

City of Chelsea, Massachusetts

Annual Comprehensive Financial Report



For the Fiscal Year
July 1, 2022 - June 30, 2023

On the cover: Chelsea mural on the side of Chelsea local business Yogi's Variety

CITY OF CHELSEA, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023

Fidel Maltez, City Manager



Prepared by the Finance Division



This page intentionally left blank.

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

TABLE OF CONTENTS

	<u>Page(s)</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal.....	1-5
Certificate of Achievement for Excellence in Financial Reporting.....	6
Organizational Chart	7
Principal City Officials.....	8-9
<u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	13-15
Management’s Discussion and Analysis	17-27
Basic Financial Statements:	
Statement of Net Position	30
Statement of Activities.....	31
Balance Sheet – Governmental Funds	32
Reconciliation of the Governmental Funds Balance Sheet Total Fund Balances to the Statement of Net Position	33
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	34
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	35
Statement of Net Position – Proprietary Funds.....	36
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	37
Statement of Cash Flows – Proprietary Funds.....	38
Statement of Fiduciary Net Position	39
Statement of Changes in Fiduciary Net Position	40
Notes to Basic Financial Statements.....	41-76
Required Supplementary Information:	
Schedule of Changes in Employers’ Net Pension Liability and Related Ratios – System	79
Schedule of Employer Contributions – System	80
Schedule of Investment Returns – System.....	80
Schedule of the City’s Proportionate Share of the Net Pension Liability	81
Schedule of the City’s Contribution to Pension Plan.....	81
Schedule of the Commonwealth’s Collective Share of Net Pension Liability – Massachusetts Teachers’ Retirement System	82
Schedule of Changes in Net OPEB Liability and Related Ratios	83
Schedule of Contributions to OPEB Plan	84
Schedule of Investment Returns – OPEB Plan	84
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	85-89
Notes to Required Supplementary Information	90-92

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

TABLE OF CONTENTS

	<u>Page(s)</u>
<u>FINANCIAL SECTION (continued)</u>	
Combining Statements:	
<i>Nonmajor Governmental Funds</i>	94-95
Combining Balance Sheet – Nonmajor Governmental Funds.....	96-99
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	100-103
<i>Internal Service Funds</i>	105
Combining Statement of Net Position – Internal Service Funds.....	106
Combining Statement of Revenues, Expenditures and Changes in Net Position – Internal Service Funds.....	107
Combining Statement of Cash Flows – Internal Service Funds	108
<u>STATISTICAL SECTION</u>	
Narrative	111
Net Position by Component – Last Ten Fiscal Years.....	112
Changes in Net Position – Last Ten Fiscal Years	113-114
Fund Balances, Governmental Funds – Last Ten Fiscal Years	115
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years	116
Assessed Value and Estimated Actual Value of Taxable Property by Classificatio ⁷ and Tax Rates – Last Ten Fiscal Years.....	117
Direct Property Tax Rates – Last Ten Fiscal Years	118
Principal Taxpayers – Current Year and Nine Years Ago	119
Property Tax Levies and Collections – Last Ten Fiscal Years.....	120
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	121
Ratios of General Bonded Debt Outstanding	122
Computation of Legal Debt Margin – Last Ten Fiscal Years	123
Direct and Overlapping Governmental Activities Debt	124
Demographic and Economic Statistics – Last Ten Fiscal Years	125
Principal Employers – Current Year and Nine Years Ago.....	126
Full-time Equivalent City Employees by Functions – Last Ten Fiscal Years.....	127
Operating Indicators by Function/Program – Last Ten Fiscal Years	128
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years	129

INTRODUCTORY SECTION



One of many storefront improvements and revitalization initiatives funded through the City's ARPA (American Rescue Plan Act) Grant.



This page intentionally left blank.



CITY OF CHELSEA, MA

Executive Department

City Hall, 500 Broadway, Chelsea, MA 02150
Phone: 617.466-4100 · Fax: 617.466-4105



Fidel Maltez
City Manager
fmaltez@chelseama.gov

March 15, 2024

The Honorable Chelsea City Council and Residents
of the City of Chelsea
Chelsea City Hall
500 Broadway
Chelsea, Massachusetts 02150

Honorable City Council and Residents of the City of Chelsea:

I am pleased to submit the City of Chelsea's Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. 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, 2022, 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 in 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.

Furthermore, for the 25th consecutive year, the City has received the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting. This is a significant milestone the City proudly acknowledges for its collective work in continuously earning this prestigious award. Refer to the below section "Certificates, Affiliations and Awards" for more detail.

The following represents the City's five-year revenue and expenditure projections.

Five Year Financial Projection					
Revenues	Fiscal Year Ended June 30				
	2024	2025	2026	2027	2028
Real and personal property taxes, motor vehicle, hotel and meal excise and PILOT	\$ 89,075,100	\$ 92,269,478	\$ 95,543,714	\$ 98,899,808	\$ 102,339,802
Charges for services	3,316,000	3,532,320	3,765,946	4,018,261	4,290,762
Licenses and Permits	1,650,000	1,680,875	1,712,522	1,744,960	1,778,209
Fines and Forfeits	2,100,000	2,137,500	2,175,938	2,215,336	2,255,719
Intergovernmental	131,109,738	133,590,930	136,121,017	138,700,968	141,331,768
Federal	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000
Interfund transfers	2,142,063	2,548,036	2,611,136	2,676,129	2,743,071
Miscellaneous	429,000	725,000	725,000	725,000	725,000
Total revenues	\$ 230,881,901	\$ 237,544,139	\$ 243,715,272	\$ 250,040,461	\$ 256,524,332
Expenditures					
General government	8,087,295	8,437,977	8,804,118	9,186,409	9,585,573
Public safety	30,246,363	31,404,935	32,608,568	33,859,032	35,158,167
Education	133,803,746	137,839,727	142,002,332	145,479,096	149,108,967
Public works	9,472,891	9,975,971	10,506,866	11,067,155	11,658,510
Health and human services	3,298,281	3,446,618	3,601,713	3,763,877	3,933,437
Debt service	2,353,971	3,066,414	3,195,759	3,289,734	3,461,664
Employee benefits	18,958,691	19,907,844	20,911,853	21,966,811	23,080,938
Other	24,914,498	25,496,485	26,093,023	26,704,473	27,331,210
Total expenditures	\$ 231,135,736	\$ 239,575,972	\$ 247,724,231	\$ 255,316,586	\$ 263,318,466
Surplus (deficit)	\$ (253,835)	\$ (2,031,833)	\$ (4,008,959)	\$ (5,276,125)	\$ (6,794,134)



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 have beat 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, 2023, totaled approximately \$16,697,929, of which \$9,121,429 relates to school remodeling projects, leaving a balance of approximately \$7,576,500 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 (\$350,000 for fiscal year 2023). In order to maintain this type of funding, even in difficult economic conditions, various Stabilization Funds have been established and, as of June 30, 2023, these funds totaled approximately \$12,939,680.

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, 2023, general fund cash and cash equivalents totaled \$46,494,704.

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, 2023. The independent auditors' report on the basic financial statements, for the fiscal year ended June 30, 2023, is included herein and contains an unmodified opinion.

CERTIFICATES, AFFILIATIONS AND AWARDS

As noted above, for the twenty fifth 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, 2022 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 2023 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 2023 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 blue ink, appearing to read "Fidel M.", is positioned above the printed name.

Fidel Maltez
City Manager





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Chelsea
Massachusetts**

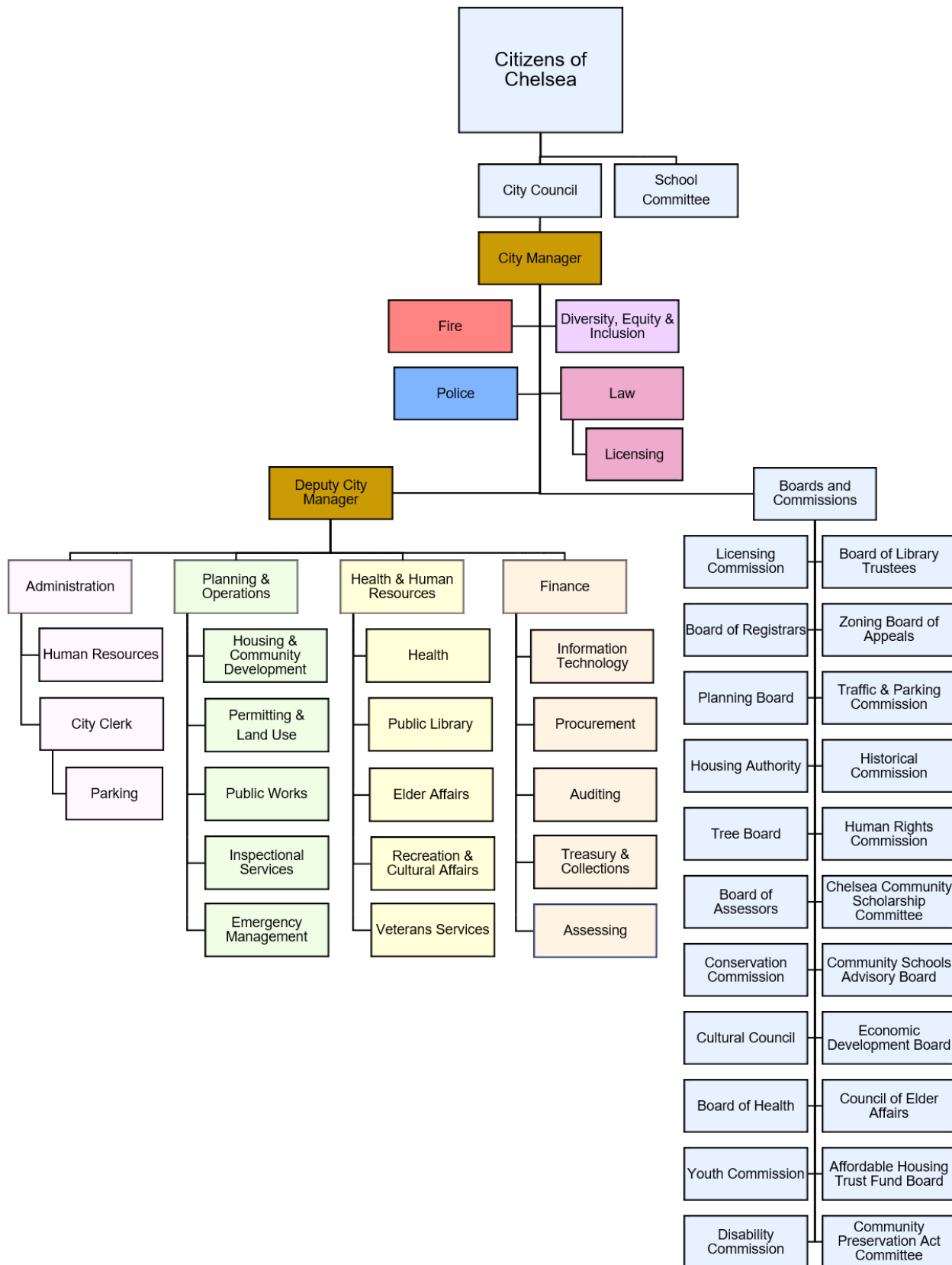
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

City of Chelsea Organization



Principal Officials

Department	Official(s)	Additional Areas of Authority
Assessors	Michael Flynn, Chairman Board of Assessors James Sullivan, Director	
Auditing	Edward Dunn, City Auditor	
City Clerk	Jeannette Cintron White, City Clerk	Traffic & Parking
City Council	Leo Robinson, President Clifford Cunningham, Clerk to City Council	
Executive	Ned Keefe, City Manager Vacant, 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	Keith Houghton, Chief	Animal Control, Harbor Master
Public Works	Cate Fox-Lent, 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

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

School Committee

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



This page intentionally left blank.

FINANCIAL SECTION



Police Department “Copsicle” truck providing community outreach and refreshment at Chelsea Day event.



This page intentionally left blank.



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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Roselli Clark & Associates

Roselli, Clark and Associates
Certified Public Accountants
Woburn, Massachusetts 01801
March 15, 2024



This page intentionally left blank.

MANAGEMENT DISCUSSION AND ANALYSIS



Above: Children's story time event on the City Hall lawn.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

Financial Highlights

- The City's 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 \$190.5 million.
- The government's total net position increased by approximately \$34.1 million. This consisted of an increase in governmental activities' net position by nearly \$30.1 million combined with an increase in business - type activities' net position by about \$4.0 million.
- The City's Unassigned Fund Balance reported in the General Fund was over \$42.5 million (19.7% of General Fund expenditures). Total Fund Balance in the General Fund was over \$70.8 million (32.7% of General Fund expenditures).
- The City's total debt decreased by approximately \$4.2 million, detail of which is included later in this discussion.

