a lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

Right-to-use assets acquired through lease obligations are as follows:

Description	Amount
School office space	\$ 2,053,250
Less: accumulated amortization	(102,663)
Total	<u>\$ 1,950,587</u>

Payments on lease liabilities due in future years consists of the following at June 30, 2022:

Year Ended June 30,	Principal	Interest	Total
2023	\$ 176,242	\$ 31,996	\$ 208,238
2024	183,550	28,853	212,403
2025	191,070	25,581	216,651
2026	198,809	22,175	220,984
2027	206,772	18,632	225,404
2028-2032	952,102	36,302	988,404
	<u>\$ 1,908,545</u>	<u>\$ 163,539</u>	<u>\$ 2,072,084</u>

## G. Long-Term Obligations

The following reflects the activity in the long-term liability accounts for the year ended June 30, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<i>Governmental Activities:</i>					
General obligation bonds	\$ 19,334,734	\$ 955,000	\$ (1,788,081)	\$ 18,501,653	\$ 1,803,724
Unamortized bond premium	591,328	-	(104,544)	486,784	97,721
Lease obligations	-	2,053,250	(144,705)	1,908,545	176,242
Workers' compensation	722,481	18,234	(361,240)	379,475	189,737
Compensated absences	6,717,453	1,413,765	(1,679,363)	6,451,855	1,612,964
Net pension liability	42,600,098	14,670,152	(49,335,222)	7,935,028	-
Net other postemployment benefits liability	120,039,144	87,610,649	(74,022,631)	133,627,162	-
<b>Total Governmental Activities</b>	<u>\$190,005,238</u>	<u>\$ 106,721,050</u>	<u>\$(127,435,786)</u>	<u>\$169,290,502</u>	<u>\$ 3,880,388</u>
<i>Business-Type Activities - Water and Sewer:</i>					
General obligation bonds	\$ 8,195,267	\$ 715,000	\$ (1,571,919)	\$ 7,338,348	\$ 1,651,277
Notes from direct borrowings and placements	5,689,650	2,930,000	(927,546)	7,692,104	1,173,956
Net pension liability	321,915	110,857	(372,810)	59,962	-
Net other postemployment benefits liability	785,359	573,195	(484,295)	874,259	-
<b>Total Business-Type Activities</b>	<u>\$ 14,992,191</u>	<u>\$ 4,329,052</u>	<u>\$ (3,356,570)</u>	<u>\$ 15,964,673</u>	<u>\$ 2,825,233</u>

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term obligations are included as part of the governmental activities totals above. At fiscal year-end, \$379,475 of internal service funds accrued workers' compensation claims is included above. Except for the amounts related to the internal service funds, the governmental activities long-term obligations are generally liquidated by the general fund. The business-type liabilities are generally liquidated by the water and sewer enterprise fund.

## H. Long-Term 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 is a summary of outstanding long-term debt obligations as of June 30, 2022:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General Obligation Bonds	1.00 - 6.06%	\$ 19,111,876	\$ 955,000	\$ (1,710,938)	\$ 18,355,938
General Obligation Refunding Bonds	2.00 - 5.75%	222,858	-	(77,143)	145,715
Total General Obligation Bonds		19,334,734	955,000	(1,788,081)	18,501,653
Add: Unamortized bond premium		591,328	-	(104,544)	486,784
Total General Obligation Bonds, net		<u>\$ 19,926,062</u>	<u>\$ 955,000</u>	<u>\$ (1,892,625)</u>	<u>\$ 18,988,437</u>
<i>Business-Type Activities - Water and Sewer:</i>					
General Obligation Bonds	1.00 - 5.75%	\$ 7,978,124	\$ 715,000	\$ (1,464,062)	\$ 7,229,062
General Obligation Refunding Bonds	2.00 - 4.00%	217,143	-	(107,857)	109,286
Total General Obligation Bonds		8,195,267	715,000	(1,571,919)	7,338,348
Massachusetts Clean Water Trust	2.00%	134,709	-	(12,291)	122,418
Massachusetts Water Resources Authority	0.00%	5,554,941	2,930,000	(915,255)	7,569,686
Total notes from direct borrowings and placements		5,689,650	2,930,000	(927,546)	7,692,104
Total Business-Type Activities debt		<u>\$ 13,884,917</u>	<u>\$ 3,645,000</u>	<u>\$ (2,499,465)</u>	<u>\$ 15,030,452</u>

The following represents authorized and unissued debt as of June 30, 2022:

Project	Amount
Pension obligation bonds	\$ 47,000,000
Capital improvement program	10,399,804
Parks construction	3,636,915
School construction	47,347,407
Other	241,102
<b>Total Authorized and Unissued</b>	<u><u>\$ 108,625,228</u></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
2023	\$ 1,803,724	\$ 700,686	\$ -	\$ -
2024	1,730,929	623,043	-	-
2025	1,669,500	546,914	-	-
2026	1,639,500	476,259	-	-
2027	1,654,500	405,234	-	-
2028-2032	4,168,500	1,358,637	-	-
2033-2037	1,735,000	899,996	-	-
2038-2042	2,040,000	597,446	-	-
2043-2047	2,060,000	207,876	-	-
Total	<u>\$ 18,501,653</u>	<u>\$ 5,816,091</u>	<u>\$ -</u>	<u>\$ -</u>

Year Ending June 30,	<i>Business-Type Activities: Water and Sewer</i>			
	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2023	\$ 1,651,277	\$ 288,979	\$ 1,173,956	\$ 2,323
2024	1,429,071	221,088	1,055,813	2,070
2025	1,020,500	162,190	981,951	1,811
2026	1,015,500	121,895	912,215	1,548
2027	900,500	80,620	807,009	1,279
2028-2032	1,321,500	98,824	2,761,160	2,314
Total	<u>\$ 7,338,348</u>	<u>\$ 973,596</u>	<u>\$ 7,692,104</u>	<u>\$ 11,345</u>

*Massachusetts Clean Water Trust (MCWT)*

The City has an outstanding note from direct borrowings and placements issued to the MCWT for \$245,000 with interest payable at 2% and payments through July 15, 2030. The note was issued for drinking water related capital outlays. The financing agreement with the MCWT contain a provision that in the event of default, outstanding amounts due and payable shall be paid from any undisbursed proceeds on account or be deducted from any state local aid distributions owed to the City. This provision also allows the MCWT to declare the entire outstanding principal amount due immediately.

*Massachusetts Water Resource Authority (MWRA)*

The MWRA operates financial assistance programs for community owned collection systems. The City has fifteen outstanding notes from direct borrowings and placements issued to the MWRA that are payable without interest in ten equal annual installments.



Notes were issued to the MWRA as follows:

Date of Issue	Date of Maturity	Original Amount
08/15/12	08/15/22	\$ 1,183,959
08/15/13	08/15/23	350,000
03/03/14	02/15/24	391,200
06/15/15	05/15/25	700,000
05/15/16	05/15/26	725,000
05/15/16	05/15/26	329,750
10/17/16	11/15/26	845,000
12/03/18	11/15/28	100,000
05/13/19	05/15/29	695,000
08/12/19	08/15/29	300,000
02/24/20	02/15/30	1,619,500
02/24/20	02/15/30	737,250
08/17/20	08/15/30	300,000
08/17/20	08/15/30	407,500
08/16/21	08/15/32	1,630,000
08/16/21	08/15/32	1,000,000
08/16/21	08/15/32	300,000
		<u>\$ 11,614,159</u>

### III. Other Information

#### A. Retirement System

Retirement System Description – The City contributes to the Chelsea Contributory Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan for the City and Chelsea Housing Authority. The System was established under Chapter 32 of the General Laws of the Commonwealth of Massachusetts. The System is administered by the Chelsea Contributory Retirement Board and is part of the reporting entity. Standalone audited financial statements for the year ended December 31, 2021 were not issued. Disclosures applicable to the Chelsea Housing Authority are not material.

Membership – Membership in the System as of December 31, 2021, was as follows:

Retirees and beneficiaries receiving benefits	395
Active plan members	758
Inactive plan members	267
	<u>1,420</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 City's 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 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.

Generally, normal retirement occurs between ages 65 and 67. However, most participants with a hire date before April 2, 2012, may retire after twenty years of service or at any time after attaining age 55. For most participants hired on or after April 2, 2012, they must attain the age of 60 before they can retire. 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 or 60, as applicable. Participants become vested after ten years of service. Benefits commencing before age 65 are generally provided at a reduced rate. However, members working in certain occupations may retire with full benefits earlier than age 65.

Participants who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 may request a refund of their accumulated total contributions. In addition, depending on the number of years of creditable service, these employees may be entitled to interest that has accrued on their contributions. A vested employee under the age of 55 who elects to leave his accumulated contributions on deposit may apply for pension benefits upon reaching his eligible retirement age.

The System provides for both an ordinary disability retirement, where a participant is permanently incapacitated from a cause unrelated to employment, and an accidental disability retirement, where the disability is the result of an injury or illness received or aggravated in the performance of one's 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. In addition, certain provisions are in place relative to death benefits for beneficiaries of employees who die in active service.

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 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.

Employer contributions totaled \$14,453,432 for the year ended December 31, 2021. The City contributed \$13,525,298 to the System in fiscal year 2022, which equaled the actuarially-determined contribution requirement for the fiscal year. The City's contributions as a percentage of covered payroll was approximately 32.8% in fiscal year 2022.

Net Pension Liability – The components of the net pension liability of the System at December 31, 2021 were as follows:

Total pension liability	\$ 284,584,000
Plan fiduciary net position	<u>(276,042,344)</u>
Net pension liability	<u>\$ 8,541,656</u>
Plan fiduciary net position as a percentage of the total pension liability	97.0%

At June 30, 2022, the City reported a liability of \$7,994,990 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020 and rolled forward to the measurement date of December 31, 2021. There were not any material changes to the 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 93.6% at December 31, 2021.

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 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 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, 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 a \$2,782,422 pension benefit in the statement of activities in fiscal year 2022. The total employer pension benefit for the system was \$2,931,256.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2022, 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	\$ 5,733,936	\$ -
Net differences between projected and actual earnings on pension plan investments	-	29,681,496
Changes in proportion differences	-	250,000
Differences between expected and actual experience	-	3,468,816
	<u>\$ 5,733,936</u>	<u>\$ 33,400,312</u>

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

June 30,	
2023	\$ (6,158,896)
2024	(9,335,744)
2025	(7,008,752)
2026	(5,162,984)
	<u>\$ (27,666,376)</u>

Actuarial Valuation – The measurement of the Retirement System's total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of December 31, 2020. The significant actuarial assumptions used in the actuarial valuation included:

Actuarial cost method	Individual Entry age normal
Amortization method	Increasing payments 5.05% per year
Remaining amortization period	6 years from July 1, 2022
Investment rate of return	7.00%
Projected salary increases	4.25% for Group 1 and 4.75% for Group 4
Cost of living adjustments	3% on the first \$12,000 of retirement income
Retirement mortality rates	Pre-retirement rates reflect the RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2020 (gender distinct)  Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2020 (gender distinct)
Disabled life mortality	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2020 (gender distinct)

**Investment Policy and Rates of Return** – For the year ended December 31, 2021, the annual money-weighted rate of return on System investments net of investment expense, was 19.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	6.11%
International developed markets equity	11.5%	6.49%
International emerging markets equity	4.5%	8.12%
Core fixed income	15.0%	0.38%
High-yield fixed income	8.0%	2.48%
Real estate	10.0%	3.72%
Timber	4.0%	3.44%
Hedge fund, GTAA, risk parity	10.0%	2.63%
Private equity	15.0%	9.93%

**Discount Rate** – The discount rate used to measure the total pension liability in the December 31, 2020 actuarial valuation report was 7.00%. 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 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 net pension liability (asset) of the System calculated using the discount rate of 7.00% as well as the net pension liability (asset) of the System using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

Discount Rate			
Current Rate	1% lower	Current	1% greater
7.00%	\$ 41,520,000	\$ 8,541,656	\$ (19,370,000)

The following presents the City’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00% as well as the City’s proportionate share of the net pension liability (asset) using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

Discount Rate			
Current Rate	1% lower	Current	1% greater
7.00%	\$ 38,862,720	\$ 7,994,990	\$ (18,130,320)

## B. Massachusetts Teachers' Retirement System

Teachers and certain administrative employees of the City's school department participate in the Massachusetts Teachers' Retirement System ("MTRS"), a cost-sharing multiple employer defined benefit pension plan. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. Like the Retirement 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, 2022, the Commonwealth contributed \$9,985,807 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 0.571113%, 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	\$ 129,681,828	\$ (129,681,828)	\$ -
Pension expense	10,406,427	(10,406,427)	-

The City has recognized intergovernmental revenue and pension expense of \$10,406,427 associated with this arrangement.

## C. 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 self-insured medical insurance and self-insured dental and life 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, 2022 are summarized as follows:

*Employees Covered by Benefit Terms* – The following employees were covered by the benefit terms as of June 30, 2022:

Active employees	1,244
Inactives currently receiving benefits	<u>685</u>
Total	<u>1,929</u>

*Contributions* – The required medical insurance (including Medicare Part B) contributions rates of Plan members and the City are 17.5% - 25.0% and 75.0% - 82.5%, respectively. The required dental insurance (including Medicare Part B) contribution rates of Plan members is 100%. The Plan members and the City each contribute 50% towards a \$5,000 term life insurance policy premium. 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, 2022, the City's average contribution rate was 7.3% of covered-employee payroll.

*Net OPEB Liability* – The City's net OPEB liability was measured as of June 30, 2022 using an actuarial valuation as of July 1, 2021. The components of the net OPEB liability of the City were as follows:

Total OPEB Liability	\$ 137,427,856
Plan fiduciary net position	<u>(2,926,435)</u>
Net OPEB liability	<u>\$ 134,501,421</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.13%

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	5.87%, net of OPEB plan investment expense including inflation.
Municipal bond rate	4.09% as of June 30, 2022
Single Equivalent Discount Rate	5.49% net of OPEB plan investment expense including inflation.
Inflation	2.5% annually as of June 30, 2022 and for future periods
Salary increases	3.0% annually as of June 30, 2022 and for future periods
Health Care Trend Rate	9.00% trending to an ultimate rate of 3.63% using the SOA Getzen Model of Long-Run Medical Cost Trends
Pre-Retirement Mortality	RP-2014 Blue Collar Employees Mortality Table projected generationally with scale MP-2016 for males and females, set forward one year for females
Post-Retirement and Disabled Mortality:	RP-2014 Blue Collar Healthy Annuitant Table projected generationally with scale MP-2016 for males and females, set forward one year for females
Actuarial Cost Method	Individual entry age normal

Key assumption changes effective Fiscal Year ending June 30, 2022

The adoption of the Getzen model for projected healthcare costs.