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, health and human services, 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

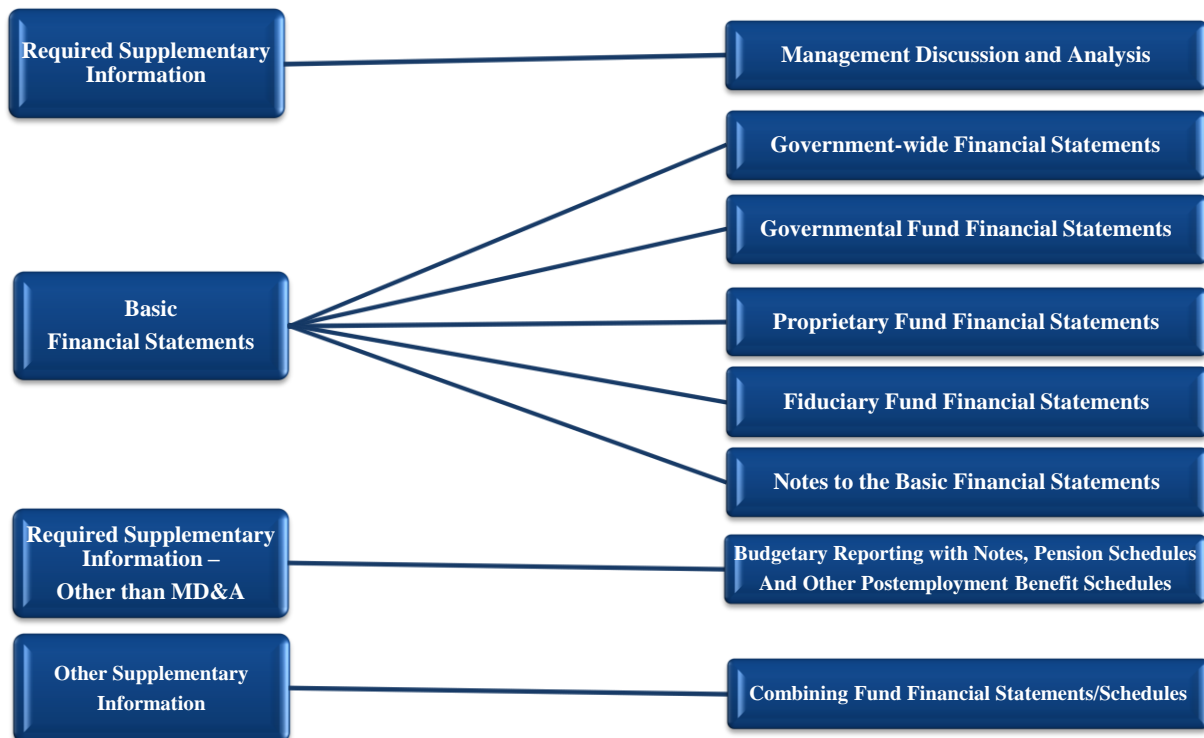
to account for the City's Pension and OPEB trusts in addition to Private Purpose trust funds and Agency funds. The Pension System is a legally separate entity reported as a fiduciary fund. Because the Pension System services almost entirely the City, it is presented as a blended component unit as if 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 \$190.5 million.

Condensed net position data is presented as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>						
Current and other assets	\$ 190,342,861	\$ 177,805,432	\$ 19,599,251	\$ 20,672,666	\$ 209,942,112	\$ 198,478,098
Capital assets, net	<u>225,532,526</u>	<u>216,256,631</u>	<u>56,266,556</u>	<u>53,743,946</u>	<u>281,799,082</u>	<u>270,000,577</u>
Total Assets	415,875,387	394,062,063	75,865,807	74,416,612	491,741,194	468,478,675
Deferred outflows of resources	<u>31,516,401</u>	<u>20,474,557</u>	<u>225,800</u>	<u>139,728</u>	<u>31,742,201</u>	<u>20,614,285</u>
<u>Liabilities</u>						
Current liabilities	52,015,581	47,192,994	262,790	758,225	52,278,371	47,951,219
Long-term liabilities	<u>211,150,997</u>	<u>169,290,502</u>	<u>13,967,814</u>	<u>15,964,673</u>	<u>225,118,811</u>	<u>185,255,175</u>
Total Liabilities	263,166,578	216,483,496	14,230,604	16,722,898	277,397,182	233,206,394
Deferred inflows of resources	<u>55,187,974</u>	<u>98,765,328</u>	<u>363,354</u>	<u>679,794</u>	<u>55,551,328</u>	<u>99,445,122</u>
<u>Net Position</u>						
Net investment in capital assets	209,604,289	200,852,541	46,221,434	43,445,016	255,825,723	244,297,557
Restricted	34,243,810	34,002,831	-	-	34,243,810	34,002,831
Unrestricted	<u>(114,810,863)</u>	<u>(135,567,576)</u>	<u>15,276,215</u>	<u>13,708,632</u>	<u>(99,534,648)</u>	<u>(121,858,944)</u>
Total Net Position	<u>\$ 129,037,236</u>	<u>\$ 99,287,796</u>	<u>\$ 61,497,649</u>	<u>\$ 57,153,648</u>	<u>\$ 190,534,885</u>	<u>\$ 156,441,444</u>

By far, the largest portion (approximately \$255.8 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.

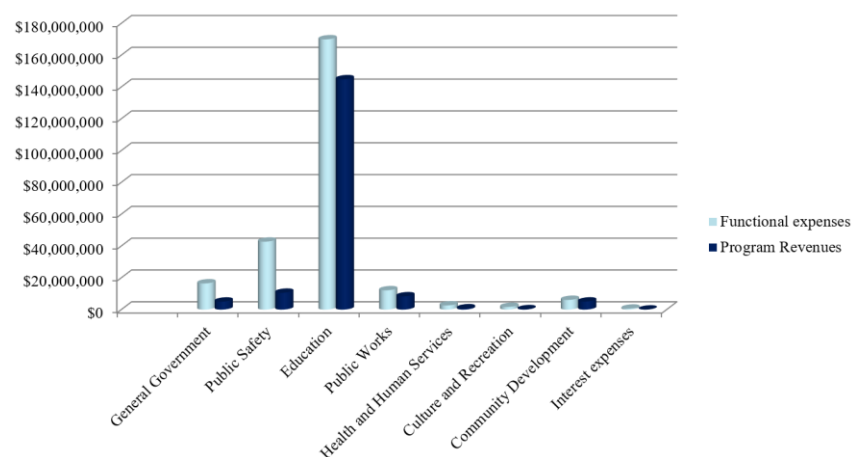
An additional portion, approximately \$34.2 million, of the City's net position represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position is reported as a deficit, of approximately \$99.5 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:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<u>Revenues</u>						
Program revenues:						
Charges for services	\$ 14,633,773	\$ 13,549,105	\$ 25,132,249	\$ 25,153,835	\$ 39,766,022	\$ 38,702,940
Operating grants and contributions	150,960,924	144,803,867	-	-	150,960,924	144,803,867
Capital grants and contributions	9,066,733	3,799,688	-	380,733	9,066,733	4,180,421
General revenues:						
Property taxes	72,990,787	70,152,745	-	-	72,990,787	70,152,745
Excise and other taxes	14,691,625	13,958,441	-	-	14,691,625	13,958,441
Grants and contributions not restricted	9,734,093	9,238,512	-	-	9,734,093	9,238,512
Other	10,111,821	5,400,863	-	-	10,111,821	5,400,863
Total Revenues	282,189,756	260,903,221	25,132,249	25,534,568	307,322,005	286,437,789
<u>Expenses</u>						
General government	16,456,853	13,324,962	-	-	16,456,853	13,324,962
Public safety	42,695,782	33,705,116	-	-	42,695,782	33,705,116
Education	169,908,469	152,666,192	-	-	169,908,469	152,666,192
Public works	12,116,716	10,170,344	-	-	12,116,716	10,170,344
Health and human services	2,617,539	2,979,105	-	-	2,617,539	2,979,105
Culture and recreation	1,645,488	1,252,077	-	-	1,645,488	1,252,077
Community development	6,070,225	6,332,618	-	-	6,070,225	6,332,618
Interest expense	582,176	610,094	-	-	582,176	610,094
Water and sewer	-	-	21,135,316	20,667,139	21,135,316	20,667,139
Total Expenses	252,093,248	221,040,508	21,135,316	20,667,139	273,228,564	241,707,647
Increase (decrease) in net position before transfers	30,096,508	39,862,713	3,996,933	4,867,429	34,093,441	44,730,142
Transfers	(347,068)	-	347,068	-	-	-
Increase (decrease) in net position	29,749,440	39,862,713	4,344,001	4,867,429	34,093,441	44,730,142
Net position, beginning of year	99,287,796	59,425,083	57,163,648	52,296,219	156,451,444	111,721,302
Net position, end of year	<u>\$ 129,037,236</u>	<u>\$ 99,287,796</u>	<u>\$ 61,507,649</u>	<u>\$ 57,163,648</u>	<u>\$ 190,544,885</u>	<u>\$ 156,451,444</u>

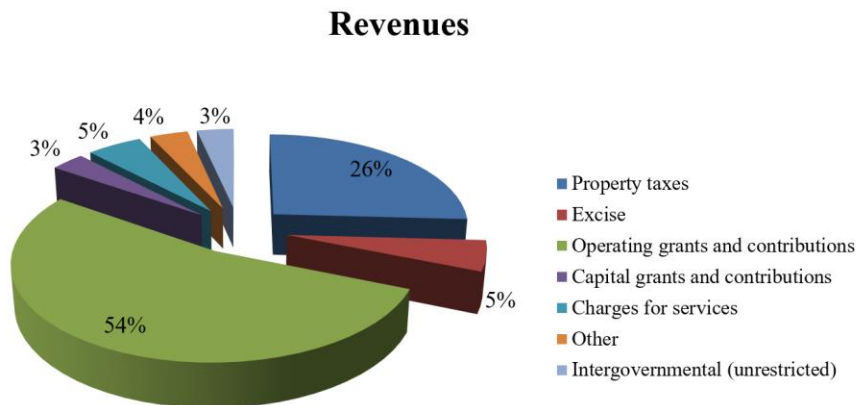
Governmental Activities – Functional expenses as compared to program revenues are illustrated below:



The City continues to see improvements in revenues, which increased almost \$20.1 million. This was primarily related to operating and capital grant activity. This was offset by increases in expenses of approximately \$31.5 million. Despite this, it led to the second consecutive year of strong operating performance. The overall increase was \$34.1 million in the current year versus \$44.7 million in the prior year.

The detailed 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 25.8% of total revenues or an increase of nearly \$2.8 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. Therefore, this net increase met a net increase that was expected from year to year.

(2) Operating grants make up 54% 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.

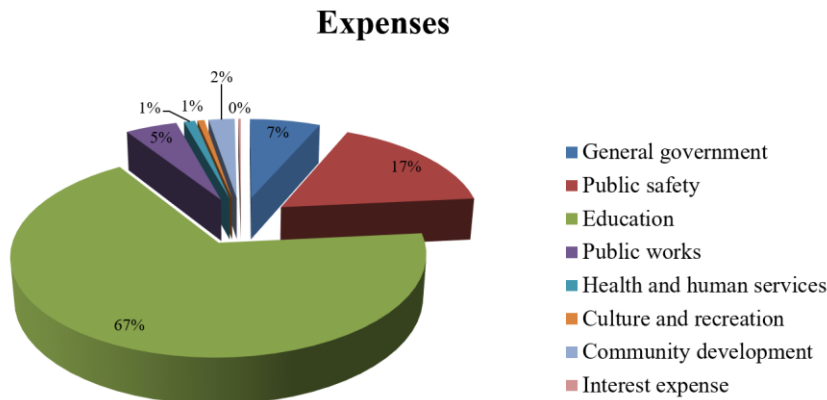
The dollar amount increased over the prior year due to the teacher pension contribution increasing as a result of a new actuarial valuation and calculation of State revenue and pension expense. (See increase in education below).

(3) Charges for services represent fees the City receives from various services it provides to its constituents. Representing 5% of total revenues, this is consistent with the prior year.

(4) Excise and other taxes represent motor vehicle, meals and hotel excise. Representing 5% of total revenue, this amount is consistent with the prior year. The City is a hub for several car rental companies that service Logan airport and is a large revenue source. Operations in this area have normalized after experiencing a large downturn during the pandemic.

(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 increased 14% year to year; an increase of approximately \$31.5 million. The majority of this is explained as expenses related to pension allocations, Massachusetts Teacher's Retirement on behalf payments as discussed above, expenses associated with ARPA and general cost of living increases.

The following expenses are the largest expenses in City Government:

- (1) Education – Representing 67% of total expenses, the City continues to devote significant resources to the quality of its education. The increase in expense amount of about \$17.2 million when compared to the prior year is primarily due to new actuarial valuations of the City's pension system and Massachusetts Teacher's Retirement System causing an allocation of \$42 million to the education function item. This is \$13 million greater than the prior year. The remaining increase is due to general cost of living increases, as inflation peaked near 40-year historic highs, in addition to the results of an internal audit that reclassified approximately \$1.2 million to Education from City functional expenses.
- (2) Public Safety is another significant expense, representing 17% 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 increase over the prior year is \$9.0 million and \$8.0 million of this is due to the pension allocation described under education with the difference being attributed of cost-of-living increases from year to 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 \$4.3 million (7.1% 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 capital grants and contributions which were approximately \$0.4 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 \$121.6 million, an increase of nearly \$9.4 million over the prior year.

The highlights are as follows:

1. An increase in the General Fund of \$8.0 million. This was primarily due to a large increase in the City's Chapter 70 allotment from the Commonwealth and robust property tax collections due to increased tax collections and higher assessments in a strong economy. This was offset by transfers, funded from surplus revenue (free cash) to the Capital Projects Fund.
2. City Capital Projects fund balance increased \$0.9 million over the prior year, as transfers in from the general fund were greater than the timing of construction expenses.
3. An increase to nonmajor funds of nearly \$0.5 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 \$42.5 million (19.7% of General Fund expenditures). Total Fund Balance in the General Fund was approximately \$70.8 million (32.7% of General Fund expenditures). The City reported combined restricted fund balances of about \$57.5 million in its City Capital Projects Fund and Nonmajor funds. The City also reports deficits in the special revenue and capital projects funds for expenditures incurred but grants not yet received as unassigned fund balance of almost \$6.8 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 increased due to stop loss reimbursements on catastrophic medical claims combined with contributions exceeded benefit claims.

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 over \$248.6 million in net position and the OPEB fund had about \$3.5 million in net position.

The Retirement System net position decreased by almost \$27.4 million due to adverse market conditions at the end of calendar year 2022 and the OPEB fund net position increased by about \$0.5 million as contributions and investment income exceeded benefit payments.

The City also includes Private Purpose Trust Funds in this category of funds. These increased 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 \$2.0 million or less than 1% as there were increases to multiple line items in minor amounts.

Major budget to actual differences on the revenue side in aggregate were about \$13.6 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 at the beginning of the year and thus the large difference of \$6.1 million. In addition, a surprise increase in interest yields during the year led to over \$2 million in results over forecast.

On the expenditure side, the City performed better than budget by about \$5.9 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, 2023 amounts to approximately \$281.8 million (net of accumulated depreciation) an increase from the previous year’s balance of approximately \$13.7 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.

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 \$29.8 million including unamortized premium. The entire amount comprises debt backed by the full faith and credit of the government. The City’s total debt decreased by over \$4.2 million during the fiscal year. Detail of this decrease can be observed in the following table:

Issuance of bonds and notes	
Governmental Activities	\$ -
Business-Type Activities	500,000
Regular Scheduled Maturities:	
Governmental Activities	(1,803,724)
Business-Type Activities	(2,825,233)
Amortization of bond premiums	
Governmental Activities	(97,721)
	<u>\$ (4,226,678)</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 which continue into fiscal 2024. 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 2024. The budget was adopted in June of 2023 and the City's tax rate was certified in December 2023.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the City Manager, City Hall, 500 Broadway Chelsea, MA 02150.



This page intentionally left blank.

BASIC FINANCIAL STATEMENTS



Celebration of Central American Independence Day.

CITY OF CHELSEA, MASSACHUSETTS

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

	Primary Government		
	Governmental Activities	Business-Type Activity	Total
Assets			
Cash and cash equivalents	\$ 142,433,980	\$ 14,131,765	\$ 156,565,745
Investments	37,448,903	-	37,448,903
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	1,070,399	-	1,070,399
Tax, utility and other liens	704,696	409,413	1,114,109
Motor vehicle and other excise taxes	1,939,456	-	1,939,456
User charges	-	5,058,073	5,058,073
Trash	353,625	-	353,625
Departmental and other	2,702,254	-	2,702,254
Intergovernmental	3,574,922	-	3,574,922
Tax foreclosures	114,626	-	114,626
Capital assets not being depreciated/amortized	30,876,459	9,916,985	40,793,444
Capital assets, net of accumulated depreciation/amortization	194,656,067	46,349,571	241,005,638
Total Assets	415,875,387	75,865,807	491,741,194
Deferred Outflows of Resources			
Related to net other postemployment benefits liability	12,187,350	146,064	12,333,414
Related to net pension liability	19,329,051	79,736	19,408,787
Total Deferred Outflows of Resources	31,516,401	225,800	31,742,201
Liabilities			
Warrants and accounts payable	11,320,607	165,924	11,486,531
Accrued payroll and withholdings	293,285	-	293,285
Tax refunds payable	2,368,014	-	2,368,014
Unearned revenue	33,426,350	-	33,426,350
Accrued interest expense	173,033	68,683	241,716
Health claims incurred but not reported	3,185,053	-	3,185,053
Other liabilities	1,249,239	28,183	1,277,422
Noncurrent liabilities:			
Due in one year or less	3,804,927	2,534,884	6,339,811
Due in more than one year	207,346,070	11,432,930	218,779,000
Total Liabilities	263,166,578	14,230,604	277,397,182
Deferred Inflows of Resources			
Related to net other postemployment benefits liability	52,933,380	17,036	52,950,416
Related to net pension liability	2,254,594	346,318	2,600,912
Total Deferred Inflows of Resources	55,187,974	363,354	55,551,328
Net Position			
Net investment in capital assets	209,604,289	46,221,434	255,825,723
Restricted:			
Nonexpendable permanent funds	22,392	-	22,392
Expendable permanent funds	116,562	-	116,562
Community development and redevelopment	14,116,162	-	14,116,162
Receipts reserved	3,044,995	-	3,044,995
Gifts and grants	10,975,473	-	10,975,473
Capital	1,568,353	-	1,568,353
Other specific purposes	4,399,873	-	4,399,873
Unrestricted	(114,810,863)	15,276,215	(99,534,648)
Total Net Position	\$ 129,037,236	\$ 61,497,649	\$ 190,534,885

See accompanying notes to basic financial statements.

CITY OF CHELSEA, MASSACHUSETTS

STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total
<u>Primary Government:</u>							
<i>Governmental Activities:</i>							
General government	\$ 16,456,853	\$ 2,352,244	\$ 781,768	\$ 1,860,055	\$ (11,462,786)	\$ -	\$ (11,462,786)
Public safety	42,695,782	8,690,936	1,720,203	155,297	(32,129,346)	-	(32,129,346)
Education	169,908,469	949,720	142,634,394	1,202,266	(25,122,089)	-	(25,122,089)
Public works	12,116,716	2,568,770	211,898	5,528,953	(3,807,095)	-	(3,807,095)
Health and human services	2,617,539	5,710	763,548	-	(1,848,281)	-	(1,848,281)
Culture and recreation	1,645,488	60,926	141,250	-	(1,443,312)	-	(1,443,312)
Community development	6,070,225	5,467	4,707,863	320,162	(1,036,733)	-	(1,036,733)
Interest expense	582,176	-	-	-	(582,176)	-	(582,176)
Total Governmental Activities	<u>252,093,248</u>	<u>14,633,773</u>	<u>150,960,924</u>	<u>9,066,733</u>	<u>(77,431,818)</u>	<u>-</u>	<u>(77,431,818)</u>
<i>Business-Type Activity:</i>							
Water and sewer	21,135,316	25,132,249	-	-	-	3,996,933	3,996,933
Total Business Type Activity	<u>21,135,316</u>	<u>25,132,249</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,996,933</u>	<u>3,996,933</u>
Total Primary Government	<u>\$ 273,228,564</u>	<u>\$ 39,766,022</u>	<u>\$ 150,960,924</u>	<u>\$ 9,066,733</u>	<u>(77,431,818)</u>	<u>3,996,933</u>	<u>(73,434,885)</u>
<u>General Revenues:</u>							
					72,990,787	-	72,990,787
					14,691,625	-	14,691,625
					3,810,150	-	3,810,150
					478,366	-	478,366
					1,840,054	-	1,840,054
					882,390	-	882,390
					9,734,093	-	9,734,093
					3,100,861	-	3,100,861
					(347,068)	347,068	-
					107,181,258	347,068	107,528,326
					29,749,440	4,344,001	34,093,441
<u>Net Position:</u>							
					99,287,796	57,153,648	156,441,444
					\$ 129,037,236	\$ 61,497,649	\$ 190,534,885

See accompanying notes to basic financial statements.

CITY OF CHELSEA, MASSACHUSETTS

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023**

	<u>General</u>	<u>ARPA Grant Fund</u>	<u>City Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Cash and short-term investments	\$ 46,494,704	\$ 34,023,439	\$ 16,853,390	\$ 30,368,610	\$ 127,740,143
Investments	33,112,553	-	-	4,336,350	37,448,903
Receivables, net of allowance for uncollectibles:					
Real estate and personal property taxes	1,053,197	-	-	17,202	1,070,399
Tax, utility and other liens	704,696	-	-	-	704,696
Motor vehicle and other excise taxes	1,939,456	-	-	-	1,939,456
Trash	353,625	-	-	-	353,625
Departmental and other	1,742,599	-	-	959,655	2,702,254
Intergovernmental	-	-	-	3,574,922	3,574,922
Due from other funds	1,273,276	-	-	-	1,273,276
Tax foreclosures	114,626	-	-	-	114,626
Total Assets	<u>86,788,732</u>	<u>34,023,439</u>	<u>16,853,390</u>	<u>39,256,739</u>	<u>176,922,300</u>
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 86,788,732</u>	<u>\$ 34,023,439</u>	<u>\$ 16,853,390</u>	<u>\$ 39,256,739</u>	<u>\$ 176,922,300</u>
Liabilities:					
Warrants and accounts payable	\$ 6,673,880	\$ 597,089	\$ 667,287	\$ 3,301,170	\$ 11,239,426
Accrued payroll and withholdings	293,285	-	-	-	293,285
Tax refunds payable	2,368,014	-	-	-	2,368,014
Unearned revenue	-	33,426,350	-	-	33,426,350
Other liabilities	1,246,264	-	-	-	1,246,264
Due to other funds	-	-	-	1,246,878	1,246,878
Total Liabilities	<u>10,581,443</u>	<u>34,023,439</u>	<u>667,287</u>	<u>4,548,048</u>	<u>49,820,217</u>
Deferred Inflows of Resources:					
Unavailable revenues - property taxes	584,152	-	-	17,202	601,354
Unavailable revenues - excise	1,939,456	-	-	-	1,939,456
Unavailable revenues - other	2,915,546	-	-	-	2,915,546
Total Deferred Inflows of Resources	<u>5,439,154</u>	<u>-</u>	<u>-</u>	<u>17,202</u>	<u>5,456,356</u>
Fund Balances:					
Nonspendable	-	-	-	22,392	22,392
Restricted	-	-	16,486,103	41,054,626	57,540,729
Committed	11,942,150	-	-	-	11,942,150
Assigned	16,313,965	-	-	-	16,313,965
Unassigned	42,512,020	-	(300,000)	(6,385,529)	35,826,491
Total Fund Balances	<u>70,768,135</u>	<u>-</u>	<u>16,186,103</u>	<u>34,691,489</u>	<u>121,645,727</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 86,788,732</u>	<u>\$ 34,023,439</u>	<u>\$ 16,853,390</u>	<u>\$ 39,256,739</u>	<u>\$ 176,922,300</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, 2023**

	<u>Total</u>
Total Governmental Fund Balances	\$ 121,645,727
Capital assets and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	225,532,526
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.	11,196,996
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	5,456,356
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	12,187,350
Deferred outflows related to net pension liability	19,329,051
Deferred inflows related to net other postemployment benefits liability	(52,933,380)
Deferred inflows related to net pension liability	<u>(2,254,594)</u>
Net effect of reporting deferred outflows and inflows of resources	(23,671,573)
In the Statement of Net Position, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	(173,033)
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	(16,697,929)
Unamortized bond premium	(389,063)
Lease obligations	(1,732,303)
Compensated absences	(6,808,139)
Net pension liability	(49,419,046)
Net other postemployment benefits liability	<u>(135,903,283)</u>
Net effect of reporting long-term liabilities	<u>(210,949,763)</u>
Net Position of Governmental Activities	<u>\$ 129,037,236</u>
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, 2023

	General	ARPA Grant Fund	City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Real estate and personal property taxes, net	\$ 72,616,400	\$ -	\$ -	\$ -	\$ 72,616,400
Intergovernmental	131,580,033	5,403,087	-	31,917,129	168,900,249
Motor vehicle excise	14,138,138	-	-	-	14,138,138
Meals, room and other excise taxes	3,810,150	-	-	-	3,810,150
Tax and trash liens	347,580	-	-	-	347,580
Payments in lieu of taxes	1,840,054	-	-	-	1,840,054
Community preservation surcharges	-	-	-	883,545	883,545
Charges for services	-	-	-	3,469,787	3,469,787
Trash disposal	2,453,650	-	-	-	2,453,650
Licenses and permits	2,485,864	-	-	-	2,485,864
Departmental and other	1,947,343	-	-	1,072,184	3,019,527
Penalties and interest on taxes	478,366	-	-	-	478,366
Fines and forfeitures	3,089,036	-	-	-	3,089,036
Interest and investment income	2,820,230	-	-	196,953	3,017,183
Contributions and donations	-	-	-	861,501	861,501
Total Revenues	<u>237,606,844</u>	<u>5,403,087</u>	<u>-</u>	<u>38,401,099</u>	<u>281,411,030</u>
Expenditures:					
Current:					
General government	7,130,201	238,908	3,738,204	4,821,279	15,928,592
Public safety	27,614,827	155,297	1,232,874	4,256,083	33,259,081
Education	101,857,425	1,202,266	2,111,046	22,881,941	128,052,678
Public works	8,970,123	-	1,089,934	7,035,904	17,095,961
Health and human services	1,380,886	-	-	981,201	2,362,087
Culture and recreation	1,113,422	-	15,000	198,645	1,327,067
Community development	-	3,806,616	-	1,597,855	5,404,471
Pension benefits	26,540,916	-	-	-	26,540,916
Employee benefits	17,381,851	-	-	-	17,381,851
Property and liability insurance	1,592,569	-	-	-	1,592,569
Claims and judgements	59,896	-	-	-	59,896
State and county tax assessments	20,118,056	-	-	-	20,118,056
Debt service:					
Principal	1,803,724	-	-	-	1,803,724
Interest expense	700,685	-	-	-	700,685
Total Expenditures	<u>216,264,581</u>	<u>5,403,087</u>	<u>8,187,058</u>	<u>41,772,908</u>	<u>271,627,634</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>21,342,263</u>	<u>-</u>	<u>(8,187,058)</u>	<u>(3,371,809)</u>	<u>9,783,396</u>
Other Financing Sources (Uses):					
Transfers in	64,963	-	9,503,909	3,941,524	13,510,396
Transfers out	(13,445,433)	-	(347,068)	(64,963)	(13,857,464)
Total Other Financing Sources (Uses)	<u>(13,380,470)</u>	<u>-</u>	<u>9,156,841</u>	<u>3,876,561</u>	<u>(347,068)</u>
Net Change in Fund Balance	7,961,793	-	969,783	504,752	9,436,328
Fund Balances - Beginning	<u>62,806,342</u>	<u>-</u>	<u>15,216,320</u>	<u>34,186,737</u>	<u>112,209,399</u>
Fund Balances - Ending	<u>\$ 70,768,135</u>	<u>\$ -</u>	<u>\$ 16,186,103</u>	<u>\$ 34,691,489</u>	<u>\$ 121,645,727</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, 2023**

	<u>Total</u>
Net Change in Fund Balances - Total Governmental Fund Balances	\$ 9,436,328
<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	\$ 19,929,753
Depreciation expense	(10,448,533)
Amortization expense	<u>(205,325)</u>
Net effect of reporting capital assets	9,275,895
<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>	
	(2,259,081)
<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>	
Amortization of bond premiums	97,721
Repayments of lease obligations	176,242
Repayments of debt	<u>1,803,724</u>
Net effect of reporting long-term debt	2,077,687
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	695,048
<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 a accruals between this year and the prior year.</p>	
	20,788
<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	(356,284)
Other postemployment benefits	7,809,741
Pension benefits	<u>3,049,318</u>
Net effect of reporting long-term liabilities	<u>10,502,775</u>
Change in Net Position of Governmental Activities	\$ <u>29,749,440</u>

See accompanying notes to basic financial statements.