Discount Rate – The discount rate used to measure the total OPEB liability was 5.49% which was a blended rate based on the high-quality municipal bond rate for 20-year maturities as of June 30, 2022 and the City’s long-term investment rate of return.

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	5.49%	\$ 156,127,488	\$ 134,501,421	\$ 117,230,640

	Health Care Trend Rate			
	Current Rate	1% lower	Current	1% greater
Net OPEB Liability	9.0% trending to 3.63%	\$ 115,196,957	\$ 134,501,421	\$ 159,087,480

*Changes in the Net OPEB Liability* – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2022:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021	\$ 123,879,980	\$ 3,055,477	\$ 120,824,503
Changes for the year:			
Service cost	3,988,234	-	3,988,234
Interest	6,900,022	-	6,900,022
Difference between expected and actual plan experience	(8,221,318)	-	(8,221,318)
Changes in assumptions	15,772,967		15,772,967
Employer contributions	-	5,192,029	(5,192,029)
Benefit payments withdrawn from trust	-	(4,892,029)	4,892,029
Net investment income	-	(429,042)	429,042
Benefit payments	(4,892,029)	-	(4,892,029)
Net changes	13,547,876	(129,042)	13,676,918
Balances at June 30, 2022	\$ 137,427,856	\$ 2,926,435	\$ 134,501,421

*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
Domestic equity - large cap	21.25%	4.10%
Domestic equity - small/mid cap	16.50%	4.55%
International equity - developed market	12.25%	4.64%
International equity - emerging market	8.00%	5.45%
Domestic fixed income	24.75%	1.05%
International fixed income	5.25%	0.96%
Alternative investments	11.50%	5.95%
Real estate	0.00%	6.25%
Cash and cash equivalents	0.50%	0.00%
	<u>100.00%</u>	
Real rate of return		3.62%
Inflation assumption		2.50%
Total nominal rate of return		6.12%
Investment expense		0.25%
Net investment return		<u>5.87%</u>

*OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB* – For the year ended June 30, 2022, the City recognized OPEB expense (benefit) of (\$3,270,087). Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2022 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ 32,407,179
Changes of assumptions	14,643,192	33,637,631
Net difference between projected and actual earnings on OPEB plan investments	<u>237,157</u>	<u>-</u>
	<u>\$ 14,880,349</u>	<u>\$ 66,044,810</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,		
2023	\$	(13,957,836)
2024		(13,906,212)
2025		(9,414,878)
2026		(9,315,622)
2027		(5,648,720)
Thereafter		1,078,807
	\$	(51,164,461)

#### **GASB Statement No. 74**

OPEB Plan disclosures that impact the City's net OPEB liability using a reporting date of June 30, 2022 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, 2022 the annual money-weighted rate of return on investments, net of investment expense, was (14.04%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### D. 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, 2021)	Other Postemployment Benefits Trust Fund	Total
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 248,858	\$ 15,415	\$ 264,273
Investments (at fair value):			
Equity mutual funds	-	1,791,516	1,791,516
Fixed income mutual funds	-	847,626	847,626
Private equity funds	-	271,878	271,878
State Treasurer investment pool - PRIT	275,752,694	-	275,752,694
Total Investments	275,752,694	2,911,020	278,663,714
Receivables:			
Other	41,419	-	41,419
Total Receivables	41,419	-	41,419
<b>Total Assets</b>	<b>276,042,971</b>	<b>2,926,435</b>	<b>278,969,406</b>
<b>Liabilities:</b>			
Warrants and accounts payable	627	-	627
<b>Total Liabilities</b>	<b>627</b>	<b>-</b>	<b>627</b>
<b>Net Position:</b>			
Restricted for pensions	276,042,344	-	276,042,344
Restricted for other postemployment benefits	-	2,926,435	2,926,435
<b>Total Net Position</b>	<b>\$ 276,042,344</b>	<b>\$ 2,926,435</b>	<b>\$ 278,968,779</b>

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, 2021)	Other Postemployment Benefits Trust Fund	Total
<b>Additions</b>			
Contributions:			
Employer	\$ 14,453,432	\$ 5,192,029	\$ 19,645,461
Employee	4,449,485	-	4,449,485
Other contributions	683,962	-	683,962
Total Contributions	19,586,879	5,192,029	24,778,908
Investment income:			
Interest and dividends	5,816,213	54,961	5,871,174
Net appreciation in fair value of investments	40,407,587	(478,201)	39,929,386
Less - investment management fees	(1,239,444)	(5,802)	(1,245,246)
Net investment earnings	44,984,356	(429,042)	44,555,314
Other income	10,053	-	10,053
<b>Total Additions (net)</b>	<b>64,581,288</b>	<b>4,762,987</b>	<b>69,344,275</b>
<b>Deductions</b>			
Benefit payments to retirees and beneficiaries	13,547,463	4,892,029	18,439,492
Member refunds	298,981	-	298,981
Transfers and reimbursements to other systems	496,187	-	496,187
Payroll expenses of the System	193,062	-	193,062
Other administrative expenses	130,907	-	130,907
<b>Total Deductions</b>	<b>14,666,600</b>	<b>4,892,029</b>	<b>19,558,629</b>
<b>CHANGE IN NET POSITION</b>	<b>49,914,688</b>	<b>(129,042)</b>	<b>49,785,646</b>
<b>NET POSITION AT BEGINNING OF YEAR</b>	<b>226,127,656</b>	<b>3,055,477</b>	<b>229,183,133</b>
<b>NET POSITION AT END OF YEAR</b>	<b>\$ 276,042,344</b>	<b>\$ 2,926,435</b>	<b>\$ 278,968,779</b>

## E. 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 Health Insurance Plan – The City is self-insured for health insurance activities. These activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when incurred. Claims are administered by a third-party administrator and are funded on a pay-as-you -go basis from annual appropriations. The estimated future liability is based on actual and historical lag claims. At June 30, 2022, the amount of the liability for health claims totaled \$1,127,636.

Changes in the reported liability since July 1, 2020, 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 2022	\$ 1,512,785	\$ 25,409,725	\$(25,794,874)	\$ 1,127,636	\$ 1,127,636
Fiscal Year 2021	891,784	24,598,575	(23,977,574)	1,512,785	1,512,785

Workers' Compensation – The City is also self-insured for their workers' compensation activities. These activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when incurred. Claims are administered by a third-party administrator and are funded on a pay-as-you -go basis from annual appropriations. The estimated future workers' compensation liability is based on history and injury type. At June 30, 2022, the amount of the liability for workers' compensation claims totaled \$379,475.

Changes in the reported liability since July 1, 2020, 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 2022	\$ 722,481	\$ 142,404	\$( 485,410)	\$ 379,475	\$ 189,737
Fiscal Year 2021	517,517	571,366	( 366,399)	722,481	361,240

## F. Commitments

The City has entered into or is planning to enter into contracts to expend approximately \$17,000,000 in accordance with its five-year capital plan.

## **G. Contingencies**

The City is party to other 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, 2022, 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, 2022. 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.

## **H. Implementation of GASB pronouncements**

### *Current Year Implementations –*

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This Statement redefined the manner in which long-term leases are accounted and reported. As amended, the provisions of this Statement became effective in fiscal year 2022. See Note II, Subsection F for the impact on the City's financial statements.

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement established accounting requirements for interest costs incurred before the end of a construction period. As amended, the provisions of this Statement became effective in fiscal year 2022. The adoption of this standard did not have a material impact on the City's financial statements.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The objective of this Statement was to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The provisions of this Statement became effective in fiscal year 2022. The adoption of this standard did not have a material impact on the City's financial statements.

#### Future Implementations –

In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is 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 are effective for financial reporting periods beginning after December 15, 2021 (fiscal year 2023). The City is currently evaluating whether adoption will have a material impact on the 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 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). The City is currently evaluating whether adoption will have a material impact on the financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is 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 are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2023). 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. 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.

#### **IV. Prior Period Restatement**

The City reclassified the beginning balance of its Clark Avenue School Construction Fund of \$2,981,352 to the Nonmajor Governmental Funds whose beginning balance increased from \$27,545,277 to \$30,526,629.



# REQUIRED SUPPLEMENTARY INFORMATION



Boston Logan airport shuttle entering the Silverline busway. The airport is approximately 1.5 miles from Chelsea.



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## CITY OF CHELSEA, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS  
YEAR ENDED JUNE 30, 2022SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS  
(SYSTEM)

(dollar amounts are in thousands)

	Year Ended December 31,							
	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:								
Service cost	\$ 7,477	\$ 6,767	\$ 6,476	\$ 6,095	\$ 5,833	\$ 5,478	\$ 5,242	\$ 4,822
Interest	19,069	18,667	17,793	16,998	16,211	15,752	14,481	14,245
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(4,038)	-	(1,603)	(3,062)	-	(3,065)	-
Changes in assumptions	-	6,000	-	4,800	3,460	-	10,500	-
Benefit payments, including refunds	(13,800)	(12,524)	(12,504)	(12,520)	(11,459)	(10,657)	(10,229)	(10,211)
Net change in total pension liability	12,746	14,872	11,765	13,770	10,983	10,573	16,929	8,856
Total pension liability - beginning of year	271,838	256,966	245,201	231,431	220,448	209,875	192,946	184,090
Total pension liability - end of year (a)	<u>\$ 284,584</u>	<u>\$ 271,838</u>	<u>\$ 256,966</u>	<u>\$ 245,201</u>	<u>\$ 231,431</u>	<u>\$ 220,448</u>	<u>\$ 209,875</u>	<u>\$ 192,946</u>
Plan fiduciary net position:								
Contributions - employer	\$ 14,453	\$ 13,674	\$ 12,937	\$ 12,239	\$ 11,579	\$ 10,956	\$ 10,664	\$ 9,626
Contributions - employee	4,450	4,319	4,271	3,855	3,638	3,265	2,871	3,028
Contributions - nonemployer contributing entities	684	741	788	543	-	-	-	-
Net investment income	44,984	24,379	26,808	(4,163)	23,927	9,368	617	8,519
Benefit payments, including refunds	(14,343)	(13,238)	(13,377)	(13,231)	(11,459)	(10,657)	(10,229)	(10,211)
Administrative expenses	(324)	(300)	(309)	(292)	(277)	(215)	(249)	(261)
Other	10	-	11	17	23	10	15	28
Net change in plan fiduciary net position	49,914	29,575	31,129	(1,032)	27,431	12,727	3,689	10,729
Plan fiduciary net position - beginning of year	226,128	196,553	165,424	166,456	139,025	126,298	122,609	111,880
Plan fiduciary net position - end of year (b)	<u>\$ 276,042</u>	<u>\$ 226,128</u>	<u>\$ 196,553</u>	<u>\$ 165,424</u>	<u>\$ 166,456</u>	<u>\$ 139,025</u>	<u>\$ 126,298</u>	<u>\$ 122,609</u>
Net pension liability - end of year (a) - (b)	<u>\$ 8,542</u>	<u>\$ 45,710</u>	<u>\$ 60,413</u>	<u>\$ 79,777</u>	<u>\$ 64,975</u>	<u>\$ 81,423</u>	<u>\$ 83,577</u>	<u>\$ 70,337</u>
Plan fiduciary net position as a percentage of the total pension liability	97.0%	83.2%	76.5%	67.5%	71.9%	63.1%	60.2%	63.5%
Covered payroll	44,091	44,091	39,748	39,748	35,888	33,007	33,007	31,121
Net pension liability as a percentage of covered payroll	19.4%	103.7%	152.0%	200.7%	181.0%	246.7%	253.2%	226.0%

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 auditor's report.

**CITY OF CHELSEA, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS**  
**YEAR ENDED JUNE 30, 2022**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)**

*(dollar amounts are in thousands)*

	Year Ended December 31,				
	2021	2020	2019	2018	2017
Actuarially-determined contribution	\$ 14,453	\$ 13,674	\$ 12,937	\$ 12,239	\$ 11,579
Contributions in relation to the actuarially-determined contribution	14,453	13,674	12,937	12,239	11,579
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	44,091	44,091	39,748	39,748	35,888
Contribution as a percentage of covered payroll	32.8%	31.0%	32.5%	30.8%	32.3%

(continued)

	2016	2015	2014	2013	2012
Actuarially-determined contribution	\$ 10,955	\$ 10,664	\$ 9,626	\$ 9,656	\$ 9,381
Contributions in relation to the actuarially-determined contribution	10,955	10,664	9,626	9,656	9,381
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	33,007	33,007	31,121	31,121	29,750
Contribution as a percentage of covered payroll	33.2%	32.3%	30.9%	31.0%	31.5%

(concluded)

**SCHEDULE OF INVESTMENT RETURNS (SYSTEM)**

	Year Ended December 31,				
	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	19.80%	9.15%	16.13%	-2.48%	17.09%

(continued)

	Year Ended December 31,		
	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	7.06%	1.02%	7.59%

(concluded)

The Schedules of Investment Returns is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is completed, information is presented for those years in which information is available.

See accompanying independent auditor's report.

CITY OF CHELSEA, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS  
YEAR ENDED JUNE 30, 2022

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
(dollar amounts are in thousands)

	Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	93.6%	93.9%	93.8%	94.1%	94.1%	93.8%	91.5%	94.6%
City's proportionate share of the net pension liability (asset)	\$ 33,400	\$ 42,922	\$ 56,668	\$ 75,070	\$ 61,133	\$ 76,347	\$ 76,448	\$ 66,525
City's covered payroll	\$ 41,269	\$ 37,323	\$ 37,403	\$ 37,403	\$ 33,616	\$ 30,191	\$ 30,191	\$ 29,435
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	80.9%	115.0%	151.5%	200.7%	181.9%	252.9%	253.2%	226.0%
Plan fiduciary net position as a percentage of the total pension liability	97.0%	83.2%	76.5%	67.5%	71.9%	63.1%	60.2%	63.6%

SCHEDULE OF THE CITY'S CONTRIBUTIONS TO PENSION PLAN  
(dollar amounts are in thousands)

	Year Ended June 30,							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 13,525	\$ 12,841	\$ 12,137	\$ 11,520	\$ 10,894	\$ 10,272	\$ 9,755	\$ 9,326
Contributions in relation to the actuarially determined contribution	13,525	12,841	12,137	11,520	10,894	10,272	9,755	9,326
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 41,872	\$ 35,701	\$ 35,892	\$ 35,892	\$ 34,457	\$ 32,493	\$ 30,946	\$ 30,171
Contributions as a percentage of covered payroll	32.3%	36.0%	33.8%	32.1%	31.6%	31.6%	31.5%	30.9%

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 auditor's report.

**CITY OF CHELSEA, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS**  
**YEAR ENDED JUNE 30, 2022**

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

*(dollar amounts are in thousands)*

	Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Commonwealth's proportion of the collective net pension liability (asset)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
City's proportion of the collective net pension liability (asset)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Commonwealth's proportionate share of the net pension liability (asset)	\$ 22,706,876	\$ 28,544,844	\$ 25,214,020	\$ 23,711,289	\$ 22,885,391	\$ 22,357,928	\$ 20,489,643	\$ 15,896,354
Commonwealth's actuarially determined contribution	\$ 1,748,483	\$ 1,553,433	\$ 1,443,710	\$ 1,314,783	\$ 1,235,515	\$ 1,124,583	\$ 1,021,930	\$ 937,379

Contributions to MTRS are the responsibility of the Commonwealth of Massachusetts.

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 auditor's report.

## CITY OF CHELSEA, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
YEAR ENDED JUNE 30, 2022

## SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	Year Ended June 30,					
	2022	2021	2020	2019	2018	2017
Total OPEB liability:						
Service cost	\$ 3,988,234	\$ 7,155,794	\$ 6,888,660	\$ 9,323,439	\$ 8,189,017	\$ 10,055,684
Interest	6,900,022	5,454,010	6,032,043	6,575,170	6,241,225	6,955,739
Differences between expected and actual experience	(8,221,318)	-	(28,515,838)	-	-	(31,843,380)
Changes in assumptions	15,772,967	(47,092,683)	1,966,134	-	-	-
Benefit payments, including refunds	(4,892,029)	(4,557,637)	(4,292,011)	(5,434,827)	(5,146,361)	(5,424,277)
Net change in total OPEB liability	13,547,876	(39,040,516)	(17,921,012)	10,463,782	9,283,881	(20,256,234)
Total OPEB liability - beginning of year, as restated	123,879,980	162,920,496	180,841,508	195,685,169	186,401,288	206,657,522
Total OPEB liability - end of year (a)	<u>\$ 137,427,856</u>	<u>\$ 123,879,980</u>	<u>\$ 162,920,496</u>	<u>\$ 206,148,951</u>	<u>\$ 195,685,169</u>	<u>\$ 186,401,288</u>
Plan fiduciary net position:						
Contributions - employer	\$ 5,192,029	\$ 4,557,637	\$ 4,592,011	\$ 7,398,400	\$ 5,146,361	\$ 5,424,277
Net investment income	(429,042)	647,038	48,570	96,296	-	-
Benefit payments, including refunds	(4,892,029)	(4,557,637)	(4,292,011)	(5,434,827)	(5,146,361)	(5,424,277)
Net change in plan fiduciary net position	(129,042)	647,038	348,570	2,059,869	-	-
Plan fiduciary net position - beginning of year	3,055,477	2,408,439	2,059,869	-	-	-
Plan fiduciary net position - end of year (b)	<u>\$ 2,926,435</u>	<u>\$ 3,055,477</u>	<u>\$ 2,408,439</u>	<u>\$ 2,059,869</u>	<u>\$ -</u>	<u>\$ -</u>
Net OPEB liability - end of year (a) - (b)	<u>\$ 134,501,421</u>	<u>\$ 120,824,503</u>	<u>\$ 160,512,057</u>	<u>\$ 204,089,082</u>	<u>\$ 195,685,169</u>	<u>\$ 186,401,288</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.1%	2.5%	1.5%	1.0%	0.0%	0.0%
Covered-employee payroll	71,395,753	86,088,700	83,581,262	81,096,580	76,441,305	76,441,305
Net OPEB liability as a percentage of covered-employee payroll	188.4%	140.3%	192.0%	251.7%	256.0%	243.8%

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 CHELSEA, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
YEAR ENDED JUNE 30, 2022**

**SCHEDULE OF CONTRIBUTIONS**

	June 30			
	2022	2021	2020	2019
Actuarially-determined contribution	\$ 10,193,874	\$ 12,737,134	\$ 12,429,262	\$ 19,736,769
Contributions in relation to the actuarially-determined contribution	5,192,029	4,557,637	4,592,011	7,398,400
Contribution deficiency (excess)	<u>\$ 5,001,845</u>	<u>\$ 8,179,497</u>	<u>\$ 7,837,251</u>	<u>\$ 12,338,369</u>
Covered-employee payroll	71,395,753	86,088,700	83,581,262	81,096,580
Contribution as a percentage of covered-employee payroll	7.3%	5.3%	5.5%	9.1%
Valuation Date	July 1, 2021			
Amortization Period	30 years			
Investment rate of return	5.87%			
Municipal Bond Rate	4.09%			
Single Equivalent Discount Rate	5.49%			
Inflation	2.50%			
Healthcare cost trend rates	9.00>3.63%			
Salary increases	3.00%			
Actuarial Cost Method	Individual Entry Age Normal			
Asset Valuation Method	Fair Value of Assets as of Reporting Date			

**SCHEDULE OF INVESTMENT RETURNS**

	June 30			
	2022	2021	2020	2019
Annual money-weighted rate of return, net of investment expense	-14.04%	26.87%	2.08%	6.13%

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 CHELSEA, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary		Budgetary	Positive
	Budget	Budget	Amounts	Encumbrances	Adjusted	(Negative)
<b>Revenues:</b>						
Real estate and personal property taxes	\$ 66,596,781	\$ 68,541,431	\$ 69,500,413	\$ -	69,500,413	958,982
Motor vehicle and other excise	8,000,000	8,000,000	12,990,624	-	12,990,624	4,990,624
Meals and room excise	1,150,000	1,150,000	2,837,120	-	2,837,120	1,687,120
Tax and trash liens	-	-	591,395	-	591,395	591,395
Payments in lieu of taxes	1,200,000	1,200,000	1,797,798	-	1,797,798	597,798
Trash disposal	2,000,000	2,000,000	2,413,761	-	2,413,761	413,761
Intergovernmental	108,221,717	108,221,717	108,357,543	-	108,357,543	135,826
Penalties and interest on taxes	350,000	350,000	397,340	-	397,340	47,340
Licenses and permits	1,800,000	1,800,000	2,242,333	-	2,242,333	442,333
Fines and forfeitures	2,100,000	2,100,000	2,786,133	-	2,786,133	686,133
Departmental and other	1,147,661	1,147,661	1,611,860	-	1,611,860	464,199
Investment income	690,000	690,000	191,612	-	191,612	(498,388)
<b>Total Revenues</b>	<b>193,256,159</b>	<b>195,200,809</b>	<b>205,717,932</b>	<b>-</b>	<b>205,717,932</b>	<b>10,517,123</b>
<b>Expenditures:</b>						
<i>General Government:</i>						
Legislative:						
Personal services	240,422	240,422	240,386	-	240,386	36
Expenditures	125,634	125,634	63,750	60,160	123,910	1,724
	366,056	366,056	304,136	60,160	364,296	1,760
Executive Office:						
Personal services	476,396	476,396	402,277	-	402,277	74,119
Expenditures	81,612	81,612	37,935	12,740	50,675	30,937
	558,008	558,008	440,212	12,740	452,952	105,056
Auditor's Office:						
Personal services	326,412	328,612	317,769	-	317,769	10,843
Expenditures	158,476	218,476	91,276	89,899	181,175	37,301
	484,888	547,088	409,045	89,899	498,944	48,144
Treasurer/Collector's Office:						
Personal services	458,901	464,401	462,534	-	462,534	1,867
Expenditures	255,457	255,457	192,656	32,442	225,098	30,359
	714,358	719,858	655,190	32,442	687,632	32,226
Payroll:						
Personal services	136,671	136,671	118,212	-	118,212	18,459
Expenditures	26,095	26,095	24,739	-	24,739	1,356
Capital outlay	1,575	1,575	-	-	-	1,575
	164,341	164,341	142,951	-	142,951	21,390
Assessing:						
Personal services	339,613	340,710	253,178	-	253,178	87,532
Expenditures	318,316	414,316	242,542	139,773	382,315	32,001
	657,929	755,026	495,720	139,773	635,493	119,533
Procurement:						
Personal services	149,493	151,110	151,110	-	151,110	-
Expenditures	94,913	94,913	66,149	19,546	85,695	9,218
	244,406	246,023	217,259	19,546	236,805	9,218
Central Billing:						
Personal services	119,450	120,550	118,872	-	118,872	1,678
Expenditures	113,803	113,803	75,106	14,390	89,496	24,307
	233,253	234,353	193,978	14,390	208,368	25,985
Law Department:						
Personal services	246,808	246,808	232,737	-	232,737	14,071
Expenditures	108,315	163,315	152,673	2,888	155,561	7,754
	355,123	410,123	385,410	2,888	388,298	21,825

## CITY OF CHELSEA, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Positive
	Budget	Budget	Amounts		Adjusted	(Negative)
Personnel Department:						
Personal services	394,953	394,953	286,059	52,829	338,888	56,065
Expenditures	114,923	137,573	83,306	10,069	93,375	44,198
	509,876	532,526	369,365	62,898	432,263	100,263
Diversity and Equity:						
Personal services	177,000	177,000	113,564	-	113,564	63,436
Expenditures	70,600	70,600	14,242	-	14,242	56,358
	247,600	247,600	127,806	-	127,806	119,794
Information Systems:						
Personal services	394,991	394,991	386,706	-	386,706	8,285
Expenditures	983,169	983,169	724,021	242,852	966,873	16,296
Capital outlay	774,987	774,987	440,183	219,710	659,893	115,094
	2,153,147	2,153,147	1,550,910	462,562	2,013,472	139,675
City Clerk:						
Personal services	387,559	389,097	368,758	-	368,758	20,339
Expenditures	62,458	74,700	50,219	12,963	63,182	11,518
Capital outlay	-	-	-	-	-	-
	450,017	463,797	418,977	12,963	431,940	31,857
Office of Planning and Development:						
Personal services	-	-	-	-	-	-
Expenditures	475,321	475,321	284,288	188,867	473,155	2,166
	475,321	475,321	284,288	188,867	473,155	2,166
Permit/Land Use Planning:						
Personal services	114,264	114,264	114,264	-	114,264	-
Expenditures	24,325	24,325	2,386	2,640	5,026	19,299
	138,589	138,589	116,650	2,640	119,290	19,299
Housing & Community Development:						
Personal services	334,084	335,184	262,967	-	262,967	72,217
Expenditures	315,336	315,336	141,352	116,467	257,819	57,517
	649,420	650,520	404,319	116,467	520,786	129,734
Salary Reserve:						
Personal services	590,000	2,510	-	-	-	2,510
	590,000	2,510	-	-	-	2,510
<b>Total General Government</b>	<b>8,992,332</b>	<b>8,664,886</b>	<b>6,516,216</b>	<b>1,218,235</b>	<b>7,734,451</b>	<b>930,435</b>
<b>Public Safety:</b>						
Police Department:						
Personal services	11,530,569	11,614,069	11,495,471	-	11,495,471	118,598
Expenditures	782,274	782,274	615,769	65,416	681,185	101,089
	12,312,843	12,396,343	12,111,240	65,416	12,176,656	219,687
Fire Department:						
Personal services	10,418,550	10,783,650	10,664,215	-	10,664,215	119,435
Expenditures	569,237	597,737	524,854	18,110	542,964	54,773
Capital outlay	-	-	-	-	-	-
	10,987,787	11,381,387	11,189,069	18,110	11,207,179	174,208
Inspectional Services:						
Personal services	1,070,641	1,094,941	1,071,512	-	1,071,512	23,429
Expenditures	57,231	57,231	29,567	3,000	32,567	24,664
	1,127,872	1,152,172	1,101,079	3,000	1,104,079	48,093
Traffic and Parking:						
Personal services	113,886	114,986	99,534	-	99,534	15,452
Operating expenses	1,073,326	1,250,326	1,067,252	165,599	1,232,851	17,475
Capital outlay	33,500	33,500	27,966	-	27,966	5,534
	1,220,712	1,398,812	1,194,752	165,599	1,360,351	38,461
Emergency Management:						
Personal services	1,331,339	1,421,339	1,394,678	-	1,394,678	26,661
Expenditures	142,628	142,628	100,334	17,124	117,458	25,170
	1,473,967	1,563,967	1,495,012	17,124	1,512,136	51,831
<b>Total Public Safety</b>	<b>27,123,181</b>	<b>27,892,681</b>	<b>27,091,152</b>	<b>269,249</b>	<b>27,360,401</b>	<b>532,280</b>