CITY OF CHELSEA, MASSACHUSETTS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2023

	Business-Type Activity Water and Sewer Enterprise Fund	Governmental Activity Internal Service Funds
Assets:		
Current assets:		
Cash and cash equivalents	\$ 14,131,765	\$ 14,693,837
User fees, net of allowance for uncollectibles	5,058,073	-
Total current assets	<u>19,189,838</u>	<u>14,693,837</u>
Noncurrent assets:		
Utility liens	409,413	-
Capital assets not being depreciated	9,916,985	-
Capital assets, net of depreciation	46,349,571	-
Total noncurrent assets	<u>56,675,969</u>	<u>-</u>
Total Assets	<u>75,865,807</u>	<u>14,693,837</u>
Deferred Outflows of Resources:		
Related to net other postemployment benefits liability	79,736	-
Related to net pension liability	146,064	-
Total Deferred Outflows of Resources	<u>225,800</u>	<u>-</u>
Liabilities:		
Current liabilities:		
Warrants and accounts payable	165,924	81,181
Accrued interest expense	68,683	-
Health claims incurred but not reported	-	3,185,053
Other liabilities	28,183	2,975
Due to other funds	-	26,398
Workers' compensation claims	-	100,617
Current portion of debt	2,534,884	-
Total current liabilities	<u>2,797,674</u>	<u>3,396,224</u>
Noncurrent liabilities:		
Workers' compensation claims	-	100,617
Net other postemployment benefits liability	889,151	-
Net pension liability	373,444	-
Noncurrent portion of debt	10,170,335	-
Total noncurrent liabilities	<u>11,432,930</u>	<u>100,617</u>
Total Liabilities	<u>14,230,604</u>	<u>3,496,841</u>
Total Deferred Inflows of Resources:		
Related to net other postemployment benefits liability	346,318	-
Related to net pension liability	17,036	-
Total Deferred Inflows of Resources	<u>363,354</u>	<u>-</u>
Net Position:		
Net investment in capital assets	46,221,434	-
Unrestricted	15,276,215	11,196,996
Total Net Position	<u>\$ 61,497,649</u>	<u>\$ 11,196,996</u>

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, 2023

	<u>Business-Type Activity Water and Sewer Enterprise Fund</u>	<u>Governmental Activities Internal Service Funds</u>
Operating Revenues:		
Charges for services	\$ 25,132,249	\$ -
Employee contributions	-	4,955,205
Employer contributions	-	18,682,006
Stop loss receipts	-	395,507
Total Operating Revenues	<u>25,132,249</u>	<u>24,032,718</u>
Operating Expenses:		
Operating costs	3,905,721	-
Water and sewer assessment	14,823,657	-
Employee benefits	-	26,375,477
Depreciation	<u>2,135,993</u>	<u>-</u>
Total Operating Expenses	<u>20,865,371</u>	<u>26,375,477</u>
Operating Income	<u>4,266,878</u>	<u>(2,342,759)</u>
Nonoperating Revenues (Expenses):		
Interest income	-	83,678
Interest expense	<u>(269,945)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(269,945)</u>	<u>83,678</u>
Income Before Capital Contributions	3,996,933	(2,259,081)
Transfers in	<u>347,068</u>	<u>-</u>
Change in Net Position	<u>4,344,001</u>	<u>(2,259,081)</u>
Total Net Position - Beginning	57,153,648	13,456,077
Total Net Position - Ending	<u><u>\$ 61,497,649</u></u>	<u><u>\$ 11,196,996</u></u>

See accompanying notes to basic financial statements.

CITY OF CHELSEA, MASSACHUSETTS

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

	Business-Type Activity Water and Sewer Enterprise Fund	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities:		
Receipts from users	\$ 25,511,082	\$ -
Employee contributions	-	4,955,205
Employer contributions	-	18,682,006
Other revenues	-	395,507
Payments to vendors	(18,127,463)	-
Payments to employees	(1,149,957)	-
Payments for interfund services used	-	(24,421,434)
	<u>6,233,662</u>	<u>(388,716)</u>
Net Cash Provided by (Used for) Operating Activities		
Cash Flows from Noncapital Financing Activities:		
Advances (to) from other funds	-	26,398
Transfers in	347,068	-
	<u>347,068</u>	<u>26,398</u>
Net Cash Provided By (Used for) Noncapital Financing Activities		
Cash Flows from Capital and Related Financing Activities:		
Proceeds from issuance of bonds	500,000	-
Acquisition and construction of capital assets	(4,658,603)	-
Principal payments on bonds and notes	(2,825,233)	-
Interest expense	(291,476)	-
	<u>(7,275,312)</u>	<u>-</u>
Net Cash (Used for) Capital and Related Financing Activities		
Cash Flows from Investing Activities:		
Interest income	-	83,678
	<u>-</u>	<u>83,678</u>
Net Cash Provided by Investing Activities		
	<u>-</u>	<u>83,678</u>
Net Change in Cash and Cash Equivalents	(694,582)	(278,640)
Cash and Cash Equivalents:		
Beginning of year	14,826,347	14,972,477
End of year	<u>\$ 14,131,765</u>	<u>\$ 14,693,837</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Operating income	\$ 4,266,878	\$ (2,342,759)
Depreciation	2,135,993	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Receivables	378,833	-
Deferred outflows of resources	(86,072)	-
Warrants and accounts payable	(473,904)	74,867
Accrued payroll and withholdings	-	-
Other liabilities	-	-
Health claims incurred but not reported	-	2,057,417
Workers' compensation claims	-	(178,241)
Net other postemployment benefits liability	14,892	-
Net pension liability	313,482	-
Deferred inflows of resources	(316,440)	-
	<u>\$ 6,233,662</u>	<u>\$ (388,716)</u>
Net Cash Provided by Operating Activities		

See accompanying notes to basic financial statements.

CITY OF CHELSEA, MASSACHUSETTS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
Assets:		
Cash and cash equivalents	\$ 1,020,547	\$ 912,512
Investments at fair value:		
Equity mutual funds	2,244,643	-
Fixed income mutual funds	904,474	-
Private equity funds	290,594	-
State Treasurer investment pool - PRIT	247,626,758	-
Total Investments	251,066,469	-
Receivables:		
Other	21,450	-
Total Receivables	21,450	-
Total Assets	252,108,466	912,512
Liabilities:		
Warrants and accounts payable	3,260	-
Other liabilities	-	-
Total Liabilities	3,260	-
Net Position:		
Restricted for pensions	248,648,486	-
Restricted for other postemployment benefits	3,456,720	-
Held in trust for private purposes	-	912,512
Total Net Position	\$ 252,105,206	\$ 912,512

(1) The pension trust is presented for the year ended December 31, 2022.

See accompanying notes to basic financial statements.

CITY OF CHELSEA, MASSACHUSETTS

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

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
Additions		
Contributions:		
Employer	\$ 20,273,212	\$ -
Employee	4,962,258	-
Other contributions	781,603	208,153
Total contributions	<u>26,017,073</u>	<u>208,153</u>
Investment earnings:		
Interest and dividends	6,539,015	1,434
Net appreciation in fair value of investments	(36,597,468)	-
Less - management fees	(1,283,597)	-
Net investment income	<u>(31,342,050)</u>	<u>1,434</u>
Other income	<u>12,471</u>	<u>-</u>
Total Additions	<u>(5,312,506)</u>	<u>209,587</u>
Deductions		
Benefit payments to retirees and beneficiaries	19,175,837	-
Member refunds	239,941	-
Transfers and reimbursements to other systems	1,820,163	-
Payroll expenses of the System	191,608	-
Other administrative expenses	123,518	-
Health and human services	-	3,900
Scholarships	<u>-</u>	<u>202,475</u>
Total Deductions	<u>21,551,067</u>	<u>206,375</u>
Change in Net Position	<u>(26,863,573)</u>	<u>3,212</u>
Net Position - Beginning of Year	<u>278,968,779</u>	<u>909,300</u>
Net Position - End of Year	<u><u>\$ 252,105,206</u></u>	<u><u>\$ 912,512</u></u>

(1) The pension trust is presented as of December 31, 2022.

See accompanying notes to basic financial statements.

CITY OF CHELSEA, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2023

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The City is located in 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 2023, the City's share of the operating and debt service expenses was \$1,255,248. 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 Balance

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

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

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent quarterly and are due on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes at the rate of 14% per annum. Property taxes levied are recorded as receivables in the fiscal year of the levy. Real estate taxes and water and sewer user fees are secured through a lien process within 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 Balance – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily to the extent in which the City is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

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

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

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

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

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 \$12,235,412 at June 30, 2023 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 \$704,267 at June 30, 2023 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 \$11,942,150 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 balance categorizations:

	General	ARPA Grant Fund	City Capital Projects	Nonmajor Governmental Funds	Total
Nonspendable:					
Nonexpendable trust funds	\$ -	\$ -	\$ -	\$ 22,392	\$ 22,392
Restricted:					
Redevelopment	-	-	-	1,446,502	1,446,502
Other community development	-	-	-	12,652,458	12,652,458
City federal grants	-	-	-	1,805,000	1,805,000
City state grants	-	-	-	1,148,438	1,148,438
School lunch	-	-	-	2,236,740	2,236,740
School revolving funds	-	-	-	1,273,061	1,273,061
School gifts	-	-	-	1,233,188	1,233,188
School federal grants	-	-	-	1,238,573	1,238,573
School state grants	-	-	-	4,768,288	4,768,288
Receipts reserved for appropriation	-	-	-	3,044,995	3,044,995
City revolving funds	-	-	-	897,745	897,745
City gifts	-	-	-	781,986	781,986
Urban I & II renewal	-	-	-	151,087	151,087
Capital outlay - schools	-	-	2,402,833	2,978,649	5,381,482
Capital outlay - public works	-	-	5,074,694	-	5,074,694
Capital outlay - public safety	-	-	2,273,155	-	2,273,155
Capital outlay - open space	-	-	-	3,864,088	3,864,088
Capital outlay - other	-	-	6,735,421	712,999	7,448,420
School capital reserve	-	-	-	704,267	704,267
Other trust funds	-	-	-	116,562	116,562
Committed:					
Subsequent years' budget	11,942,150	-	-	-	11,942,150
Assigned:					
Education	10,492,448	-	-	-	10,492,448
Public works	3,714,511	-	-	-	3,714,511
Information technology	578,682	-	-	-	578,682
Other general government	501,330	-	-	-	501,330
Community development	242,899	-	-	-	242,899
Other purposes	784,095	-	-	-	784,095
Unassigned	42,512,020	-	(300,000)	(6,385,529)	35,826,491
	<u>\$70,768,135</u>	<u>\$ -</u>	<u>\$ 16,186,103</u>	<u>\$ 34,691,489</u>	<u>\$121,645,727</u>

E. Excess of Expenditures Over Appropriations and Deficits

During the fiscal year ended, expenditures exceeded appropriations in the General Fund for snow and ice removal by \$19,677. This over-expenditure will be funded through available funds during fiscal year 2024.

The City incurred a fund deficit in its City Capital Projects Major Fund totaling \$300,000. The City also incurred fund deficits totaling \$3,299,242, \$103,843 and \$2,982,444 in the Other Community Development, City State Grants and City Federal Grants 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, the City's entire bank balance of \$127,398,712 was insured by depository insurance or collateralized. Included in the bank balances are \$42,034,118 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, 2023, 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, 2023:

	Fair value	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
U.S. Treasuries	\$ 14,644,986	\$ 14,644,986	\$ -	\$ -
U.S. Agencies	5,445,742	-	5,445,742	-
Corporate bonds	11,271,523	-	11,271,523	-
Negotiable certificates of deposit	744,492	-	744,492	-
Fixed income exchange traded	198,402	-	198,402	-
Fixed income mutual funds	904,474	-	904,474	-
Total debt securities	33,209,619	14,644,986	18,564,633	-
Equity securities:				
Common stock	5,143,758	5,143,758	-	-
Equity mutual funds	2,244,643	2,244,643	-	-
Private equity funds	290,594	-	290,594	-
Total equity securities	7,678,995	7,388,401	290,594	-
Total investments by fair value level	\$ 40,888,614	\$ 22,033,387	\$ 18,855,227	\$ -

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, 2023, the City's investments had the following maturities:

Investments	Fair value	Maturities in Years		
		Less than 1	1 - 5	6 - 10
U.S. Treasuries	\$ 14,644,986	\$ 8,436,581	\$ 6,208,405	\$ -
U.S. Agencies	5,445,742	4,060,817	1,384,925	-
Corporate bonds	11,271,523	2,448,857	8,822,666	-
Negotiable certificates of deposit	744,492	375,405	369,087	-
Money market mutual funds	4,644,485	4,644,485	-	-
MMDT	27,215,552	27,215,552	-	-
Total investments with maturities	<u>\$ 63,966,780</u>	<u>\$ 47,181,697</u>	<u>\$ 16,785,083</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, 2023, the City had 31% of its investments in U.S. Government Treasuries and Agencies and 43% of its investments in MMDT.

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

Quality Ratings (S & P)	U.S. Treasuries	U.S. Agencies	Corporate Bonds	Totals
AAA	\$ -	\$ -	\$ 337,790	\$ 337,790
AA+	14,644,986	5,445,742	-	20,090,728
A+	-	-	3,865,911	3,865,911
A	-	-	353,335	353,335
A-	-	-	404,048	404,048
BBB+	-	-	4,317,176	4,317,176
BBB	-	-	1,993,263	1,993,263
Totals - All	<u>\$ 14,644,986</u>	<u>\$ 5,445,742</u>	<u>\$ 11,271,523</u>	<u>\$31,362,251</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, 2022, \$1,131,231 of the System's bank deposits was not covered by FDIC or other depository insurance.

Investments Summary – The System's investments at December 31, 2022 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, 2022, 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, 2022, 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	\$ 1,249,029	\$ (195,832)	\$ 1,053,197
Community preservation surcharges	17,202	-	17,202
Tax, utility and other liens	704,696	-	704,696
Motor vehicle and other excise	3,057,189	(1,117,733)	1,939,456
Trash collection	353,625	-	353,625
Parking fines	3,160,813	(1,812,368)	1,348,445
Public safety detail charges	959,655	-	959,655
Other	394,154	-	394,154
Intergovernmental	3,574,922	-	3,574,922
Total	<u>\$ 13,471,285</u>	<u>\$ (3,125,933)</u>	<u>\$ 10,345,352</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	\$ 5,058,073	\$ -	\$ 5,058,073
Utility liens	409,413	-	409,413
Total	<u>\$ 5,467,486</u>	<u>\$ -</u>	<u>\$ 5,467,486</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	\$ 584,152	\$ 17,202	\$ 601,354
Tax, utility and other liens	704,696	-	704,696
Motor vehicle and other excise	1,939,456	-	1,939,456
Trash collection	353,625	-	353,625
Parking fines	1,348,445	-	1,348,445
Other	394,154	-	394,154
Tax foreclosures	114,626	-	114,626
Total	<u>\$ 5,439,154</u>	<u>\$ 17,202</u>	<u>\$ 5,456,356</u>

C. Interfund Receivables, Payables and Transfers

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

Receivable Fund	Payable Funds	Amount
General Fund	Nonmajor Governmental Funds -	
	City Federal Grants	\$1,186,371
	City Revolving	60,507
	Internal Service Funds -	
	Workers' Compensation	26,398
Total		<u>\$1,273,276</u>

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

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

Transfers Out	Transfers In				Total	
	General Fund	City Capital Projects	Nonmajor Governmental Funds	Water and Sewer Enterprise Fund		
General Fund	\$ -	\$ 9,503,909	\$ 3,941,524	\$ -	\$ 13,445,433	(1)
City Capital Projects	-	-	-	347,068	347,068	(2)
Nonmajor Governmental Funds	64,963	-	-	-	64,963	(3)
Total	<u>\$ 64,963</u>	<u>\$ 9,503,909</u>	<u>\$ 3,941,524</u>	<u>\$ 347,068</u>	<u>\$ 13,857,464</u>	

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

(2) Transfers to water and sewer enterprise fund for capital outlays.

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

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Governmental Activities:</u></i>				
Capital assets not being depreciated/amortized:				
Land	\$ 11,590,797	\$ -	\$ -	\$ 11,590,797
Construction in progress	15,460,453	4,353,734	(528,525)	19,285,662
Total capital assets not being depreciated/amortized	27,051,250	4,353,734	(528,525)	30,876,459
Capital assets being depreciated/amortized:				
Buildings and improvements	243,367,453	4,422,925	-	247,790,378
Right to use - buildings	2,053,250	-	-	2,053,250
Machinery and equipment	20,306,868	545,245	-	20,852,113
Infrastructure	61,310,934	11,136,374	-	72,447,308
Total capital assets being depreciated/amortized	327,038,505	16,104,544	-	343,143,049
Less accumulated depreciation/amortization for:				
Buildings and improvements	(104,640,172)	(6,760,404)	-	(111,400,576)
Right to use - buildings	(102,663)	(205,325)	-	(307,988)
Machinery and equipment	(16,852,379)	(1,003,957)	-	(17,856,336)
Infrastructure	(16,237,910)	(2,684,172)	-	(18,922,082)
Total accumulated depreciation/amortization	(137,833,124)	(10,653,858)	-	(148,486,982)
Total capital assets being depreciated/amortized, net	189,205,381	5,450,686	-	194,656,067
Total governmental activities capital assets, net	<u>\$ 216,256,631</u>	<u>\$ 9,804,420</u>	<u>\$ (528,525)</u>	<u>\$ 225,532,526</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	\$ 9,652,933	\$ 264,052	\$ -	\$ 9,916,985
Total capital assets not being depreciated	9,652,933	264,052	-	9,916,985
Capital assets being depreciated:				
Machinery and equipment	462,477	-	-	462,477
Vehicles	716,580	-	-	716,580
Infrastructure	62,301,055	4,394,551	-	66,695,606
Total capital assets being depreciated	63,480,112	4,394,551	-	67,874,663
Less accumulated depreciation for:				
Machinery and equipment	(94,670)	(49,651)	-	(144,321)
Vehicles	(313,658)	(143,316)	-	(456,974)
Infrastructure	(18,980,771)	(1,943,026)	-	(20,923,797)
Total accumulated depreciation	(19,389,099)	(2,135,993)	-	(21,525,092)
Total capital assets being depreciated, net	44,091,013	2,258,558	-	46,349,571
Total business-type activities capital assets, net	<u>\$ 53,743,946</u>	<u>\$ 2,522,610</u>	<u>\$ -</u>	<u>\$ 56,266,556</u>

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

Governmental Activities:

General government	\$ 932,122
Public safety	855,331
Education	5,804,465
Public works	2,256,054
Health and human services	7,418
Culture and recreation	132,714
Community development	665,754
	<u>\$ 10,653,858</u>

Business-Type Activities:

Water and sewer	<u>\$ 2,135,993</u>
-----------------	---------------------

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, 2023.

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	(307,988)
Total	<u>\$ 1,745,262</u>

Payments on lease liabilities due in future years consists of the following at June 30, 2023:

Year Ended June 30,	Principal	Interest	Total
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	214,964	14,948	229,912
2029-2032	737,138	21,354	758,492
	<u>\$ 1,732,303</u>	<u>\$ 131,543</u>	<u>\$ 1,863,846</u>

G. Long-Term Obligations

The following reflects the activity in the long-term liability accounts for the year ended June 30, 2023:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<i>Governmental Activities:</i>					
General obligation bonds	\$ 18,501,653	\$ -	\$ (1,803,724)	\$ 16,697,929	\$ 1,730,929
Unamortized bond premium	486,784	-	(97,721)	389,063	86,796
Lease obligations	1,908,545	-	(176,242)	1,732,303	184,550
Workers' compensation	379,475	190,984	(369,225)	201,234	100,617
Compensated absences	6,451,855	1,969,248	(1,612,964)	6,808,139	1,702,035
Net pension liability	7,935,028	43,738,612	(2,254,594)	49,419,046	-
Net other postemployment benefits liability	133,627,162	55,209,501	(52,933,380)	135,903,283	-
Total Governmental Activities	<u>\$169,290,502</u>	<u>\$ 101,108,345</u>	<u>\$ (59,247,850)</u>	<u>\$211,150,997</u>	<u>\$ 3,804,927</u>
<i>Business-Type Activities - Water and Sewer:</i>					
General obligation bonds	\$ 7,338,348	\$ -	\$ (1,651,277)	\$ 5,687,071	\$ 1,429,071
Notes from direct borrowings and placements	7,692,104	500,000	(1,173,956)	7,018,148	1,105,813
Net pension liability	59,962	330,518	(17,036)	373,444	-
Net other postemployment benefits liability	874,259	361,210	(346,318)	889,151	-
Total Business-Type Activities	<u>\$ 15,964,673</u>	<u>\$ 1,191,728</u>	<u>\$ (3,188,587)</u>	<u>\$ 13,967,814</u>	<u>\$ 2,534,884</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, \$201,234 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, 2023:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General Obligation Bonds	1.00 - 6.06%	\$ 18,355,938	\$ -	\$ (1,729,438)	\$ 16,626,500
General Obligation Refunding Bonds	2.00 - 5.75%	145,715	-	(74,286)	71,429
Total General Obligation Bonds		18,501,653	-	(1,803,724)	16,697,929
Add: Unamortized bond premium		486,784	-	(97,721)	389,063
Total General Obligation Bonds, net		<u>\$ 18,988,437</u>	<u>\$ -</u>	<u>\$ (1,901,445)</u>	<u>\$ 17,086,992</u>
<i>Business-Type Activities - Water and Sewer:</i>					
General Obligation Bonds	1.00 - 5.75%	\$ 7,229,062	\$ -	\$ (1,595,562)	\$ 5,633,500
General Obligation Refunding Bonds	2.00 - 4.00%	109,286	-	(55,715)	53,571
Total General Obligation Bonds		7,338,348	-	(1,651,277)	5,687,071
Massachusetts Clean Water Trust	2.00%	122,418	-	(12,540)	109,878
Massachusetts Water Resources Authority	0.00%	7,569,686	500,000	(1,161,416)	6,908,270
Total notes from direct borrowings and placements		7,692,104	500,000	(1,173,956)	7,018,148
Total Business-Type Activities debt		<u>\$ 15,030,452</u>	<u>\$ 500,000</u>	<u>\$ (2,825,233)</u>	<u>\$ 12,705,219</u>

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

Project	Amount
Pension obligation bonds	\$ 47,000,000
Capital improvement program	10,684,734
Parks construction	3,636,915
School construction	47,347,407
Other	693,672
Total Authorized and Unissued	<u><u>\$ 109,362,728</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
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	1,484,500	347,164	-	-
2029-2033	3,014,000	1,211,230	-	-
2034-2038	1,785,000	846,846	-	-
2039-2043	2,110,000	526,383	-	-
2044-2048	1,610,000	132,332	-	-
Total	<u>\$ 16,697,929</u>	<u>\$ 5,115,405</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
2024	\$ 1,429,071	\$ 221,088	\$ 1,105,813	\$ 2,070
2025	1,020,500	162,190	1,031,951	1,811
2026	1,015,500	121,895	962,215	1,548
2027	900,500	80,620	857,009	1,279
2028	595,500	48,144	772,783	1,004
2029-2033	726,000	50,680	2,288,377	1,310
Total	<u>\$ 5,687,071</u>	<u>\$ 684,617</u>	<u>\$ 7,018,148</u>	<u>\$ 9,022</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
08/15/13	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
01/30/23	02/15/33	500,000
		<u>\$ 10,930,200</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, 2022 were not issued. Disclosures applicable to the Chelsea Housing Authority are not material.

Membership – Membership in the System as of December 31, 2022, was as follows:

Retirees and beneficiaries receiving benefits	429
Active plan members	793
Inactive plan members	<u>379</u>
	<u>1,601</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 \$15,183,330 for the year ended December 31, 2022. The City contributed \$14,199,345 to the System in fiscal year 2023, which equaled the actuarially-determined contribution requirement for the fiscal year. The City's contributions as a percentage of covered payroll was approximately 30.5% in fiscal year 2023.

Net Pension Liability – The components of the net pension liability of the System at December 31, 2022 were as follows:

Total pension liability	\$ 301,902,486
Plan fiduciary net position	<u>(248,648,486)</u>
Net pension liability	<u>\$ 53,254,000</u>
Plan fiduciary net position as a percentage of the total pension liability	82.4%

At June 30, 2023, the City reported a liability of \$49,792,490 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022 and rolled forward to the measurement date of December 31, 2023. 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 93.5% at December 31, 2022.

Fiduciary Net Position – The elements of the System's basic financial statements (that is, all information about the System's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) can be found in the fiduciary fund financial statements.

The System's 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 \$11,126,984 in pension expense in the statement of activities in fiscal year 2023. The total employer pension expense for the system was \$12,073,674.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 4,013,020	\$ -
Net differences between projected and actual earnings on pension plan investments	15,462,095	-
Changes in proportion differences	-	123,000
Differences between expected and actual experience	-	2,148,630
	<u>\$ 19,475,115</u>	<u>\$ 2,271,630</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,	
2024	\$ 334,595
2025	2,657,230
2026	4,487,010
2027	9,654,525
2028	70,125
	<u>\$ 17,203,485</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, 2022. The significant actuarial assumptions used in the actuarial valuation included:

Actuarial cost method	Individual Entry age normal
Amortization method	Increasing payments 4% 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 \$15,000 of retirement income
Retirement mortality rates	Pre-retirement rates reflect the RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2021 (gender distinct) Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2021 (gender distinct)
Disabled life mortality	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year projected generationally with Scale MP-2021 (gender distinct)

Investment Policy and Rates of Return – For the year ended December 31, 2022, the annual money-weighted rate of return on System investments net of investment expense, was -11.4%. 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
Equities	32% to 42%	7.1% to 9.6%
Core fixed income	12% to 18%	3.8% to 4.7%
Value-added fixed income	5% to 11%	7.8%
Private equity	13% to 19%	10.2%
Real estate	7% to 13%	5.7%
Timberland	1% to 7%	7.0%
Portfolio completion	7% to 13%	6.5%

Discount Rate – The discount rate used to measure the total pension liability in the December 31, 2022 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%	\$ 87,400,000	\$ 53,254,000	\$ 24,300,000

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%	\$ 81,719,000	\$ 49,792,490	\$ 22,720,500

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, 2023, the Commonwealth contributed \$13,179,382 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 0.626217%, 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	\$ 162,115,843	\$ (162,115,843)	\$ -
Pension expense	13,335,610	(13,335,610)	-

The City has recognized intergovernmental revenue and pension expense of \$13,335,610 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, 2023 are summarized as follows:

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

Active employees	1,244
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, 2023, the City's average contribution rate was 6.9% of covered-employee payroll.

Net OPEB Liability – The City's net OPEB liability was measured as of June 30, 2023 using an actuarial valuation as of July 1, 2021. The components of the net OPEB liability of the City were as follows:

Total OPEB Liability	\$ 140,249,154
Plan fiduciary net position	<u>(3,456,720)</u>
Net OPEB liability	<u>\$ 136,792,434</u>
Plan fiduciary net position as a percentage of the total OPEB liability	2.46%

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	5.95%, net of OPEB plan investment expense including inflation.
Municipal bond rate	4.13% as of June 30, 2023
Single Equivalent Discount Rate	5.74% net of OPEB plan investment expense including inflation.
Inflation	2.5% annually as of June 30, 2023 and for future periods
Salary increases	3.0% annually as of June 30, 2023 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, 2023

Single Equivalent Discount Rate increased from 5.49% to 5.74%
Investment rate of return increased from 5.87% to 5.95%.