## CITY OF CHELSEA, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Positive
	Budget	Budget	Amounts		Adjusted	(Negative)
<i>Education:</i>						
Operational	118,063,751	119,116,309	111,391,983	7,753,566	119,145,549	(29,240)
Northeast regional school district:						
Assessment	1,053,286	1,053,286	1,033,798	-	1,033,798	19,488
<i>Total Education</i>	<u>119,117,037</u>	<u>120,169,595</u>	<u>112,425,781</u>	<u>7,753,566</u>	<u>120,179,347</u>	<u>(9,752)</u>
<i>Public Works:</i>						
Administration:						
Personal services	429,247	432,547	407,387	-	407,387	25,160
Expenditures	23,902	23,902	19,965	1,059	21,024	2,878
	<u>453,149</u>	<u>456,449</u>	<u>427,352</u>	<u>1,059</u>	<u>428,411</u>	<u>28,038</u>
Streets and Sidewalks:						
Personal services	1,181,293	1,341,293	1,231,397	-	1,231,397	109,896
Expenditures	2,210,590	2,310,590	1,555,660	589,317	2,144,977	165,613
Capital outlay	2,582,189	3,667,880	505,903	3,161,334	3,667,237	643
	<u>5,974,072</u>	<u>7,319,763</u>	<u>3,292,960</u>	<u>3,750,651</u>	<u>7,043,611</u>	<u>276,152</u>
Solid Waste/Recycling:						
Personal services	66,955	67,472	67,472	-	67,472	-
Expenditures	2,500,276	2,600,276	2,403,046	170,175	2,573,221	27,055
	<u>2,567,231</u>	<u>2,667,748</u>	<u>2,470,518</u>	<u>170,175</u>	<u>2,640,693</u>	<u>27,055</u>
Structure and Grounds:						
Personal services	295,577	334,977	287,843	200	288,043	46,934
Expenditures	1,673,339	1,673,339	1,477,608	110,552	1,588,160	85,179
Capital outlay	900	900	-	900	900	-
	<u>1,969,816</u>	<u>2,009,216</u>	<u>1,765,451</u>	<u>111,652</u>	<u>1,877,103</u>	<u>132,113</u>
Snow and Ice Removal:						
Personal services	25,000	124,318	124,317	-	124,317	1
Expenditures	181,115	818,575	689,997	57,864	747,861	70,714
	<u>206,115</u>	<u>942,893</u>	<u>814,314</u>	<u>57,864</u>	<u>872,178</u>	<u>70,715</u>
<i>Total Public Works</i>	<u>11,170,383</u>	<u>13,396,069</u>	<u>8,770,595</u>	<u>4,091,401</u>	<u>12,861,996</u>	<u>534,073</u>
<i>Health and Human Services:</i>						
Administration:						
Personal services	119,658	121,858	70,411	-	70,411	51,447
Expenditures	3,142	78,061	76,243	-	76,243	1,818
	<u>122,800</u>	<u>199,919</u>	<u>146,654</u>	<u>-</u>	<u>146,654</u>	<u>53,265</u>
Health Division:						
Personal services	160,714	161,814	159,697	-	159,697	2,117
Expenditures	467,731	392,811	222,267	167,984	390,251	2,560
	<u>628,445</u>	<u>554,625</u>	<u>381,964</u>	<u>167,984</u>	<u>549,948</u>	<u>4,677</u>
Veteran's Services:						
Personal services	73,472	74,172	74,172	-	74,172	-
Expenditures	459,330	459,330	285,040	4,798	289,838	169,492
	<u>532,802</u>	<u>533,502</u>	<u>359,212</u>	<u>4,798</u>	<u>364,010</u>	<u>169,492</u>

(Continued)

## CITY OF CHELSEA, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Positive
	Budget	Budget	Amounts		Adjusted	(Negative)
Elder Affairs:						
Personal services	218,178	218,178	213,900	-	213,900	4,278
Expenditures	108,057	158,057	29,729	115,200	144,929	13,128
	326,235	376,235	243,629	115,200	358,829	17,406
<i>Total Health and Human Services</i>	1,610,282	1,664,281	1,131,459	287,982	1,419,441	244,840
<i>Culture and Recreation:</i>						
Recreation and Cultural Affairs:						
Personal services	303,037	303,037	229,661	-	229,661	73,376
Expenditures	588,060	588,060	400,542	95,961	496,503	91,557
	891,097	891,097	630,203	95,961	726,164	164,933
Public Library:						
Personal services	350,342	350,342	330,868	-	330,868	19,474
Expenditures	27,889	27,889	26,695	128	26,823	1,066
Capital outlay	10,000	10,000	6,527	3,398	9,925	75
	388,231	388,231	364,090	3,526	367,616	20,615
<i>Total Culture and Recreation</i>	1,279,328	1,279,328	994,293	99,487	1,093,780	185,548
<i>Pension Benefits:</i>						
Contributory Retirement:						
Expenditures	9,921,537	9,921,537	9,921,537	-	9,921,537	-
	9,921,537	9,921,537	9,921,537	-	9,921,537	-
Non-Contributory Retirement:						
Expenditures	11,895	11,895	11,535	-	11,535	360
	11,895	11,895	11,535	-	11,535	360
<i>Total Pension Benefits</i>	9,933,432	9,933,432	9,933,072	-	9,933,072	360
<i>Employee Benefits:</i>						
Unemployment Compensation:						
Expenditures	99,841	148,841	113,846	34,995	148,841	-
	99,841	148,841	113,846	34,995	148,841	-
Health Insurance:						
Operating expenses	7,600,339	7,600,338	7,095,994	4,628	7,100,622	499,716
	7,600,339	7,600,338	7,095,994	4,628	7,100,622	499,716
Workers' Compensation:						
Operating expenses	475,000	475,000	427,595	-	427,595	47,405
	475,000	475,000	427,595	-	427,595	47,405
Payroll Taxes:						
Operating expenses	492,000	524,000	524,000	-	524,000	-
	492,000	524,000	524,000	-	524,000	-
Life Insurance:						
Operating expenses	41,795	41,796	12,287	19,782	32,069	9,727
	41,795	41,796	12,287	19,782	32,069	9,727
<i>Total Employee Benefits</i>	8,708,975	8,789,975	8,173,722	59,405	8,233,127	556,848
<i>Property and Liability Insurance:</i>						
Expenditures	758,977	758,977	749,714	-	749,714	9,263
<i>Total Property and Liability Insurance</i>	758,977	758,977	749,714	-	749,714	9,263

## CITY OF CHELSEA, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Positive
	Budget	Budget	Amounts		Adjusted	(Negative)
<i>Claims and Judgments:</i>						
Expenditures	51,540	50,000	15,627	-	15,627	34,373
<i>Total Claims and Judgements</i>	<u>51,540</u>	<u>50,000</u>	<u>15,627</u>	<u>-</u>	<u>15,627</u>	<u>34,373</u>
<i>State and County Assessments:</i>						
State assessments and charges	207,295	207,295	309,295	-	309,295	(102,000)
Transportation authorities assessments	2,696,971	2,696,971	2,696,971	-	2,696,971	-
Annual charges against receipts	22,449	22,449	21,626	-	21,626	823
Tuition assessments	17,107,622	17,107,622	16,298,612	-	16,298,612	809,010
<i>Total State and County Assessments</i>	<u>20,034,337</u>	<u>20,034,337</u>	<u>19,326,504</u>	<u>-</u>	<u>19,326,504</u>	<u>707,833</u>
<i>Debt Service Principal:</i>						
Expenditures	1,883,081	1,883,081	1,880,161	-	1,880,161	2,920
<i>Total Debt Service Principal</i>	<u>1,883,081</u>	<u>1,883,081</u>	<u>1,880,161</u>	<u>-</u>	<u>1,880,161</u>	<u>2,920</u>
<i>Debt Service Interest:</i>						
Expenditures	638,610	638,610	638,610	-	638,610	-
<i>Total Debt Service Interest</i>	<u>638,610</u>	<u>638,610</u>	<u>638,610</u>	<u>-</u>	<u>638,610</u>	<u>-</u>
<b>Total Expenditures</b>	<u>211,301,495</u>	<u>215,155,252</u>	<u>197,646,906</u>	<u>13,779,325</u>	<u>211,426,231</u>	<u>3,729,021</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	2,231,857	2,231,857	2,531,857		2,531,857	300,000
Transfers out	(6,463,459)	(8,027,209)	(8,027,209)		(8,027,209)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(4,231,602)</u>	<u>(5,795,352)</u>	<u>(5,495,352)</u>		<u>\$ (5,495,352)</u>	<u>300,000</u>
<i>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Uses Of Prior Year Budgetary Fund Balance</i>	<u>(22,276,938)</u>	<u>(25,749,795)</u>	<u>2,575,674</u>			<u>\$ 14,546,144</u>
<b>Other Budgetary Items</b>						
Use of unassigned fund balance (free cash)	\$ 5,770,551	\$ 8,979,726				
Use of overlay surplus	-	96,000				
Prior year encumbrances	16,551,710	16,551,710				
Other	(45,323)	122,359				
<b>Total Other Budgetary Items</b>	<u>22,276,938</u>	<u>25,749,795</u>				
<b>Net budget and actual</b>	<u>\$ -</u>	<u>\$ -</u>				

(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 CHELSEA, MASSACHUSETTS

### NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2022

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#### **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	5.87%, net of OPEB plan investment expense including inflation.
Municipal bond rate	4.09% as of June 30, 2022
Single Equivalent Discount Rate	5.49% net of OPEB plan investment expense including inflation.
Inflation	2.5% annually as of June 30, 2022 and for future periods
Salary increases	3.0% annually as of June 30, 2022 and for future periods
Health Care Trend Rate	9.00% trending to an ultimate rate of 3.63% using the SOA Getzen Model of Long-Run Medical Cost Trends
Pre-Retirement Mortality	RP-2014 Blue Collar Employees Mortality Table projected generationally with scale MP-2016 for males and females, set forward one year for females
Post-Retirement and Disabled Mortality:	RP-2014 Blue Collar Healthy Annuitant Table projected generationally with scale MP-2016 for males and females, set forward one year for females
Actuarial Cost Method	Individual entry age normal

Changes in Assumptions – The adoption of the Getzen model for projected healthcare costs.

### III. Budgetary Basis of Accounting

Budgetary Information – An annual budget is legally adopted for the General Fund and the Enterprise Fund. The City Manager presents an annual budget to the City Council, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The City Council, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote. Increases to the annual budget subsequent to the approval of the annual budget require majority City Council approval through a Council Order. Expenditures may not legally exceed appropriations at the department level, or in the categories of personnel, non-personnel expenses and capital expenses. 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, with appropriations totaling approximately \$223.1 million. During fiscal year 2022, City Council approved various supplemental budgetary appropriations which resulted in a net increase of approximately \$5.2 million from the original voted budget, which was primarily utilized for education (\$1.1 million), public works (\$2.2 million) and transfers to other funds (\$1.6 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, 2022, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 205,717,932
Change in revenue accruals	\$ 192,306	\$ -	192,306
Stabilization activity	-	(70,489)	(70,489)
On behalf payments	10,406,427	-	10,406,427
Revenues on a GAAP basis	<u>\$ 10,406,427</u>	<u>\$ -</u>	<u>\$ 216,246,176</u>
Expenditures on a budgetary basis			\$ 197,646,906
Fiduciary fund activity	\$ -	\$ 447,750	447,750
On behalf payments	10,406,427	-	10,406,427
Enterprise indirect cost transfers	-	(2,186,831)	(2,186,831)
Expenditures on a GAAP basis	<u>\$ 10,406,427</u>	<u>\$ (1,739,081)</u>	<u>\$ 206,314,252</u>
Other financing sources (uses) on a budgetary basis			\$ (5,495,352)
Stabilization transfers	\$ -	\$ (512,875)	(512,875)
Fiduciary fund activity	-	447,750	447,750
Enterprise indirect cost transfers	-	(2,186,831)	(2,186,831)
Other financing sources (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ (2,251,956)</u>	<u>\$ (7,747,308)</u>



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# COMBINING STATEMENTS



Vibrant and inviting restaurant storefronts along Broadway in downtown Chelsea.

## **Nonmajor Governmental Funds**

### ***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:

*Redevelopment* – This fund accounts for all federal, state, locally funded redevelopment activities.

*Other Community Development* – This fund accounts for all federal, state, locally funded community development activities other than redevelopment activities.

*City Revolving* – 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.

*Receipts Reserved* – This fund accounts for receipts collected which are designated to fund and supplement specific operating budgets of various departments.

*City Gifts* – This fund accounts for donated monies from residents and organizations that are to be used to provide a specific benefit to non-school activities.

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

*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 Lunch* – This fund accounts for the activities of the school lunch program, which includes charges for services and state and federal reimbursements to meals served.

*School Revolving* – This fund accounts for the activity of the school department's revolving funds.

*School Gifts* – This fund accounts for donated monies from residents and organizations that are to be used to provide a specific benefit to the Chelsea schools.

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

*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.

*Capital Project Funds –*

Capital project funds are used to account for and report resources that are legally restricted, committed or assigned to expenditure for capital outlays, including acquisition or construction of capital facilities and other capital assets.

*Urban I & II Renewal* – This fund accounts for the proceeds of bonds sold, intergovernmental grant and transfers in used to finance the cost of the Everett Avenue Urban Revitalization Project.

*Other Capital* – This fund accounts for the proceeds of bonds sold, intergovernmental grant and transfers in used to finance the City's other capital project activity.

*School Capital Reserve* – This fund accounts for funds restricted for long-term capital needs of school buildings.

*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.

*Health and Human Services* – This fund accounts for various gift, bequests and contributions held for which only earnings may be expended for purposes specified by the donor related to health and human service activities.

*Culture and Recreation* – This fund accounts for various gift, bequests and contributions held for which only earnings may be expended for purposes specified by the donor related to culture and recreation activities.

**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING BALANCE SHEET  
JUNE 30, 2022

	<b>Special Revenue Funds</b>					
	<u>Redevelopment</u>	<u>Other Community Development</u>	<u>City Revolving</u>	<u>Receipts Reserved</u>	<u>City Gifts</u>	<u>City State Grants</u>
<b>Assets:</b>						
Cash and short-term investments	\$ 12,825	\$ 7,580,381	\$ -	\$ 2,717,332	\$ 824,298	\$ 953,340
Investments	1,680,454	2,220,132	-	-	-	-
Receivables, net of allowance for uncollectibles						
Real estate and personal property taxes	-	18,357	-	-	-	-
Departmental and other	-	-	1,004,900	-	-	-
Intergovernmental	-	678,977	-	-	-	284,100
<b>Total Assets</b>	<u>\$ 1,693,279</u>	<u>\$ 10,497,847</u>	<u>\$ 1,004,900</u>	<u>\$ 2,717,332</u>	<u>\$ 824,298</u>	<u>\$ 1,237,440</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>						
<b>Liabilities:</b>						
Warrants and accounts payable	\$ 12,825	\$ 882,742	\$ 4,343	\$ 20,871	\$ 450	\$ 233,778
Due to other funds	-	-	372,425	-	-	-
<b>Total Liabilities</b>	<u>12,825</u>	<u>882,742</u>	<u>376,768</u>	<u>20,871</u>	<u>450</u>	<u>233,778</u>
<b>Deferred Inflows of Resources:</b>						
Unavailable revenues - property taxes	-	18,357	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>18,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>						
Nonspendable	-	-	-	-	-	-
Restricted	1,680,454	11,621,397	628,132	2,696,461	823,848	1,003,662
Unassigned	-	(2,024,649)	-	-	-	-
<b>Total Fund Balances</b>	<u>1,680,454</u>	<u>9,596,748</u>	<u>628,132</u>	<u>2,696,461</u>	<u>823,848</u>	<u>1,003,662</u>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances</b>	<u>\$ 1,693,279</u>	<u>\$ 10,497,847</u>	<u>\$ 1,004,900</u>	<u>\$ 2,717,332</u>	<u>\$ 824,298</u>	<u>\$ 1,237,440</u>

City Federal Grants	School Lunch	School Revolving	School Gifts	School State Grants	School Federal Grants	Sub-total Special Revenue Funds
\$ -	\$ 2,222,277	\$ 1,083,033	\$ 1,228,079	\$ 3,868,473	\$ -	\$ 20,490,038
-	-	-	-	-	-	3,900,586
-	-	-	-	-	-	18,357
-	-	-	-	-	-	1,004,900
-	436,636	-	-	395,805	2,913,904	4,709,422
<u>\$ -</u>	<u>\$ 2,658,913</u>	<u>\$ 1,083,033</u>	<u>\$ 1,228,079</u>	<u>\$ 4,264,278</u>	<u>\$ 2,913,904</u>	<u>\$ 30,123,303</u>
\$ 27,886	\$ 8,811	\$ 2,644	\$ 21,245	\$ 35,889	\$ 162,179	\$ 1,413,663
576,620	-	-	-	-	402,939	1,351,984
604,506	8,811	2,644	21,245	35,889	565,118	2,765,647
-	-	-	-	-	-	18,357
-	-	-	-	-	-	18,357
-	-	-	-	-	-	-
2,329,182	2,650,102	1,080,389	1,206,834	4,228,389	2,348,786	32,297,636
(2,933,688)	-	-	-	-	-	(4,958,337)
(604,506)	2,650,102	1,080,389	1,206,834	4,228,389	2,348,786	27,339,299
<u>\$ -</u>	<u>\$ 2,658,913</u>	<u>\$ 1,083,033</u>	<u>\$ 1,228,079</u>	<u>\$ 4,264,278</u>	<u>\$ 2,913,904</u>	<u>\$ 30,123,303</u>

**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING BALANCE SHEET  
JUNE 30, 2022

	Capital Project Funds			
	Urban I & II Renewal	Other Capital	School Capital Reserve	Sub-total Capital Project Funds
<b>Assets:</b>				
Cash and short-term investments	\$ 176,517	\$ 6,220,707	\$ 691,247	\$ 7,088,471
Investments	-	-	-	-
Receivables, net of allowance for uncollectibles				
Real estate and personal property taxes	-	-	-	-
Departmental and other	-	-	-	-
Intergovernmental	-	-	-	-
<b>Total Assets</b>	<u>\$ 176,517</u>	<u>\$ 6,220,707</u>	<u>\$ 691,247</u>	<u>\$ 7,088,471</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances:</b>				
<b>Liabilities:</b>				
Warrants and accounts payable	\$ -	\$ 379,350	\$ -	\$ 379,350
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	-	379,350	-	379,350
<b>Deferred Inflows of Resources:</b>				
Unavailable revenues - property taxes	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	-	-	-	-
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	176,517	5,841,357	691,247	6,709,121
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<u>176,517</u>	<u>5,841,357</u>	<u>691,247</u>	<u>6,709,121</u>
<b>Total Liabilities, Deferred Inflow of Resources, and Fund Balances</b>	<u>\$ 176,517</u>	<u>\$ 6,220,707</u>	<u>\$ 691,247</u>	<u>\$ 7,088,471</u>

Permanent Funds			Total
Health and Human Services	Culture and Recreation	Sub-total Permanent Funds	Nonmajor Governmental Funds
\$ 12,745	\$ 4,165	\$ 16,910	\$ 27,595,419
-	121,407	121,407	4,021,993
-	-	-	18,357
-	-	-	1,004,900
-	-	-	4,709,422
<u>\$ 12,745</u>	<u>\$ 125,572</u>	<u>\$ 138,317</u>	<u>\$ 37,350,091</u>
\$ -	\$ -	\$ -	\$ 1,793,013
-	-	-	1,351,984
-	-	-	3,144,997
-	-	-	18,357
-	-	-	18,357
11,996	10,396	22,392	22,392
749	115,176	115,925	39,122,682
-	-	-	(4,958,337)
<u>12,745</u>	<u>125,572</u>	<u>138,317</u>	<u>34,186,737</u>
<u>\$ 12,745</u>	<u>\$ 125,572</u>	<u>\$ 138,317</u>	<u>\$ 37,350,091</u>

**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2022

	<b>Special Revenue Funds</b>					
	<b>Redevelopment</b>	<b>Other Community Development</b>	<b>City Revolving</b>	<b>Receipts Reserved</b>	<b>City Gifts</b>	<b>City State Grants</b>
<b>Revenues:</b>						
Community preservation surcharges	\$ -	\$ 831,124	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	6,128,754	-	-	-	2,189,738
Charges for services	-	-	2,859,291	-	-	-
Departmental and other	-	59,480	46,276	754,072	-	-
Interest and investment income (loss)	(29,092)	4,222	-	-	-	-
Contributions and donations	-	236,491	-	-	594,428	-
<b>Total Revenues</b>	<b>(29,092)</b>	<b>7,260,071</b>	<b>2,905,567</b>	<b>754,072</b>	<b>594,428</b>	<b>2,189,738</b>
<b>Expenditures:</b>						
General government	-	3,138,752	-	328,211	128,415	129,715
Public safety	-	-	2,884,342	-	-	864,475
Education	-	-	-	-	-	-
Public works	-	383,656	85,892	-	16,333	760,629
Health and human services	-	-	-	-	341,389	77,239
Culture and recreation	-	-	6,490	-	-	86,435
Community development	299,472	4,656,350	-	-	-	-
<b>Total Expenditures</b>	<b>299,472</b>	<b>8,178,758</b>	<b>2,976,724</b>	<b>328,211</b>	<b>486,137</b>	<b>1,918,493</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(328,564)</b>	<b>(918,687)</b>	<b>(71,157)</b>	<b>425,861</b>	<b>108,291</b>	<b>271,245</b>
<b>Other Financing Sources (Uses):</b>						
Issuance of bonds and notes	-	-	-	-	-	-
Issuance of capital financing	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	400,000	-	-	-	-	-
Transfers out	-	-	-	(300,000)	-	(45,026)
<b>Total Other Financing Sources (Uses)</b>	<b>400,000</b>	<b>-</b>	<b>-</b>	<b>(300,000)</b>	<b>-</b>	<b>(45,026)</b>
<b>Net Change in Fund Balance</b>	<b>71,436</b>	<b>(918,687)</b>	<b>(71,157)</b>	<b>125,861</b>	<b>108,291</b>	<b>226,219</b>
Fund Balances - Beginning of Year, as restated	1,609,018	10,515,435	699,289	2,570,600	715,557	777,443
Fund Balances - End of Year	\$ 1,680,454	\$ 9,596,748	\$ 628,132	\$ 2,696,461	\$ 823,848	\$ 1,003,662



City Federal Grants	School Lunch	School Revolving	School Gifts	School State Grants	School Federal Grants	Sub-total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 831,124
2,133,433	5,077,959	-	-	5,469,575	14,504,448	35,503,907
-	315,024	230,344	-	-	-	3,404,659
-	-	209,431	-	-	-	1,069,259
13,344	-	-	-	-	-	(11,526)
-	-	-	771,412	-	-	1,602,331
<u>2,146,777</u>	<u>5,392,983</u>	<u>439,775</u>	<u>771,412</u>	<u>5,469,575</u>	<u>14,504,448</u>	<u>42,399,754</u>
1,158,498	-	-	-	-	-	4,883,591
841,092	-	-	-	-	-	4,589,909
-	5,100,687	361,391	348,828	3,910,046	12,210,852	21,931,804
-	-	-	-	-	-	1,246,510
1,084,432	-	-	-	-	-	1,503,060
7,703	-	-	-	-	-	100,628
-	-	-	-	-	-	4,955,822
<u>3,091,725</u>	<u>5,100,687</u>	<u>361,391</u>	<u>348,828</u>	<u>3,910,046</u>	<u>12,210,852</u>	<u>39,211,324</u>
(944,948)	292,296	78,384	422,584	1,559,529	2,293,596	3,188,430
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	400,000
-	-	-	-	-	-	(345,026)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>54,974</u>
(944,948)	292,296	78,384	422,584	1,559,529	2,293,596	3,243,404
<u>340,442</u>	<u>2,357,806</u>	<u>1,002,005</u>	<u>784,250</u>	<u>2,668,860</u>	<u>55,190</u>	<u>24,095,895</u>
<u>\$ (604,506)</u>	<u>\$ 2,650,102</u>	<u>\$ 1,080,389</u>	<u>\$ 1,206,834</u>	<u>\$ 4,228,389</u>	<u>\$ 2,348,786</u>	<u>\$ 27,339,299</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2022

	<b>Capital Project Funds</b>			
	<b>Urban I &amp; II Renewal</b>	<b>Other Capital</b>	<b>School Capital Reserve</b>	<b>Sub-total Capital Project Funds</b>
<b>Revenues:</b>				
Community preservation surcharges	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	428,274	-	428,274
Charges for services	-	-	-	-
Departmental and other	4,916	-	-	4,916
Interest and investment income (loss)	-	-	(3,196)	(3,196)
Contributions and donations	-	-	-	-
<b>Total Revenues</b>	<b>4,916</b>	<b>428,274</b>	<b>(3,196)</b>	<b>429,994</b>
<b>Expenditures:</b>				
General government	-	409,100	-	409,100
Public safety	-	-	-	-
Education	-	2,053,250	-	2,053,250
Public works	-	1,268,440	-	1,268,440
Health and human services	-	-	-	-
Culture and recreation	-	-	-	-
Community development	19,395	-	-	19,395
<b>Total Expenditures</b>	<b>19,395</b>	<b>3,730,790</b>	<b>-</b>	<b>3,750,185</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(14,479)</b>	<b>(3,302,516)</b>	<b>(3,196)</b>	<b>(3,320,191)</b>
<b>Other Financing Sources (Uses):</b>				
Issuance of bonds and notes	-	-	-	-
Issuance of capital financing	-	2,053,250	-	2,053,250
Sale of capital assets	-	-	-	-
Transfers in	-	1,685,000	-	1,685,000
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>3,738,250</b>	<b>-</b>	<b>3,738,250</b>
<b>Net Change in Fund Balance</b>	<b>(14,479)</b>	<b>435,734</b>	<b>(3,196)</b>	<b>418,059</b>
Fund Balances - Beginning of Year, as restated	190,996	5,405,623	694,443	6,291,062
Fund Balances - End of Year	<u>\$ 176,517</u>	<u>\$ 5,841,357</u>	<u>\$ 691,247</u>	<u>\$ 6,709,121</u>

Permanent Funds			Total
Health and Human Services	Culture and Recreation	Sub-total Permanent Funds	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 831,124
-	-	-	35,932,181
-	-	-	3,404,659
-	-	-	1,074,175
-	(939)	(939)	(15,661)
-	-	-	1,602,331
-	(939)	(939)	42,828,809
-	-	-	5,292,691
-	-	-	4,589,909
-	-	-	23,985,054
-	-	-	2,514,950
-	-	-	1,503,060
-	416	416	101,044
-	-	-	4,975,217
-	416	416	42,961,925
-	(1,355)	(1,355)	(133,116)
-	-	-	-
-	-	-	2,053,250
-	-	-	-
-	-	-	2,085,000
-	-	-	(345,026)
-	-	-	3,793,224
-	(1,355)	(1,355)	3,660,108
12,745	126,927	139,672	30,526,629
\$ 12,745	\$ 125,572	\$ 138,317	\$ 34,186,737

(Concluded)

## **Internal Service Funds**

Internal service funds are used to account for the financing of services provided by one department to other departments or governmental units. The City's risk financing activities accounts for in the internal service funds can be distinctly categorized into the following groupings:

*Retiree's Health Insurance* – This fund accounts for health insurance activities of retirees' who were eligible to participate in the Blue Cross Blue Shield MEDEX plan through April 30, 2012.

*Workers' Compensation* – This fund accounts for the activities of employees who are eligible to receive workers' compensation benefits.

*Health Insurance* – This fund accounts for the activities of employees who are eligible to receive health insurance benefits.