Discount Rate – The discount rate used to measure the total OPEB liability was 5.74% which was a blended rate based on the high-quality municipal bond rate for 20-year maturities as of June 30, 2023 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	5.74%	\$ 158,351,891	\$ 136,792,434	\$ 119,523,143
	Health Care Trend Rate			
	Current Rate	1% lower	Current	1% greater
Net OPEB Liability	9.0% trending to 3.63%	\$ 117,464,504	\$ 136,792,434	\$ 161,305,535

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022	\$ 137,427,856	\$ 2,926,435	\$ 134,501,421
Changes for the year:			
Service cost	4,351,073	-	4,351,073
Interest	7,653,938	-	7,653,938
Difference between expected and actual plan experience	-	-	-
Changes in assumptions	(4,393,831)		(4,393,831)
Employer contributions	-	5,089,882	(5,089,882)
Benefit payments withdrawn from trust	-	(4,789,882)	4,789,882
Net investment income	-	230,285	(230,285)
Benefit payments	(4,789,882)	-	(4,789,882)
Net changes	2,821,298	530,285	2,291,013
Balances at June 30, 2023	\$ 140,249,154	\$ 3,456,720	\$ 136,792,434

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	24.75%	4.10%
Domestic equity - small/mid cap	16.25%	4.55%
International equity - developed market	13.00%	4.64%
International equity - emerging market	7.75%	5.45%
Domestic fixed income	22.75%	1.05%
International fixed income	4.25%	0.96%
Alternative investments	10.75%	5.95%
Real estate	0.00%	6.25%
Cash and cash equivalents	0.50%	0.00%
	<u>100.00%</u>	
Real rate of return		3.70%
Inflation assumption		2.50%
Total nominal rate of return		6.20%
Investment expense		<u>0.25%</u>
Net investment return		<u>5.95%</u>

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the City recognized OPEB expense (benefit) of (\$2,770,954). Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2023 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	\$ -	\$ 22,603,452
Changes of assumptions	12,109,035	30,676,246
Net difference between projected and actual earnings on OPEB plan investments	<u>158,051</u>	<u>-</u>
	<u>\$ 12,267,086</u>	<u>\$ 53,279,698</u>

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

June 30,	
2024	\$ (14,543,863)
2025	(10,052,529)
2026	(9,953,273)
2027	(6,286,373)
2028	451,117
Thereafter	(627,691)
	<u>\$ (41,012,612)</u>

GASB Statement No. 74

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

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

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

Investment Rate of Return – For the year ended June 30, 2023 the annual money-weighted rate of return on investments, net of investment expense, was 7.87%. 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, 2022)	Other Postemployment Benefits Trust Fund	Total
Assets:			
Cash and Cash Equivalents	\$ 1,003,538	\$ 17,009	\$ 1,020,547
Investments (at fair value):			
Equity mutual funds	-	2,244,643	2,244,643
Fixed income mutual funds	-	904,474	904,474
Private equity funds	-	290,594	290,594
State Treasurer investment pool - PRIT	247,626,758	-	247,626,758
Total Investments	247,626,758	3,439,711	251,066,469
Receivables:			
Other	21,450	-	21,450
Total Receivables	21,450	-	21,450
Total Assets	248,651,746	3,456,720	252,108,466
Liabilities:			
Warrants and accounts payable	3,260	-	3,260
Total Liabilities	3,260	-	3,260
Net Position:			
Restricted for pensions	248,648,486	-	248,648,486
Restricted for other postemployment benefits	-	3,456,720	3,456,720
Total Net Position	\$ 248,648,486	\$ 3,456,720	\$ 252,105,206

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

	Pension Trust Fund (December 31, 2022)	Other Postemployment Benefits Trust Fund	Total
Additions			
Contributions:			
Employer	\$ 15,183,330	\$ 5,089,882	\$ 20,273,212
Employee	4,962,258	-	4,962,258
Other contributions	781,603	-	781,603
Total Contributions	20,927,191	5,089,882	26,017,073
Investment income:			
Interest and dividends	6,515,552	23,463	6,539,015
Net appreciation in fair value of investments	(36,809,684)	212,216	(36,597,468)
Less - investment management fees	(1,278,203)	(5,394)	(1,283,597)
Net investment earnings	(31,572,335)	230,285	(31,342,050)
Other income	12,471	-	12,471
Total Additions (net)	(10,632,673)	5,320,167	(5,312,506)
Deductions			
Benefit payments to retirees and beneficiaries	14,385,955	4,789,882	19,175,837
Member refunds	239,941	-	239,941
Transfers and reimbursements to other systems	1,820,163	-	1,820,163
Payroll expenses of the System	191,608	-	191,608
Other administrative expenses	123,518	-	123,518
Total Deductions	16,761,185	4,789,882	21,551,067
CHANGE IN NET POSITION	(27,393,858)	530,285	(26,863,573)
NET POSITION AT BEGINNING OF YEAR	276,042,344	2,926,435	278,968,779
NET POSITION AT END OF YEAR	\$ 248,648,486	\$ 3,456,720	\$ 252,105,206

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, 2023, the amount of the liability for health claims totaled \$3,185,053.

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

	<u>Balance at Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>	<u>Current Portion</u>
Fiscal Year 2023	\$ 1,127,636	\$ 26,184,493	\$(24,127,076)	\$ 3,185,053	\$ 3,185,053
Fiscal Year 2022	1,512,785	25,409,725	(25,794,874)	1,127,636	1,127,636

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, 2023, the amount of the liability for workers' compensation claims totaled \$201,234.

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

	<u>Balance at Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>	<u>Current Portion</u>
Fiscal Year 2023	\$ 379,475	\$ 190,984	\$(369,225)	\$ 201,234	\$ 100,617
Fiscal Year 2022	722,481	142,404	(485,410)	379,475	189,737

F. Commitments

The City has entered into or is planning to enter into contracts to expend approximately \$19,000,000 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, 2023, cannot be ascertained, management believes that the resulting liability, if any, should not materially affect the basic financial statements of the City at June 30, 2023. Other amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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

H. Implementation of GASB pronouncements

Current Year Implementations –

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

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

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

Future Implementations –

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

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

REQUIRED SUPPLEMENTARY INFORMATION



Firefighters enjoying some down time during a Chelsea Day event.



This page intentionally left blank.

CITY OF CHELSEA, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2023

SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS
(SYSTEM)
(dollar amounts are in thousands)

	Year Ended December 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:									
Service cost	\$ 7,813	\$ 7,477	\$ 6,767	\$ 6,476	\$ 6,095	\$ 5,833	\$ 5,478	\$ 5,242	\$ 4,822
Interest	19,948	19,069	18,667	17,793	16,998	16,211	15,752	14,481	14,245
Changes in benefit terms	3,800	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(27)	-	(4,038)	-	(1,603)	(3,062)	-	(3,065)	-
Changes in assumptions	638	-	6,000	-	4,800	3,460	-	10,500	-
Benefit payments, including refunds	(14,854)	(13,800)	(12,524)	(12,504)	(12,520)	(11,459)	(10,657)	(10,229)	(10,211)
Net change in total pension liability	17,318	12,746	14,872	11,765	13,770	10,983	10,573	16,929	8,856
Total pension liability - beginning of year	284,584	271,838	256,966	245,201	231,431	220,448	209,875	192,946	184,090
Total pension liability - end of year (a)	<u>\$ 301,902</u>	<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	\$ 15,183	\$ 14,453	\$ 13,674	\$ 12,937	\$ 12,239	\$ 11,579	\$ 10,956	\$ 10,664	\$ 9,626
Contributions - employee	4,962	4,450	4,319	4,271	3,855	3,638	3,265	2,871	3,028
Contributions - nonemployer contributing entities	782	684	741	788	543	-	-	-	-
Net investment income	(31,572)	44,984	24,379	26,808	(4,163)	23,927	9,368	617	8,519
Benefit payments, including refunds	(16,446)	(14,343)	(13,238)	(13,377)	(13,231)	(11,459)	(10,657)	(10,229)	(10,211)
Administrative expenses	(315)	(324)	(300)	(309)	(292)	(277)	(215)	(249)	(261)
Other	12	10	-	11	17	23	10	15	28
Net change in plan fiduciary net position	(27,394)	49,914	29,575	31,129	(1,032)	27,431	12,727	3,689	10,729
Plan fiduciary net position - beginning of year	276,042	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>\$ 248,648</u>	<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>\$ 53,254</u>	<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	82.4%	97.0%	83.2%	76.5%	67.5%	71.9%	63.1%	60.2%	63.5%
Covered payroll	49,063	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	108.5%	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, 2023

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

(dollar amounts are in thousands)

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Actuarially-determined contribution	\$ 15,183	\$ 14,453	\$ 13,674	\$ 12,937	\$ 12,239
Contributions in relation to the actuarially-determined contribution	15,183	14,453	13,674	12,937	12,239
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	49,063	44,091	44,091	39,748	39,748
Contribution as a percentage of covered payroll	30.9%	32.8%	31.0%	32.5%	30.8%

(continued)

	2017	2016	2015	2014	2013
Actuarially-determined contribution	\$ 11,579	\$ 10,955	\$ 10,664	\$ 9,626	\$ 9,656
Contributions in relation to the actuarially-determined contribution	11,579	10,955	10,664	9,626	9,656
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	35,888	33,007	33,007	31,121	31,121
Contribution as a percentage of covered payroll	32.3%	33.2%	32.3%	30.9%	31.0%

(concluded)

SCHEDULE OF INVESTMENT RETURNS (SYSTEM)

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	-11.39%	19.80%	9.15%	16.13%	-2.48%

(continued)

	Year Ended December 31,			
	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	17.09%	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, 2023

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

Year Ended December 31,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	93.50%	\$ 49,792,490	\$ 45,874,150	108.5%	82.4%
2021	93.60%	33,400,312	41,269,176	80.9%	97.0%
2020	93.90%	42,922,013	41,401,449	103.7%	83.2%
2019	93.80%	56,667,787	37,283,624	152.0%	76.5%
2018	94.10%	75,070,288	37,402,868	200.7%	67.5%
2017	94.10%	61,132,784	33,770,608	181.0%	71.9%
2016	93.80%	76,346,914	30,960,566	246.6%	63.1%
2015	91.50%	76,447,554	30,201,405	253.1%	60.2%
2014	94.60%	66,524,734	29,440,466	226.0%	63.6%

SCHEDULE OF THE CITY'S CONTRIBUTIONS TO PENSION PLAN

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2023	\$ 14,199,345	\$ 14,199,345	\$ -	\$ 46,562,262	30.5%
2022	13,525,298	13,525,298	-	41,888,214	32.3%
2021	12,840,928	12,840,928	-	42,022,471	30.6%
2020	12,136,704	12,136,704	-	37,842,878	32.1%
2019	11,520,000	11,520,000	-	37,963,911	30.3%
2018	10,894,090	10,894,090	-	34,277,167	31.8%
2017	10,272,036	10,272,036	-	31,424,974	32.7%
2016	9,754,667	9,754,667	-	30,654,426	31.8%
2015	9,325,751	9,325,751	-	29,882,073	31.2%

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

See accompanying independent auditors' report.

CITY OF CHELSEA, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2023

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

Year Ended June 30, *	Commonwealth's Proportionate Share of the Collective Net Pension Liability	City's Proportion Share of the Collective Net Pension Liability	Commonwealth's Proportionate Share of the Net Pension Liability Associated with the City	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	100.0%	0.0%	\$ 162,115,843	\$ 13,335,610	57.75%
2022	100.0%	0.0%	129,681,828	10,406,427	62.03%
2021	100.0%	0.0%	160,425,999	19,814,909	50.67%
2020	100.0%	0.0%	141,318,508	17,137,322	53.95%
2019	100.0%	0.0%	132,800,353	13,457,393	54.84%
2018	100.0%	0.0%	132,324,130	13,811,055	54.25%
2017	100.0%	0.0%	128,476,204	13,105,415	52.73%
2016	100.0%	0.0%	116,388,215	9,440,120	55.38%
2015	100.0%	0.0%	90,427,207	6,282,412	61.64%

* Amounts determined for the previous year ended June 30.

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

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

See accompanying independent auditors' report.

CITY OF CHELSEA, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - OPEB
YEAR ENDED JUNE 30, 2023

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	Year Ended June 30,						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:							
Service cost	\$ 4,351,073	\$ 3,988,234	\$ 7,155,794	\$ 6,888,660	\$ 9,323,439	\$ 8,189,017	\$ 10,055,684
Interest	7,653,938	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	(4,393,831)	15,772,967	(47,092,683)	1,966,134	-	-	-
Benefit payments, including refunds	(4,789,882)	(4,892,029)	(4,557,637)	(4,292,011)	(5,434,827)	(5,146,361)	(5,424,277)
Net change in total OPEB liability	2,821,298	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	137,427,856	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>\$ 140,249,154</u>	<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	\$ 5,089,882	\$ 5,192,029	\$ 4,557,637	\$ 4,592,011	\$ 7,398,400	\$ 5,146,361	\$ 5,424,277
Net investment income	230,285	(429,042)	647,038	48,570	96,296	-	-
Benefit payments, including refunds	(4,789,882)	(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	530,285	(129,042)	647,038	348,570	2,059,869	-	-
Plan fiduciary net position - beginning of year	2,926,435	3,055,477	2,408,439	2,059,869	-	-	-
Plan fiduciary net position - end of year (b)	<u>\$ 3,456,720</u>	<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>\$ 136,792,434</u>	<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	2.5%	2.1%	2.5%	1.5%	1.0%	0.0%	0.0%
Covered-employee payroll	73,537,626	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	186.0%	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, 2023**

SCHEDULE OF CONTRIBUTIONS

	June 30				
	2023	2022	2021	2020	2019
Actuarially-determined contribution	\$ 10,854,095	\$ 10,193,874	\$ 12,737,134	\$ 12,429,262	\$ 19,736,769
Contributions in relation to the actuarially-determined contribution	5,089,882	5,192,029	4,557,637	4,592,011	7,398,400
Contribution deficiency (excess)	<u>\$ 5,764,213</u>	<u>\$ 5,001,845</u>	<u>\$ 8,179,497</u>	<u>\$ 7,837,251</u>	<u>\$ 12,338,369</u>
Covered-employee payroll	73,537,626	71,395,753	86,088,700	83,581,262	81,096,580
Contribution as a percentage of covered-employee payroll	6.9%	7.3%	5.3%	5.5%	9.1%
Valuation Date	July 1, 2021				
Amortization Period	30 years				
Investment rate of return	5.95%				
Municipal Bond Rate	4.13%				
Single Equivalent Discount Rate	5.74%				
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				
	2023	2022	2021	2020	2019
Annual money-weighted rate of return, net of investment expense	7.87%	-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, 2023