**INTERNAL SERVICE FUNDS**

COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2022

	Retirees' Health Insurance	Workers' Compensation	Health Insurance	Total Internal Service Funds
<b>Assets:</b>				
Current assets:				
Cash and cash equivalents	\$ 235,643	\$ 82,284	\$ 14,654,550	\$ 14,972,477
<b>Total Current Assets</b>	<u>235,643</u>	<u>82,284</u>	<u>14,654,550</u>	<u>14,972,477</u>
<b>Liabilities:</b>				
Current liabilities:				
Warrants and accounts payable	-	-	6,314	6,314
Health claims incurred but not reported	-	-	1,127,636	1,127,636
Other liabilities	-	2,975	-	2,975
Workers' compensation claims	-	189,737	-	189,737
<b>Total Current Liabilities</b>	<u>-</u>	<u>192,712</u>	<u>1,133,950</u>	<u>1,326,662</u>
Noncurrent liabilities:				
Workers' compensation claims	-	189,738	-	189,738
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>189,738</u>	<u>-</u>	<u>189,738</u>
<b>Total Liabilities</b>	<u>-</u>	<u>382,450</u>	<u>1,133,950</u>	<u>1,516,400</u>
<b>Net Position:</b>				
Unrestricted	<u>235,643</u>	<u>(300,166)</u>	<u>13,520,600</u>	<u>13,456,077</u>
<b>TOTAL NET POSITION</b>	<u>\$ 235,643</u>	<u>\$ (300,166)</u>	<u>\$ 13,520,600</u>	<u>\$ 13,456,077</u>

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**INTERNAL SERVICE FUNDS**

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FISCAL YEAR ENDED JUNE 30, 2022

	Retirees' Health Insurance	Workers' Compensation	Health Insurance	Total Internal Service Funds
Operating Revenues:				
Employee contributions	\$ -	\$ -	\$ 5,055,181	\$ 5,055,181
Employer contributions	-	459,862	18,436,135	18,895,997
Stop loss receipts	-	-	1,654,168	1,654,168
Total Operating Revenues	-	459,862	25,145,484	25,605,346
Operating Expenditures:				
Employee benefits	-	372,604	25,409,725	25,782,329
Total Operating Expenditures	-	372,604	25,409,725	25,782,329
Operating Income (Loss)	-	87,258	(264,241)	(176,983)
Nonoperating Revenues (Expenses):				
Investment Income	-	75	12,680	12,755
Income (Loss) Before Transfers	-	87,333	(251,561)	(164,228)
Change in Net Position	-	87,333	(251,561)	(164,228)
Fund Balances - Beginning of Year	235,643	(387,499)	13,772,161	13,620,305
Fund Balances - End of Year	<u>\$ 235,643</u>	<u>\$ (300,166)</u>	<u>\$ 13,520,600</u>	<u>\$ 13,456,077</u>

**INTERNAL SERVICE FUNDS**

**COMBINING STATEMENT OF CASH FLOWS  
FISCAL YEAR ENDED JUNE 30, 2022**

	<u>Retirees' Health Insurance</u>	<u>Workers' Compensation</u>	<u>Health Insurance</u>	<u>Total Internal Service Funds</u>
Cash Flows From Operating Activities:				
Receipts from interfund services provided	\$ -	\$ 459,862	\$ 25,145,484	\$ 25,605,346
Payments for interfund services used	<u>-</u>	<u>(715,610)</u>	<u>(25,794,544)</u>	<u>(26,510,154)</u>
Net Cash Provided by Operating Activities	<u>-</u>	<u>(255,748)</u>	<u>(649,060)</u>	<u>(904,808)</u>
Cash Flows From Investing Activities:				
Investment income	<u>-</u>	<u>75</u>	<u>12,680</u>	<u>12,755</u>
Net Cash Provided By Investing Activities	<u>-</u>	<u>75</u>	<u>12,680</u>	<u>12,755</u>
Net Change in Cash and Cash Equivalents	<u>-</u>	<u>(255,673)</u>	<u>(636,380)</u>	<u>(892,053)</u>
Cash and Cash Equivalents:				
Beginning of the Year	<u>235,643</u>	<u>337,957</u>	<u>15,290,930</u>	<u>15,864,530</u>
End of the Year	<u><u>\$ 235,643</u></u>	<u><u>\$ 82,284</u></u>	<u><u>\$ 14,654,550</u></u>	<u><u>\$ 14,972,477</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	-	87,258	(264,241)	(176,983)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in assets and liabilities:				
Warrants and accounts payable	-	-	330	330
Health claims incurred but not reported	-	-	(385,149)	(385,149)
Workers' compensation claims	<u>-</u>	<u>(343,006)</u>	<u>-</u>	<u>(343,006)</u>
Net Cash Provided by Operating Activities	<u><u>\$ -</u></u>	<u><u>\$ (255,748)</u></u>	<u><u>\$ (649,060)</u></u>	<u><u>\$ (904,808)</u></u>



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# STATISTICAL SECTION



**Above:** Gathering at Mystic Overlook Park beneath the Tobin Bridge. The lush lawn area is envisioned for Yoga and other exercise classes. Meanwhile a separate area of the park has been designated for the City's first off-leash dog park.



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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**

	2013	2014	2015 (1)	2016	2017	2018 (2)	2019	2020 (2)	2021	2022
Governmental activities:										
Net investment in capital assets.....	\$ 112,646,295	\$ 113,957,937	\$ 121,592,582	\$ 146,694,947	\$ 162,050,337	\$ 180,490,997	\$ 186,637,819	\$ 187,915,377	\$ 195,096,672	\$ 200,852,541
Restricted.....	19,798,007	23,010,803	25,186,869	26,936,571	31,768,286	39,752,744	30,279,296	34,535,623	33,069,703	34,002,831
Unrestricted.....	(67,222,440)	(69,930,884)	(147,945,496)	(164,046,773)	(167,542,578)	(237,625,834)	(224,635,904)	(185,017,893)	(168,741,292)	(135,567,576)
Total governmental activities net position.....	<u>\$ 65,221,862</u>	<u>\$ 67,037,856</u>	<u>\$ (1,166,045)</u>	<u>\$ 9,584,745</u>	<u>\$ 26,276,045</u>	<u>\$ (17,382,093)</u>	<u>\$ (7,718,789)</u>	<u>\$ 37,433,107</u>	<u>\$ 59,425,083</u>	<u>\$ 99,287,796</u>
Business-type activities:										
Net investment in capital assets.....	\$ 16,948,277	\$ 18,376,165	\$ 20,591,676	\$ 18,000,489	\$ 29,291,684	\$ 28,462,797	\$ 27,575,431	\$ 36,307,097	\$ 40,220,437	\$ 43,445,016
Unrestricted.....	11,462,851	13,014,707	13,244,738	19,074,859	8,700,571	14,651,964	17,408,149	12,193,451	12,075,782	13,708,632
Total business-type activities net position.....	<u>\$ 28,411,128</u>	<u>\$ 31,390,872</u>	<u>\$ 33,836,414</u>	<u>\$ 37,075,348</u>	<u>\$ 37,992,255</u>	<u>\$ 43,114,761</u>	<u>\$ 44,983,580</u>	<u>\$ 48,500,548</u>	<u>\$ 52,296,219</u>	<u>\$ 57,153,648</u>
Primary government:										
Net investment in capital assets.....	\$ 129,594,572	\$ 132,334,102	\$ 142,184,258	\$ 164,695,436	\$ 191,342,021	\$ 208,953,794	\$ 214,213,250	\$ 224,222,474	\$ 235,317,109	\$ 244,297,557
Restricted.....	19,798,007	23,010,803	25,186,869	26,936,571	31,768,286	39,752,744	30,279,296	34,535,623	33,069,703	34,002,831
Unrestricted.....	(55,759,589)	(56,916,177)	(134,700,758)	(144,971,914)	(158,842,007)	(222,973,870)	(207,227,755)	(172,824,442)	(156,665,510)	(121,858,944)
Total primary government net position.....	<u>\$ 93,632,990</u>	<u>\$ 98,428,728</u>	<u>\$ 32,670,369</u>	<u>\$ 46,660,093</u>	<u>\$ 64,268,300</u>	<u>\$ 25,732,668</u>	<u>\$ 37,264,791</u>	<u>\$ 85,933,655</u>	<u>\$ 111,721,302</u>	<u>\$ 156,441,444</u>

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

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

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses -										
Governmental activities:										
General government.....	\$ 6,753,023	\$ 6,396,204	\$ 7,180,957	\$ 6,504,975	\$ 8,252,547	\$ 7,982,911	\$ 11,593,140	\$ 18,210,284	\$ 23,296,424	\$ 13,324,962
Public safety.....	37,168,245	37,333,683	38,356,624	42,312,639	41,233,536	41,174,310	45,983,955	42,319,904	38,411,111	33,705,116
Education.....	106,039,385	108,824,624	115,114,967	124,549,859	133,951,256	132,322,671	135,384,643	143,821,036	148,805,308	152,666,192
Public works.....	7,054,957	7,330,891	6,847,690	6,649,021	6,141,699	3,285,902	11,831,133	10,756,794	11,012,929	10,170,344
Health and Human services.....	4,311,783	4,397,671	4,349,173	4,736,315	5,084,876	4,845,247	2,177,795	2,315,653	2,259,953	2,979,105
Culture and recreation.....	980,683	818,969	880,766	924,397	1,140,358	1,184,054	1,192,222	1,276,297	1,238,976	1,252,077
Community development.....	3,324,674	2,535,337	2,837,190	3,557,852	3,898,699	3,600,756	2,102,001	1,794,568	5,621,347	6,332,618
Interest.....	977,150	832,886	757,175	743,493	785,323	790,286	965,162	842,478	662,932	610,094
Total government activities expenses.....	166,609,900	168,470,265	176,324,542	189,978,551	200,488,294	195,186,137	211,230,051	221,337,014	231,308,980	221,040,508
Business-type activities:										
Water and sewer operations.....	13,185,746	13,942,646	14,621,709	15,028,890	16,808,671	14,956,501	17,963,654	19,947,755	18,493,433	20,677,139
Total business-type activities expenses.....	13,185,746	13,942,646	14,621,709	15,028,890	16,808,671	14,956,501	17,963,654	19,947,755	18,493,433	20,677,139
Total primary government expenses.....	\$ 179,795,646	\$ 182,412,911	\$ 190,946,251	\$ 205,007,441	\$ 217,296,965	\$ 210,142,638	\$ 229,193,705	\$ 241,284,769	\$ 249,802,413	\$ 241,717,647
Program Revenues -										
Governmental activities:										
Charges for services:										
Public safety.....	\$ 5,215,386	\$ 5,601,755	\$ 6,935,440	\$ 6,694,814	\$ 6,355,040	\$ 7,483,273	\$ 9,847,304	\$ 8,664,532	\$ 8,211,679	\$ 8,285,289
Public works.....	1,434,148	1,436,700	1,573,631	1,550,192	1,572,575	1,763,406	1,911,459	2,320,624	2,430,528	2,402,615
Other activities.....	2,781,946	2,689,908	2,719,833	2,523,973	2,456,879	2,261,060	1,894,035	2,547,089	2,146,186	2,861,201
Operating grants and contributions.....	83,700,933	91,442,874	91,452,200	101,301,162	109,842,971	106,313,816	115,010,624	124,218,346	144,085,097	144,803,867
Capital grants and contributions.....	310,844	243,646	3,669,318	11,739,950	12,086,531	6,241,881	8,390,138	4,947,006	4,564,551	3,799,688
Total government activities program revenues.....	93,443,257	101,414,883	106,350,422	123,810,091	132,313,996	124,063,436	137,053,560	142,697,597	161,438,041	162,152,660
Business-type activities:										
Charges for services.....	18,474,949	18,389,953	18,916,044	18,658,888	19,481,212	20,408,211	22,270,490	22,672,105	23,048,175	25,153,835
Operating grants and contributions.....	2,412	999	-	-	-	194,881	155,000	-	-	-
Capital grants and contributions.....	320,320	282,150	398,640	1,130,530	132,000	12,880	619,400	2,755,497	1,364,065	380,733
Total business-type activities program revenues.....	18,797,681	18,673,102	19,314,684	19,789,418	19,613,212	20,615,972	23,044,890	25,427,602	24,412,240	25,534,568
Total primary government program revenues.....	\$ 112,240,938	\$ 120,087,985	\$ 125,665,106	\$ 143,599,509	\$ 151,927,208	\$ 144,679,408	\$ 160,098,450	\$ 168,125,199	\$ 185,850,281	\$ 187,687,228
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (73,166,643)	\$ (67,055,382)	\$ (69,974,120)	\$ (66,168,460)	\$ (68,174,298)	\$ (71,122,701)	\$ (74,176,491)	\$ (78,639,417)	\$ (69,870,939)	\$ (58,887,848)
Business-type activities.....	5,611,935	4,730,456	4,692,975	4,760,528	2,804,541	5,659,471	5,081,236	5,479,847	5,918,807	4,857,429
Total primary government net (expense)/program revenue.....	\$ (67,554,708)	\$ (62,324,926)	\$ (65,281,145)	\$ (61,407,932)	\$ (65,369,757)	\$ (65,463,230)	\$ (69,095,255)	\$ (73,159,570)	\$ (63,952,132)	\$ (54,030,419)

(continued)

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Revenues, Transfers and Other Changes in Net Position -										
Governmental activities:										
Real estate and personal property taxes,										
net of tax refunds payable.....	\$ 42,040,017	\$ 44,226,062	\$ 45,085,165	\$ 48,999,853	\$ 51,670,468	\$ 55,252,170	\$ 57,596,190	\$ 61,865,051	\$ 63,489,537	\$ 70,152,745
Meals and rooms taxes.....	871,300	1,108,668	1,167,829	1,668,783	1,624,438	2,036,932	2,467,454	2,311,685	979,881	2,256,906
Motor vehicle and other excise taxes.....	8,198,951	9,945,067	10,794,088	13,037,097	17,474,882	13,186,564	17,555,212	18,250,997	11,083,208	13,958,441
Penalties and interest on taxes.....	375,953	472,452	466,224	444,350	342,704	383,098	368,237	268,633	369,188	397,340
Payments in lieu of taxes.....	1,221,631	2,139,017	1,252,908	2,084,999	1,827,288	1,348,428	2,416,020	1,857,822	2,011,654	1,797,798
Community preservation surcharges.....	-	-	-	-	558,496	707,587	678,523	722,131	759,919	830,602
Grants and contributions not restricted to specific programs.....	7,538,595	7,837,799	8,057,101	8,071,764	8,758,461	9,607,782	8,590,509	8,858,851	8,862,435	9,238,512
Unrestricted investment income.....	142,796	737,599	95,655	1,090,810	721,227	1,587,936	2,637,942	2,385,821	2,183,957	118,217
Gain on sale of capital assets.....	-	654,000	-	-	-	-	-	-	-	-
Sale of land.....	-	-	900,000	-	-	-	-	-	-	-
Transfers.....	1,710,103	1,752,855	1,796,678	1,521,594	1,887,634	1,094,263	2,872,035	2,099,940	2,123,136	-
Total governmental activities.....	62,099,346	68,873,519	69,615,648	76,919,250	84,865,598	85,204,760	95,182,122	98,620,931	91,862,915	98,750,561
Business-type activities:										
Transfers.....	(1,710,103)	(1,752,855)	(1,796,678)	(1,521,594)	(1,887,634)	(1,094,263)	(2,872,035)	(2,099,940)	(2,123,136)	-
Total business-type activities.....	(1,710,103)	(1,752,855)	(1,796,678)	(1,521,594)	(1,887,634)	(1,094,263)	(2,872,035)	(2,099,940)	(2,123,136)	-
Total primary government general revenues, transfers and other										
changes in net position.....	\$ 60,389,243	\$ 67,120,664	\$ 67,818,970	\$ 75,397,656	\$ 82,977,964	\$ 84,110,497	\$ 92,310,087	\$ 96,520,991	\$ 89,739,779	\$ 98,750,561
<b>Changes in Net Position</b>										
Governmental activities.....	\$ (11,067,297)	\$ 1,818,137	\$ (358,472)	\$ 10,750,790	\$ 16,691,300	\$ 14,082,059	\$ 21,005,631	\$ 19,981,514	\$ 21,991,976	\$ 39,862,713
Business-type activities.....	3,901,832	2,977,601	2,896,297	3,238,934	916,907	4,565,208	2,209,201	3,379,907	3,795,671	4,857,429
Total primary government changes in net position.....	\$ (7,165,465)	\$ 4,795,738	\$ 2,537,825	\$ 13,989,724	\$ 17,608,207	\$ 18,647,267	\$ 23,214,832	\$ 23,361,421	\$ 25,787,647	\$ 44,720,142

(concluded)

**FUND BALANCES - GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Nonspendable.....	\$ 3,853	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	308,767	504,854	718,710	970,408	1,284,689	1,655,090	-	-	-	-
Committed.....	2,328,995	3,057,530	4,139,642	1,578,204	3,745,271	5,165,078	5,459,877	4,250,459	5,909,751	7,084,709
Assigned.....	3,741,435	5,884,258	3,330,311	2,477,123	2,882,761	6,265,910	6,986,025	10,897,959	16,550,170	13,779,325
Unassigned.....	26,894,097	33,680,292	34,395,684	43,212,229	45,518,645	37,651,385	40,689,081	43,432,757	38,161,805	41,942,308
Total general fund.....	<u>\$ 33,277,147</u>	<u>\$ 43,126,934</u>	<u>\$ 42,584,347</u>	<u>\$ 48,237,964</u>	<u>\$ 53,431,366</u>	<u>\$ 50,737,463</u>	<u>\$ 53,134,983</u>	<u>\$ 58,581,175</u>	<u>\$ 60,621,726</u>	<u>\$ 62,806,342</u>
All Other Governmental Funds:										
Nonspendable.....	\$ 787,405	\$ 739,250	\$ 683,351	\$ 323,786	\$ 22,392	\$ 22,392	\$ 22,392	\$ 22,392	\$ 22,392	\$ 22,392
Restricted.....	21,381,784	23,830,733	25,330,694	25,642,378	31,517,310	39,803,108	42,938,223	46,434,186	51,231,599	54,755,067
Unassigned.....	(30,274)	(190,172)	(670,421)	(493,971)	(1,070,039)	(1,823,819)	(92,340)	(209,138)	(5,789,810)	(5,374,402)
Total all other governmental funds.....	<u>\$ 22,138,915</u>	<u>\$ 24,379,811</u>	<u>\$ 25,343,624</u>	<u>\$ 25,472,193</u>	<u>\$ 30,469,663</u>	<u>\$ 38,001,681</u>	<u>\$ 42,868,275</u>	<u>\$ 46,247,440</u>	<u>\$ 45,464,181</u>	<u>\$ 49,403,057</u>

**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

	2013	2014	2015	2016	2017	2018	2019 (1)	2020	2021	2022
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 40,349,818	\$ 43,530,062	\$ 44,656,911	\$ 48,082,876	\$ 50,307,484	\$ 54,244,281	\$ 56,987,305	\$ 61,031,188	\$ 62,951,565	\$ 69,692,719
Motor vehicle and other excise taxes.....	9,340,599	10,305,740	10,643,290	13,009,026	15,673,336	14,982,538	16,632,599	18,670,715	11,018,032	13,570,838
Meals and room taxes.....	871,300	1,108,668	1,167,829	1,668,783	1,624,438	2,036,932	2,467,454	2,311,685	979,881	2,256,906
Tax and trash liens.....	1,836,771	1,240,594	603,960	1,692,025	1,142,958	1,242,079	689,979	466,293	527,456	591,395
Payments in lieu of taxes.....	1,221,631	2,139,017	1,252,908	2,084,999	1,827,288	1,348,428	2,416,020	1,857,822	2,011,654	1,797,798
Penalties and interest on taxes.....	375,953	472,452	466,224	444,350	342,704	383,098	368,237	268,633	369,188	397,340
Community preservation surcharges.....	-	-	-	-	544,562	729,883	660,631	714,338	758,362	831,124
Charges for services.....	3,400,408	2,824,712	3,111,715	3,452,170	3,319,396	3,738,827	4,218,198	4,392,564	3,207,053	3,404,659
Trash disposal.....	1,351,774	1,403,215	1,528,620	1,564,905	1,549,819	1,696,655	1,832,892	1,973,782	2,178,594	2,413,761
Intergovernmental.....	89,997,970	98,310,010	95,527,502	110,381,999	114,150,846	105,954,011	130,106,128	136,792,102	151,470,616	156,189,820
Departmental and other.....	1,133,145	1,566,193	1,726,715	1,612,755	1,492,032	1,294,723	1,828,977	2,547,783	2,544,471	2,731,035
Licenses and permits.....	1,544,748	1,342,675	2,517,342	1,473,811	1,341,405	2,047,503	3,614,339	2,207,021	2,136,103	2,242,333
Fines and forfeitures.....	2,007,744	2,348,181	2,353,081	2,400,469	2,561,169	2,464,701	2,364,682	2,299,344	2,612,547	2,786,133
Contributions.....	1,483,355	975,896	1,254,660	942,042	2,606,735	1,982,764	1,556,253	1,137,646	5,977,414	1,602,331
Investment income.....	201,303	901,867	185,153	1,266,567	864,282	1,546,522	2,646,206	2,274,779	2,166,592	105,462
<b>Total Revenue.....</b>	<b>155,116,519</b>	<b>168,469,282</b>	<b>166,995,910</b>	<b>190,076,777</b>	<b>199,348,454</b>	<b>195,692,945</b>	<b>228,389,900</b>	<b>238,945,695</b>	<b>250,909,528</b>	<b>260,613,654</b>
<b>Expenditures:</b>										
General government.....	4,521,689	4,098,380	4,807,736	4,006,300	6,630,936	6,867,067	9,756,315	13,722,163	24,359,740	14,012,722
Public safety.....	26,344,654	25,818,310	25,900,880	27,360,973	28,129,942	29,486,460	31,422,599	33,255,528	31,691,580	32,201,197
Education.....	80,609,369	84,500,020	94,834,369	114,409,040	115,044,521	111,622,605	97,624,755	100,242,431	105,796,330	122,851,376
Public works.....	6,467,158	7,768,296	8,401,759	7,737,530	7,257,534	10,057,827	14,362,644	12,545,691	12,399,937	14,663,712
Health and human services.....	1,536,981	1,721,863	1,659,475	1,848,224	1,947,404	1,901,115	1,818,622	2,079,367	2,074,827	2,940,919
Culture and recreation.....	418,499	558,400	491,973	512,727	681,108	761,911	862,827	965,984	1,621,660	1,446,086
Community development.....	5,264,289	3,923,532	5,220,518	6,623,908	4,080,978	2,658,659	1,359,106	1,128,789	4,955,568	6,101,897
Pension benefits.....	12,731,118	13,078,542	6,537,620	6,764,363	7,076,377	7,341,604	24,902,777	29,169,397	32,649,219	22,849,844
Employee benefits.....	6,022,290	6,093,715	7,064,222	7,803,805	8,709,185	8,265,141	21,897,973	18,196,636	17,535,504	17,163,840
Property and liability insurance.....	475,362	450,000	651,504	695,638	750,000	800,000	1,310,852	1,073,793	1,368,772	1,405,917
Claims and judgements.....	36,098	30,453	31,097	54,736	63,155	46,082	72,168	68,821	138,685	15,627
State and county charges.....	6,900,308	8,011,029	9,378,341	11,647,770	13,635,401	14,562,727	16,279,648	17,328,217	17,865,721	19,326,504
Debt service:										
Principal.....	2,756,573	2,627,887	3,499,461	2,986,861	2,480,222	2,808,314	3,076,685	6,082,313	1,860,456	1,788,081
Interest.....	1,007,448	926,936	792,407	685,399	780,365	755,950	1,080,809	996,216	668,701	730,690
<b>Total Expenditures.....</b>	<b>155,091,836</b>	<b>159,607,363</b>	<b>169,271,362</b>	<b>193,137,274</b>	<b>197,267,128</b>	<b>197,935,462</b>	<b>225,827,780</b>	<b>236,855,346</b>	<b>254,986,700</b>	<b>257,498,412</b>
<b>Excess of revenues over (under) expenditures.....</b>	<b>24,683</b>	<b>8,861,919</b>	<b>(2,275,452)</b>	<b>(3,060,497)</b>	<b>2,081,326</b>	<b>(2,242,517)</b>	<b>2,562,120</b>	<b>2,090,349</b>	<b>(4,077,172)</b>	<b>3,115,242</b>
<b>Other Financing Sources (Uses):</b>										
Issuance of bonds and notes.....	2,751,628	-	-	7,187,037	5,540,000	5,520,000	1,395,000	820,500	2,620,000	955,000
Issuance of refunding bonds.....	-	1,396,000	-	-	-	-	-	-	-	-
Refunded bonds redeemed.....	-	(800,000)	-	-	-	-	-	-	-	-
Sale of land.....	-	-	900,000	-	-	-	-	3,770,068	-	-
Issuance of capital lease obligation.....	-	-	-	-	-	-	-	-	-	2,053,250
Premiums from issuance of bonds and notes.....	248	77,052	-	134,052	681,912	466,369	95,000	44,500	591,328	-
Premiums from issuance of refunding bonds.....	-	802,857	-	-	-	-	-	-	-	-
Transfers in.....	5,747,213	5,762,875	11,082,014	8,049,321	9,247,874	17,327,287	13,222,404	23,300,073	14,677,896	8,437,360
Transfers out.....	(4,037,110)	(4,010,020)	(9,285,336)	(6,527,727)	(7,360,240)	(16,233,024)	(10,350,369)	(21,200,133)	(12,554,760)	(8,437,360)
<b>Total other financing sources (uses).....</b>	<b>4,461,979</b>	<b>3,228,764</b>	<b>2,696,678</b>	<b>8,842,683</b>	<b>8,109,546</b>	<b>7,080,632</b>	<b>4,362,035</b>	<b>6,735,008</b>	<b>5,334,464</b>	<b>3,008,250</b>
<b>Net change in fund balance.....</b>	<b>\$ 4,486,662</b>	<b>\$ 12,090,683</b>	<b>\$ 421,226</b>	<b>\$ 5,782,186</b>	<b>\$ 10,190,872</b>	<b>\$ 4,838,115</b>	<b>\$ 6,924,155</b>	<b>\$ 8,825,357</b>	<b>\$ 1,257,292</b>	<b>\$ 6,123,492</b>
<b>Debt service as a percentage of noncapital expenditures.....</b>	<b>2.79%</b>	<b>2.52%</b>	<b>2.30%</b>	<b>2.71%</b>	<b>1.89%</b>	<b>2.05%</b>	<b>2.01%</b>	<b>3.25%</b>	<b>1.05%</b>	<b>1.04%</b>

(1) Contributory pensions and employee benefits of school employees are presented as pension benefits and employee benefits, respectively, rather than education. On-behalf pension payments are reported and presented as intergovernmental revenue and pension expenditures.



# **ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY CLASSIFICATION**

## **LAST TEN FISCAL YEARS**

Fiscal Year	Assessed Value (2)					State Equalized Value (3)	Ratio of Assessed to Equalized Value
	Residential Real Property	Commercial and Industrial Real Property	Personal Property	Total Assessed Value	Total Direct Tax Rate		
2013	\$ 1,264,203,453	\$ 571,459,665	\$ 111,145,390	\$ 1,946,808,508	20.75	\$ 2,237,742,500	87.00%
2014	1,275,660,981	567,198,165	117,035,520	1,959,894,666	21.85	2,234,376,700	87.72%
2015	(1) 1,487,308,702	612,872,638	117,761,940	2,217,943,280	20.13	2,234,376,700	99.26%
2016	1,665,190,615	631,635,662	130,843,020	2,427,669,297	19.48	2,791,398,900	86.97%
2017	1,885,509,017	673,031,713	144,279,500	2,702,820,230	18.87	2,791,398,900	96.83%
2018	2,060,509,635	716,134,235	151,637,670	2,928,281,540	18.43	3,534,210,300	82.86%
2019	2,201,608,021	758,516,820	151,439,200	3,111,564,041	18.38	3,534,210,300	88.04%
2020	(1) 2,459,313,591	898,726,223	151,432,550	3,509,472,364	17.32	4,225,152,600	83.06%
2021	2,604,242,202	940,331,839	160,372,760	3,704,946,801	17.29	4,225,152,600	87.69%
2022	2,950,913,403	982,944,413	231,916,610	4,165,774,426	16.45	5,133,648,900	81.15%

Source: Assessing Department

(1) Revaluation year

(2) As of January 1st

(3) Value is based on equalized valuations determined biennially by the Massachusetts Commissioner of Revenue

## DIRECT PROPERTY TAX RATES (1) (2)

### LAST TEN FISCAL YEARS

Fiscal Year	Residential Real Property	Commercial and Industrial Real Property	Personal Property	Total Direct (3)
2013	14.13	34.20	34.20	20.75
2014	14.88	36.04	36.04	21.85
2015	14.40	33.45	33.45	20.13
2016	14.25	32.25	32.25	19.48
2017	14.34	30.51	30.51	18.87
2018	14.10	29.74	29.74	18.43
2019	14.25	29.14	29.14	18.38
2020	13.39	27.16	27.16	17.32
2021	13.62	26.64	26.64	17.29
2022	13.25	25.72	25.72	16.45

Source: Assessing Department

(1) Rates are applicable to each \$1,000 of assessed value

(2) Per the initiatives of Proposition 2 1/2 adopted by the Commonwealth of Massachusetts, the City cannot levy more than 2.5 percent of the total full and fair cash value of all taxable real and personal property. The City's levy is also limited in that it cannot increase more than 2.5 percent from the prior year, with certain exceptions for new growth or through overrides and exclusions adopted by City voters.