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Positive
	Budget	Budget	Amounts		Adjusted	(Negative)
Revenues:						
Real estate and personal property taxes	\$ 71,530,841	\$ 71,669,558	\$ 72,924,043	\$ -	72,924,043	1,254,485
Motor vehicle excise	8,000,000	8,000,000	14,138,138	-	14,138,138	6,138,138
Meals, room and other excise	2,700,000	2,700,000	3,810,150	-	3,810,150	1,110,150
Tax and trash liens	-	-	347,580	-	347,580	347,580
Payments in lieu of taxes	1,200,000	1,200,000	1,840,054	-	1,840,054	640,054
Trash disposal	2,600,000	2,600,000	2,453,650	-	2,453,650	(146,350)
Intergovernmental	119,157,969	119,157,969	118,244,423	-	118,244,423	(913,546)
Penalties and interest on taxes	340,000	340,000	478,366	-	478,366	138,366
Licenses and permits	1,050,000	1,050,000	2,485,864	-	2,485,864	1,435,864
Fines and forfeitures	2,100,000	2,100,000	3,089,036	-	3,089,036	989,036
Departmental and other	1,369,063	1,369,063	1,947,343	-	1,947,343	578,280
Investment income	429,000	429,000	2,504,947	-	2,504,947	2,075,947
Total Revenues	210,476,873	210,615,590	224,263,594	-	224,263,594	13,648,004
Expenditures:						
<i>General Government:</i>						
Legislative:						
Personal services	245,145	245,145	244,216	-	244,216	929
Expenditures	145,349	157,549	73,157	80,000	153,157	4,392
	390,494	402,694	317,373	80,000	397,373	5,321
Executive Office:						
Personal services	416,092	416,092	383,653	-	383,653	32,439
Expenditures	86,240	86,240	59,714	2,005	61,719	24,521
	502,332	502,332	443,367	2,005	445,372	56,960
Auditor's Office:						
Personal services	343,392	352,684	348,793	-	348,793	3,891
Expenditures	210,404	210,404	94,186	24,851	119,037	91,367
	553,796	563,088	442,979	24,851	467,830	95,258
Treasurer/Collector's Office:						
Personal services	495,244	507,651	505,996	-	505,996	1,655
Expenditures	347,742	347,742	189,242	6,922	196,164	151,578
	842,986	855,393	695,238	6,922	702,160	153,233
Payroll:						
Personal services	142,420	142,420	119,442	-	119,442	22,978
Expenditures	26,095	26,095	6,770	-	6,770	19,325
	168,515	168,515	126,212	-	126,212	42,303
Assessing:						
Personal services	366,007	366,007	337,668	-	337,668	28,339
Expenditures	290,658	373,658	244,627	120,808	365,435	8,223
	656,665	739,665	582,295	120,808	703,103	36,562
Procurement:						
Personal services	153,969	157,422	157,422	-	157,422	-
Expenditures	101,734	101,734	64,807	9,410	74,217	27,517
	255,703	259,156	222,229	9,410	231,639	27,517
Central Billing:						
Personal services	127,473	127,473	90,779	-	90,779	36,694
Expenditures	124,340	124,340	67,588	31,516	99,104	25,236
	251,813	251,813	158,367	31,516	189,883	61,930
Law Department:						
Personal services	283,441	283,441	273,661	-	273,661	9,780
Expenditures	136,538	401,538	399,392	10,041	409,433	(7,895)
	419,979	684,979	673,053	10,041	683,094	1,885

(Continued)

CITY OF CHELSEA, MASSACHUSETTS

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

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Positive
	Budget	Budget	Amounts		Adjusted	(Negative)
Personnel Department:						
Personal services	398,652	448,652	357,273	86,329	443,602	5,050
Expenditures	121,530	146,060	82,902	33,718	116,620	29,440
	520,182	594,712	440,175	120,047	560,222	34,490
Diversity and Equity:						
Personal services	115,941	115,941	115,941	-	115,941	-
Expenditures	52,500	52,500	37,601	2,099	39,700	12,800
	168,441	168,441	153,542	2,099	155,641	12,800
Information Systems:						
Personal services	511,850	511,850	492,159	-	492,159	19,691
Expenditures	1,143,562	1,173,562	765,047	330,562	1,095,609	77,953
Capital outlay	404,710	435,710	134,791	248,120	382,911	52,799
	2,060,122	2,121,122	1,391,997	578,682	1,970,679	150,443
City Clerk:						
Personal services	461,554	498,324	489,958	-	489,958	8,366
Expenditures	69,363	88,613	70,902	5,711	76,613	12,000
	530,917	586,937	560,860	5,711	566,571	20,366
Office of Planning and Development:						
Expenditures	188,867	188,867	67,948	85,625	153,573	35,294
	188,867	188,867	67,948	85,625	153,573	35,294
Permit/Land Use Planning:						
Personal services	117,641	117,641	117,641	-	117,641	-
Expenditures	46,965	46,965	7,199	2,295	9,494	37,471
	164,606	164,606	124,840	2,295	127,135	37,471
Housing & Community Development:						
Personal services	486,132	501,956	452,004	-	452,004	49,952
Expenditures	475,871	567,021	277,722	242,899	520,621	46,400
	962,003	1,068,977	729,726	242,899	972,625	96,352
Salary Reserve:						
Personal services	150,000	-	-	-	-	-
	150,000	-	-	-	-	-
<i>Total General Government</i>	8,787,421	9,321,297	7,130,201	1,322,911	8,453,112	868,185
<i>Public Safety:</i>						
Police Department:						
Personal services	12,259,763	12,259,763	12,070,403	-	12,070,403	189,360
Expenditures	811,107	937,316	668,988	175,335	844,323	92,993
	13,070,870	13,197,079	12,739,391	175,335	12,914,726	282,353
Fire Department:						
Personal services	10,904,931	10,904,931	10,426,981	-	10,426,981	477,950
Expenditures	613,660	638,660	588,171	2,742	590,913	47,747
	11,518,591	11,543,591	11,015,152	2,742	11,017,894	525,697
Inspectional Services:						
Personal services	1,221,888	1,221,888	1,191,975	-	1,191,975	29,913
Expenditures	59,150	59,150	26,440	-	26,440	32,710
	1,281,038	1,281,038	1,218,415	-	1,218,415	62,623
Traffic and Parking:						
Personal services	112,580	112,580	104,258	-	104,258	8,322
Operating expenses	1,272,499	1,272,499	1,018,246	61,127	1,079,373	193,126
Capital outlay	5,000	5,000	4,950	-	4,950	50
	1,390,079	1,390,079	1,127,454	61,127	1,188,581	201,498
Emergency Management:						
Personal services	1,387,713	1,454,495	1,417,941	-	1,417,941	36,554
Expenditures	151,369	211,369	96,474	93,057	189,531	21,838
	1,539,082	1,665,864	1,514,415	93,057	1,607,472	58,392
<i>Total Public Safety</i>	28,799,660	29,077,651	27,614,827	332,261	27,947,088	1,130,563

CITY OF CHELSEA, MASSACHUSETTS

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

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Positive
	Budget	Budget	Amounts		Adjusted	(Negative)
<i>Education:</i>						
Operational	125,990,183	126,128,900	115,513,787	10,492,692	126,006,479	122,421
Northeast regional school district:						
Assessment	1,305,670	1,305,670	1,255,248	-	1,255,248	50,422
<i>Total Education</i>	<u>127,295,853</u>	<u>127,434,570</u>	<u>116,769,035</u>	<u>10,492,692</u>	<u>127,261,727</u>	<u>172,843</u>
<i>Public Works:</i>						
Administration:						
Personal services	429,912	429,912	395,911	-	395,911	34,001
Expenditures	31,459	31,459	26,235	2,089	28,324	3,135
	<u>461,371</u>	<u>461,371</u>	<u>422,146</u>	<u>2,089</u>	<u>424,235</u>	<u>37,136</u>
Streets and Sidewalks:						
Personal services	1,299,545	1,479,545	1,344,867	-	1,344,867	134,678
Expenditures	2,483,260	2,483,260	1,580,061	552,728	2,132,789	350,471
Capital outlay	3,371,334	3,721,582	863,303	2,752,062	3,615,365	106,217
	<u>7,154,139</u>	<u>7,684,387</u>	<u>3,788,231</u>	<u>3,304,790</u>	<u>7,093,021</u>	<u>591,366</u>
Solid Waste/Recycling:						
Personal services	68,967	68,967	68,967	-	68,967	-
Expenditures	2,766,421	2,821,421	2,542,535	175,086	2,717,621	103,800
	<u>2,835,388</u>	<u>2,890,388</u>	<u>2,611,502</u>	<u>175,086</u>	<u>2,786,588</u>	<u>103,800</u>
Structure and Grounds:						
Personal services	438,035	448,035	423,646	-	423,646	24,389
Expenditures	1,636,056	1,739,056	1,355,485	211,296	1,566,781	172,275
Capital outlay	900	900	-	-	-	900
	<u>2,074,991</u>	<u>2,187,991</u>	<u>1,779,131</u>	<u>211,296</u>	<u>1,990,427</u>	<u>197,564</u>
Snow and Ice Removal:						
Personal services	25,000	37,489	35,917	-	35,917	1,572
Expenditures	134,124	333,197	333,196	21,250	354,446	(21,249)
	<u>159,124</u>	<u>370,686</u>	<u>369,113</u>	<u>21,250</u>	<u>390,363</u>	<u>(19,677)</u>
<i>Total Public Works</i>	<u>12,685,013</u>	<u>13,594,823</u>	<u>8,970,123</u>	<u>3,714,511</u>	<u>12,684,634</u>	<u>910,189</u>
<i>Health and Human Services:</i>						
Administration:						
Personal services	235,152	235,152	73,977	-	73,977	161,175
Expenditures	2,976	2,976	2,976	-	2,976	-
	<u>238,128</u>	<u>238,128</u>	<u>76,953</u>	<u>-</u>	<u>76,953</u>	<u>161,175</u>
Health Division:						
Personal services	175,189	175,189	172,660	-	172,660	2,529
Expenditures	578,754	578,754	416,040	158,676	574,716	4,038
	<u>753,943</u>	<u>753,943</u>	<u>588,700</u>	<u>158,676</u>	<u>747,376</u>	<u>6,567</u>
Veteran's Services:						
Personal services	100,405	100,405	88,573	-	88,573	11,832
Expenditures	451,282	451,282	268,810	16,259	285,069	166,213
	<u>551,687</u>	<u>551,687</u>	<u>357,383</u>	<u>16,259</u>	<u>373,642</u>	<u>178,045</u>

(Continued)

CITY OF CHELSEA, MASSACHUSETTS

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

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Positive
	Budget	Budget	Amounts		Adjusted	(Negative)
Elder Affairs:						
Personal services	239,626	245,911	245,818	-	245,818	93
Expenditures	157,692	157,692	112,032	43,830	155,862	1,830
	397,318	403,603	357,850	43,830	401,680	1,923
<i>Total Health and Human Services</i>	1,941,076	1,947,361	1,380,886	218,765	1,599,651	347,710
<i>Culture and Recreation:</i>						
Recreation and Cultural Affairs:						
Personal services	337,835	337,835	256,199	-	256,199	81,636
Expenditures	559,611	609,611	441,546	111,252	552,798	56,813
	897,446	947,446	697,745	111,252	808,997	138,449
Public Library:						
Personal services	388,819	388,819	377,428	-	377,428	11,391
Expenditures	28,017	28,017	25,074	-	25,074	2,943
Capital outlay	13,398	13,398	13,175	-	13,175	223
	430,234	430,234	415,677	-	415,677	14,557
<i>Total Culture and Recreation</i>	1,327,680	1,377,680	1,113,422	111,252	1,224,674	153,006
<i>Pension Benefits:</i>						
Contributory Retirement:						
Expenditures	10,076,710	10,076,710	10,076,710	-	10,076,710	-
	10,076,710	10,076,710	10,076,710	-	10,076,710	-
Non-Contributory Retirement:						
Expenditures	12,260	12,260	11,903	-	11,903	357
	12,260	12,260	11,903	-	11,903	357
<i>Total Pension Benefits</i>	10,088,970	10,088,970	10,088,613	-	10,088,613	357
<i>Employee Benefits:</i>						
Unemployment Compensation:						
Expenditures	64,995	156,995	28,617	101,826	130,443	26,552
	64,995	156,995	28,617	101,826	130,443	26,552
Health Insurance:						
Operating expenses	7,488,325	7,488,325	6,878,135	4,020	6,882,155	606,170
	7,488,325	7,488,325	6,878,135	4,020	6,882,155	606,170
Workers' Compensation:						
Operating expenses	475,000	475,000	416,051	-	416,051	58,949
	475,000	475,000	416,051	-	416,051	58,949
Payroll Taxes:						
Operating expenses	530,000	549,700	536,741	-	536,741	12,959
	530,000	549,700	536,741	-	536,741	12,959
Life Insurance:						
Operating expenses	53,065	53,065	15,027	15,971	30,998	22,067
	53,065	53,065	15,027	15,971	30,998	22,067
<i>Total Employee Benefits</i>	8,611,385	8,723,085	7,874,571	121,817	7,996,388	726,697
<i>Property and Liability Insurance:</i>						
Expenditures	859,425	859,425	840,817	-	840,817	18,608
<i>Total Property and Liability Insurance</i>	859,425	859,425	840,817	-	840,817	18,608