(3) Calculated by dividing the net tax levy by total assessed value divided by 1,000

**PRINCIPAL TAXPAYERS**

**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Nature of Business	2022			2013		
		Amount of Tax	Rank	Percentage of Net Tax Levy	Amount of Tax	Rank	Percentage of Net Tax Levy
Nstar-Eversource	For Profit Utility Company	\$ 4,081,543	1	5.95%	\$ 2,234,412	1	5.40%
Fairfield Axis LLC	Apartments	3,479,938	2	5.08%			
Urban Growth Property LP	Private for Profit Parking Lot	2,400,651	3	3.50%	1,373,889	2	3.30%
One North Boston II LLC	Apartments	1,829,630	4	2.67%			
Griffin Way LLC	Commercial	1,437,594	5	2.10%	953,055	5	2.30%
Demoulas Market Basket	Retail	1,204,061	6	1.76%	1,169,671	3	2.80%
North Colony Asset Mgmt LLC	Office	1,090,698	7	1.59%			
National Grid	Utility	1,020,014	8	1.49%			
Emerald Corporate Center	Hotel	844,632	9	1.23%			
Catamount Petroleum	Oil and Gas Retailer	836,713	10	1.22%	459,268	8	1.10%
Anthony C. Simboli	Commercial				1,138,214	4	2.80%
Boston Gas	Utility				542,609	6	1.30%
FR Chelsea Commons	Retail and Apartments				464,121	7	1.20%
New England Produce Center	Produce Wholesaler				435,051	9	1.10%
Parkside Commons LLC	Apartments				412,045	10	1.00%
Total		<u>\$ 18,225,474</u>		<u>26.59%</u>	<u>\$ 9,182,335</u>		<u>22.30%</u>

Source: Assessing Department

## PROPERTY TAX LEVIES AND COLLECTIONS

### LAST TEN FISCAL YEARS

Fiscal Year	Net Tax Levy		Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
			First Year Current Tax Collections	Percent of Net Levy Collected		Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2013	\$	40,399,463	\$ 39,627,287	98.09%	\$ 271,067	\$ 39,898,354	98.76%
2014		42,820,454	42,549,387	99.37%	271,067	42,820,454	100.00%
2015	(1)	44,639,903	44,626,213	99.97%	13,690	44,639,903	100.00%
2016		47,289,241	46,733,354	98.82%	189,964	46,923,318	99.23%
2017		50,991,870	50,462,814	98.96%	229,129	50,691,943	99.41%
2018		53,966,079	53,496,967	99.13%	295,934	53,792,901	99.68%
2019		57,177,228	56,907,361	99.53%	269,867	57,177,228	100.00%
2020	(1)	60,769,574	60,164,078	99.00%	605,496	60,769,574	100.00%
2021		64,040,344	63,423,850	99.04%	616,494	64,040,344	100.00%
2022		68,541,431	56,789,475	82.85%	-	56,789,475	82.85%

Source: Assessing Department

(1) Revaluation year

# **RATIOS OF OUTSTANDING DEBT BY TYPE**

## **LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Median Family Income (2)	Debt Per Capita (2)
	General Obligation Bonds (1)	Direct Borrowings and Placements	Capital Lease Obligations	General Obligation Bonds (1)	Direct Borrowings and Placements			
2013	\$ 20,021,537	\$ 1,650,000	\$ -	\$ 9,273,463	\$ 4,102,147	\$ 35,047,147	2.31%	\$ 996
2014	17,481,507	1,565,000	-	9,588,493	4,615,206	33,250,206	2.15%	945
2015	14,967,047	580,000	-	7,717,953	4,618,205	27,883,205	1.68%	793
2016	19,747,224	-	-	7,487,814	4,905,739	32,140,777	1.88%	914
2017	22,807,022	-	-	8,852,999	4,967,773	36,627,794	2.18%	1,041
2018	25,518,688	-	-	9,900,811	4,100,086	39,519,585	2.26%	1,123
2019	23,837,003	-	-	10,427,998	4,046,164	38,311,165	2.10%	1,089
2020	18,575,190	-	-	10,129,811	5,959,239	34,664,240	1.73%	985
2021	19,926,062	-	-	8,195,267	5,689,650	33,810,979	1.37%	829
2022	18,988,437	-	1,908,545	7,338,348	7,692,104	35,927,434	1.36%	881

Sources: U. S. Department of Commerce, Bureau of Census

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

(2) See the 'Demographic and Economic Statistics' schedule located in this statistical section for median family income and population data. These ratios are calculated using median family income and population for the prior calendar year in which both median family income and population data exist.

## 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
2013	\$ 29,295,000	\$ -	\$ 29,295,000	\$ 1,946,808,508	1.50%	35,177	\$ 833
2014	27,070,000	-	27,070,000	1,959,894,666	1.38%	35,177	770
2015	22,685,000	-	22,685,000	2,217,943,280	1.02%	35,177	645
2016	27,235,038	-	27,235,038	2,427,669,297	1.12%	35,177	774
2017	31,660,021	-	31,660,021	2,702,820,230	1.17%	35,177	900
2018	35,419,499	-	35,419,499	2,928,281,540	1.21%	35,177	1,007
2019	34,265,001	-	34,265,001	3,111,564,041	1.10%	35,177	974
2020	28,705,001	-	28,705,001	3,509,472,364	0.82%	35,177	816
2021	28,121,329	-	28,121,329	3,704,946,801	0.76%	40,787	689
2022	26,326,785	-	26,326,785	4,165,774,426	0.63%	40,787	645

Sources: Assessing Department and U. S. Department of Commerce, Bureau of Census

(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**

(Amounts in Thousands)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Equalized Valuation.....	<u>\$ 2,237,742,500</u>	<u>\$ 2,234,376,700</u>	<u>\$ 2,234,376,700</u>	<u>\$ 2,791,398,900</u>	<u>\$ 2,791,398,900</u>	<u>\$ 3,534,210,300</u>	<u>\$ 3,534,210,300</u>	<u>\$ 4,225,152,600</u>	<u>\$ 4,225,152,600</u>	<u>\$ 5,133,648,900</u>
Debt Limit.....	111,887,125	111,718,835	111,718,835	139,569,945	139,569,945	176,710,515	176,710,515	211,257,630	211,257,630	256,682,445
Total outstanding debt.....	35,047,147	33,250,206	27,883,205	32,140,777	36,627,794	39,519,585	38,311,165	34,664,240	33,810,979	35,927,434
Debt not applicable to debt limit.....	<u>(13,098,713)</u>	<u>(13,413,743)</u>	<u>(10,467,953)</u>	<u>(9,707,814)</u>	<u>(20,383,019)</u>	<u>(17,023,550)</u>	<u>(16,856,596)</u>	<u>(17,995,693)</u>	<u>(16,329,875)</u>	<u>(15,815,497)</u>
Legal debt margin.....	<u>\$ 89,938,691</u>	<u>\$ 91,882,372</u>	<u>\$ 94,303,583</u>	<u>\$ 117,136,982</u>	<u>\$ 123,325,170</u>	<u>\$ 154,214,480</u>	<u>\$ 155,255,946</u>	<u>\$ 194,589,083</u>	<u>\$ 193,776,526</u>	<u>\$ 236,570,508</u>
Total debt applicable to the limit as a percentage of debt limit.....	19.62%	17.76%	15.59%	16.07%	11.64%	12.73%	12.14%	7.89%	8.27%	7.84%

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**AS OF JUNE 30, 2022**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Massachusetts Water Resources Authority (MWRA).....	\$ 4,828,951,000 (a)	1.797%	<u>\$ 86,754,019</u>
Subtotal, overlapping debt.....			86,754,019
City direct debt.....			<u>20,896,982</u>
Total direct and overlapping debt.....			<u><u>\$ 107,651,001</u></u>

Source: Massachusetts Water Resource Authority

- (1) The percentage of total overlapping debt is derived from the City's share of capital charges divided by the total MWRA debt at fiscal year end.



## DEMOGRAPHIC AND ECONOMIC STATISTICS

### LAST TEN CALENDAR YEARS

Calendar Year	Population (1)	Median Family Income (1) (3)	Unemployment Rate (%) (2)	Per Capita Income
2012	35,177	\$ 43,155	8.70%	\$ 20,214
2013	35,177	43,919	9.00%	19,625
2014	35,177	47,291	6.10%	20,617
2015	35,177	48,725	5.00%	21,523
2016	35,177	47,733	3.50%	21,722
2017	35,177	49,614	3.50%	22,369
2018	35,177	51,839	3.20%	23,340
2019	35,177	56,802	2.80%	25,284
2020	40,787	60,370	12.80%	26,203
2021	40,787	64,782	7.00%	27,627

- Sources:
- (1) U.S. Department of Commerce, Bureau of Census
  - (2) U.S. Department of Labor, Bureau of Labor Statistics
  - (3) The City is presenting Median Family Income data because Personal Income data is not available

## PRINCIPAL EMPLOYERS

### CURRENT YEAR AND NINE YEARS AGO

Employer	Nature of Business	2022			2013		
		Approximate Number of Employees	Rank	Percentage of Total City Employment	Approximate Number of Employees	Rank	Percentage of Total City Employment
City of Chelsea	Government	1,500	1	7.60%	1,255	1	9.72%
Mass. Water Resources Authority	Government Agency	1,055	2	5.38%	568	4	4.40%
MITC	Government Agency	1,000	3	5.10%	1,000	2	7.74%
State Garden	Distributor - Food	500-999	4	3.84%	500	5	3.87%
Chelsea Healthcare Center	Health Services	250-499	5	1.92%	248	7	1.92%
U.S. Post Office	Government Agency	250-499	5	1.92%			
Incoming Mail Center North Post	Government Agency	250-499	5	1.92%			
North Suffolk Mental Health	Health Services	250-499	5	1.92%			
Paul Revere Transportation	Transportation	250-499	5	1.92%	220	8	1.70%
Soldiers Home	Nonprofit	250-499	5	1.92%			
Kayem Foods	Distributor - Food				328	6	2.54%
Market Basket	Retail Grocery				900	3	6.97%
Signature Breads	Distributor - Food				200	9	1.55%
Metropolitan Credit Union	Banking				178	10	1.38%
Total		3,546		33.44%	5,397		41.78%

Sources: Department of Planning and Development

**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION**

**LAST TEN FISCAL YEARS**

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government.....	49	50	50	51	53	57	58	58	52	56
Public safety.....	227	231	240	244	246	248	255	258	251	249
Education.....	918	894	923	960	967	969	987	1,008	995	1,112
Public works.....	24	26	26	26	26	27	30	31	31	32
Health and human services.....	30	31	31	18	21	20	20	21	21	22
Culture and recreation.....	7	7	7	7	7	7	7	8	8	8
Community development.....	7	7	7	8	8	9	9	9	8	5
Sub-total .....	1,262	1,246	1,284	1,314	1,328	1,337	1,366	1,393	1,366	1,484
Water and sewer.....	3	3	3	3	3	4	6	14	17	16
Total City employees.....	1,265	1,249	1,287	1,317	1,331	1,341	1,372	1,407	1,383	1,500

Source: Various City departments

**OPERATING INDICATORS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police										
Offenses committed.....	7,227	6,948	6,489	6,050	5,285	4,891	4,342	4,041	3,556	4,190
Crime-related incidents.....	3,296	3,134	2,862	2,782	2,632	2,396	2,091	2,068	2,140	2,343
Non-crime related incidents.....	1,865	2,092	2,285	1,451	1,348	1,406	1,302	1,079	1,222	1,401
Arrests (on view).....	1,468	1,306	1,353	1,246	941	942	771	721	405	572
Arrests (based on incident/warrants).....	390	452	407	344	264	265	207	155	119	135
Summons arrests.....	4	8	34	40	53	50	96	33	6	22
Total arrests.....	1,862	1,766	1,794	1,630	1,258	1,257	1,074	909	530	729
Juvenile arrests.....	101	106	108	100	37	37	23	32	12	18
Hearings.....	471	438	357	314	299	279	191	199	194	195
Summons.....	374	349	442	426	519	584	445	397	339	404
Restraint orders.....	407	346	391	356	281	326	283	285	291	290
Citations.....	6,371	7,126	4,986	3,654	3,446	3,925	2,264	1,551	1,777	1,058
Fire										
Fires extinguished (1).....	395	430	390	353	208	254	212	181	233	N/A
Education										
Public school enrollment.....	6,044	6,288	6,554	6,574	6,600	6,467	6,300	6,410	6,230	6,230
Culture and Recreation										
Library volumes in collection.....	66,487	72,617	64,735	59,672	57,082	48,486	54,658	52,231	56,258	58,869
Library volumes borrowed.....	64,721	63,588	60,073	71,930	71,637	52,410	56,626	39,807	34,084	40,130
Water										
Average daily consumption (1)										
(million gallons/day).....	3.078	3.206	3.264	3.250	3.263	3.390	3.400	3.270	3.301	N/A
Peak daily consumption (1)										
(million gallons/day).....	3.700	3.900	3.730	3.604	3.720	3.730	3.510	4.136	3.826	N/A
Sewer										
Average daily sewage treatment (1)										
(million gallons/day).....	4.350	4.870	5.200	5.210	4.240	3.800	6.140	5.830	5.610	N/A

Source: Various City departments

(1) Data is reported on a calendar year basis

N/A - Data is not available

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public Safety										
Police										
Stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Stations.....	3	3	3	3	3	3	3	3	3	3
Trucks.....	6	6	6	6	6	6	7	7	7	7
Education										
Public school buildings.....	4	4	4	4	4	4	5	5	5	5
Public Works										
Streets (miles).....	44	44	44	44	44	44	44	44	44	44
Streetlights.....	1,771	1,771	1,771	1,821	1,821	1,821	1,821	1,821	1,830	1,830
Traffic signals.....	53	53	53	53	54	54	54	54	69	71
Culture and Recreation										
Community centers.....	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles).....	61	61	61	61	61	61	61	61	61	61
Sewer										
Sewer mains (miles).....	41	41	41	41	41	41	41	41	41	41

Source: Various City departments



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