CITY OF CHELSEA, MASSACHUSETTS

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

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary	Encumbrances	Budgetary	Positive
	Budget	Budget	Amounts		Adjusted	(Negative)
<i>Claims and Judgments:</i>						
Expenditures	50,000	50,000	59,896	-	59,896	(9,896)
<i>Total Claims and Judgements</i>	<u>50,000</u>	<u>50,000</u>	<u>59,896</u>	<u>-</u>	<u>59,896</u>	<u>(9,896)</u>
<i>State and County Assessments:</i>						
State assessments and charges	310,537	310,537	341,817	-	341,817	(31,280)
Transportation authorities assessments	2,825,835	2,825,835	2,825,835	-	2,825,835	-
Annual charges against receipts	23,153	23,153	18,375	-	18,375	4,778
Tuition assessments	18,536,981	18,536,981	16,932,029	-	16,932,029	1,604,952
<i>Total State and County Assessments</i>	<u>21,696,506</u>	<u>21,696,506</u>	<u>20,118,056</u>	<u>-</u>	<u>20,118,056</u>	<u>1,578,450</u>
<i>Debt Service Principal:</i>						
Expenditures	1,803,724	1,803,724	1,803,724	-	1,803,724	-
<i>Total Debt Service Principal</i>	<u>1,803,724</u>	<u>1,803,724</u>	<u>1,803,724</u>	<u>-</u>	<u>1,803,724</u>	<u>-</u>
<i>Debt Service Interest:</i>						
Expenditures	736,370	736,370	700,685	-	700,685	35,685
<i>Total Debt Service Interest</i>	<u>736,370</u>	<u>736,370</u>	<u>700,685</u>	<u>-</u>	<u>700,685</u>	<u>35,685</u>
Total Expenditures	<u>224,683,083</u>	<u>226,711,462</u>	<u>204,464,856</u>	<u>16,314,209</u>	<u>220,779,065</u>	<u>5,932,397</u>
Other Financing Sources (Uses)						
Transfers in	2,011,885	2,202,283	2,217,998		2,217,998	15,715
Transfers out	(8,669,709)	(9,557,233)	(9,557,233)		(9,557,233)	-
Total Other Financing Sources (Uses)	<u>(6,657,824)</u>	<u>(7,354,950)</u>	<u>(7,339,235)</u>		<u>\$ (7,339,235)</u>	<u>15,715</u>
<i>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Uses Of Prior Year Budgetary Fund Balance</i>	<u>(20,864,034)</u>	<u>(23,450,822)</u>	<u>12,459,503</u>			<u>\$ 19,596,116</u>
Other Budgetary Items						
Use of unassigned fund balance (free cash)	\$ 7,084,709	\$ 9,588,497				
Use of overlay surplus	-	83,000				
Prior year encumbrances	<u>13,779,325</u>	<u>13,779,325</u>				
Total Other Budgetary Items	<u>20,864,034</u>	<u>23,450,822</u>				
Net budget and actual	<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, 2023

I. Pension Plan

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

Changes in Assumptions – None.

II. Other Postemployment Benefit Plan

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

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

Investment rate of return	5.95%, net of OPEB plan investment expense including inflation.
Municipal bond rate	4.13% as of June 30, 2023
Single Equivalent Discount Rate	5.74% net of OPEB plan investment expense including inflation.
Inflation	2.5% annually as of June 30, 2023 and for future periods
Salary increases	3.0% annually as of June 30, 2023 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 single equivalent discount rate increased from 5.49% to 5.74% and the investment rate of return increased from 5.87% to 5.95%.

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 \$236.3 million. During fiscal year 2023, City Council approved various supplemental budgetary appropriations which resulted in a net increase of approximately \$2.9 million from the original voted budget, which was primarily utilized for general government (\$0.5 million), public safety (\$0.3 million) public works (\$0.9 million) and transfers to other funds (\$0.9 million).

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

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

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 224,263,594
Change in revenue accruals	\$ (307,643)	\$ -	(307,643)
Stabilization activity	-	315,283	315,283
On behalf payments	13,335,610	-	13,335,610
Revenues on a GAAP basis	<u>\$ 13,335,610</u>	<u>\$ -</u>	<u>\$ 237,606,844</u>
Expenditures on a budgetary basis			\$ 204,464,856
Fiduciary fund activity	\$ -	\$ 476,000	476,000
On behalf payments	13,335,610	-	13,335,610
Enterprise indirect cost transfers	-	(2,011,885)	(2,011,885)
Expenditures on a GAAP basis	<u>\$ 13,335,610</u>	<u>\$ (1,535,885)</u>	<u>\$ 216,264,581</u>

	Basis of Accounting Differences	Fund Perspective Differences	Total
Other financing sources (uses) on a budgetary basis			\$ (7,339,235)
Stabilization transfers	\$ -	\$ (4,505,350)	(4,505,350)
Fiduciary fund activity	-	476,000	476,000
Enterprise indirect cost transfers	-	(2,011,885)	(2,011,885)
Other financing sources (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ (6,041,235)</u>	<u>\$ (13,380,470)</u>

Excess of Expenditures Over Appropriations – During the fiscal year ended, expenditures exceeded appropriations in the General Fund for snow and ice removal by \$19,677. This over-expenditure will be funded through available funds during fiscal year 2024

COMBINING STATEMENTS



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

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, 2023

	Special Revenue Funds				
	<u>Redevelopment</u>	<u>Other Community Development</u>	<u>City Revolving</u>	<u>Receipts Reserved</u>	<u>City State Grants</u>
Assets:					
Cash and short-term investments	\$ 31,175	\$ 7,946,798	\$ -	\$ 3,096,959	\$ 843,997
Investments	1,446,502	2,062,846	-	-	-
Receivables, net of allowance for uncollectibles					
Real estate and personal property taxes	-	17,202	-	-	-
Departmental and other	-	-	959,655	-	-
Intergovernmental	-	1,157,332	-	-	1,016,530
Total Assets	<u>\$ 1,477,677</u>	<u>\$ 11,184,178</u>	<u>\$ 959,655</u>	<u>\$ 3,096,959</u>	<u>\$ 1,342,105</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Warrants and accounts payable	\$ 31,175	\$ 1,813,761	\$ 1,403	\$ 51,964	\$ 62,010
Due to other funds	-	-	60,507	-	-
Total Liabilities	<u>31,175</u>	<u>1,813,761</u>	<u>61,910</u>	<u>51,964</u>	<u>62,010</u>
Deferred Inflows of Resources:					
Unavailable revenues - property taxes	-	17,202	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>17,202</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	1,446,502	12,652,457	897,745	3,044,995	1,148,438
Unassigned	-	(3,299,242)	-	-	(103,843)
Total Fund Balances	<u>1,446,502</u>	<u>9,353,215</u>	<u>897,745</u>	<u>3,044,995</u>	<u>1,044,595</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 1,477,677</u>	<u>\$ 11,184,178</u>	<u>\$ 959,655</u>	<u>\$ 3,096,959</u>	<u>\$ 1,342,105</u>

City Federal Grants	School Lunch	School Revolving	School Gifts	School State Grants	School Federal Grants	Sub-total Special Revenue Funds
\$ -	\$ 1,926,516	\$ 1,275,295	\$ 1,244,311	\$ 4,821,565	\$ 980,765	\$ 22,492,956
-	-	-	-	-	-	3,509,348
-	-	-	-	-	-	17,202
-	-	-	-	-	-	959,655
219,796	879,602	-	-	-	301,662	3,574,922
<u>\$ 219,796</u>	<u>\$ 2,806,118</u>	<u>\$ 1,275,295</u>	<u>\$ 1,244,311</u>	<u>\$ 4,821,565</u>	<u>\$ 1,282,427</u>	<u>\$ 30,554,083</u>
\$ 210,869	\$ 569,378	\$ 2,234	\$ 11,123	\$ 53,277	\$ 43,854	\$ 3,148,558
1,186,371	-	-	-	-	-	1,246,878
<u>1,397,240</u>	<u>569,378</u>	<u>2,234</u>	<u>11,123</u>	<u>53,277</u>	<u>43,854</u>	<u>4,395,436</u>
-	-	-	-	-	-	17,202
-	-	-	-	-	-	17,202
-	-	-	-	-	-	-
1,805,000	2,236,740	1,273,061	1,233,188	4,768,288	1,238,573	32,526,974
(2,982,444)	-	-	-	-	-	(6,385,529)
<u>(1,177,444)</u>	<u>2,236,740</u>	<u>1,273,061</u>	<u>1,233,188</u>	<u>4,768,288</u>	<u>1,238,573</u>	<u>26,141,445</u>
<u>\$ 219,796</u>	<u>\$ 2,806,118</u>	<u>\$ 1,275,295</u>	<u>\$ 1,244,311</u>	<u>\$ 4,821,565</u>	<u>\$ 1,282,427</u>	<u>\$ 30,554,083</u>

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2023

	Capital Project Funds			
	Urban I & II Renewal	Other Capital	School Capital Reserve	Sub-total Capital Project Funds
Assets:				
Cash and short-term investments	\$ 151,087	\$ 7,705,198	\$ -	\$ 7,856,285
Investments	-	-	704,267	704,267
Receivables, net of allowance for uncollectibles				
Real estate and personal property taxes	-	-	-	-
Departmental and other	-	-	-	-
Intergovernmental	-	-	-	-
Total Assets	<u>\$ 151,087</u>	<u>\$ 7,705,198</u>	<u>\$ 704,267</u>	<u>\$ 8,560,552</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Warrants and accounts payable	\$ -	\$ 149,462	\$ -	\$ 149,462
Due to other funds	-	-	-	-
Total Liabilities	-	149,462	-	149,462
Deferred Inflows of Resources:				
Unavailable revenues - property taxes	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	151,087	7,555,736	704,267	8,411,090
Unassigned	-	-	-	-
Total Fund Balances	<u>151,087</u>	<u>7,555,736</u>	<u>704,267</u>	<u>8,411,090</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 151,087</u>	<u>\$ 7,705,198</u>	<u>\$ 704,267</u>	<u>\$ 8,560,552</u>

Permanent Funds			Total
Health and Human Services	Culture and Recreation	Sub-total Permanent Funds	Nonmajor Governmental Funds
\$ 12,745	\$ 6,624	\$ 19,369	\$ 30,368,610
-	122,735	122,735	4,336,350
-	-	-	17,202
-	-	-	959,655
-	-	-	3,574,922
<u>\$ 12,745</u>	<u>\$ 129,359</u>	<u>\$ 142,104</u>	<u>\$ 39,256,739</u>
\$ -	\$ 3,150	\$ 3,150	\$ 3,301,170
-	-	-	1,246,878
-	3,150	3,150	4,548,048
-	-	-	17,202
-	-	-	17,202
11,996	10,396	22,392	22,392
749	115,813	116,562	41,054,626
-	-	-	(6,385,529)
<u>12,745</u>	<u>126,209</u>	<u>138,954</u>	<u>34,691,489</u>
<u>\$ 12,745</u>	<u>\$ 129,359</u>	<u>\$ 142,104</u>	<u>\$ 39,256,739</u>

NONMAJOR GOVERNMENTAL FUNDS

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

	Special Revenue Funds				
	<u>Redevelopment</u>	<u>Other Community Development</u>	<u>City Revolving</u>	<u>Receipts Reserved</u>	<u>City State Grants</u>
Revenues:					
Community preservation surcharges	\$ -	\$ 883,545	\$ -	\$ -	\$ -
Intergovernmental	-	7,069,488	-	-	2,427,562
Charges for services	-	-	2,747,924	-	-
Departmental and other	3,358	2,110	60,926	781,573	-
Interest and investment income (loss)	92,361	65,705	-	-	-
Contributions and donations	-	297,031	-	-	175,676
	<u>-</u>	<u>297,031</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>95,719</u>	<u>8,317,879</u>	<u>2,808,850</u>	<u>781,573</u>	<u>2,427,562</u>
Expenditures:					
General government	-	3,197,803	-	433,039	375,353
Public safety	-	-	2,728,395	-	9
Education	-	-	-	-	-
Public works	-	4,997,655	-	-	24,333
Health and human services	-	-	-	-	11,039
Culture and recreation	-	-	42,366	-	2,754
Community development	329,671	1,240,954	-	-	1,800
	<u>329,671</u>	<u>1,240,954</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>329,671</u>	<u>9,436,412</u>	<u>2,770,761</u>	<u>433,039</u>	<u>317,537</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(233,952)	(1,118,533)	38,089	348,534	(141,861)
Other Financing Sources (Uses):					
Transfers in	-	875,000	231,524	-	100,000
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,248)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>875,000</u>	<u>231,524</u>	<u>-</u>	<u>100,000</u>
Net Change in Fund Balance	(233,952)	(243,533)	269,613	348,534	(41,861)
Fund Balances - Beginning of Year	<u>1,680,454</u>	<u>9,596,748</u>	<u>628,132</u>	<u>2,696,461</u>	<u>823,848</u>
Fund Balances - End of Year	<u>\$ 1,446,502</u>	<u>\$ 9,353,215</u>	<u>\$ 897,745</u>	<u>\$ 3,044,995</u>	<u>\$ 1,044,595</u>

City Federal Grants	School Lunch	School Revolving	School Gifts	School State Grants	School Federal Grants	Sub-total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 883,545
845,299	4,887,361	-	-	5,894,059	10,014,010	31,137,779
-	415,458	306,405	-	-	-	3,469,787
-	-	224,217	-	-	-	1,072,184
22,280	-	-	-	-	-	180,346
-	-	-	388,794	-	-	861,501
867,579	5,302,819	530,622	388,794	5,894,059	10,014,010	37,605,142
-	-	-	-	-	-	4,285,597
492,655	-	-	-	-	-	4,256,083
-	5,716,181	337,950	362,440	5,338,445	11,124,223	22,879,239
-	-	-	-	-	-	5,774,317
903,367	-	-	-	-	-	981,201
44,495	-	-	-	-	-	195,695
-	-	-	-	-	-	1,572,425
1,440,517	5,716,181	337,950	362,440	5,338,445	11,124,223	39,944,557
(572,938)	(413,362)	192,672	26,354	555,614	(1,110,213)	(2,339,415)
-	-	-	-	-	-	1,206,524
-	-	-	-	(15,715)	-	(64,963)
-	-	-	-	(15,715)	-	1,141,561
(572,938)	(413,362)	192,672	26,354	539,899	(1,110,213)	(1,197,854)
(604,506)	2,650,102	1,080,389	1,206,834	4,228,389	2,348,786	27,339,299
\$ (1,177,444)	\$ 2,236,740	\$ 1,273,061	\$ 1,233,188	\$ 4,768,288	\$ 1,238,573	\$ 26,141,445

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

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

	Capital Project Funds			
	Urban I & II Renewal	Other Capital	School Capital Reserve	Sub-total Capital Project Funds
Revenues:				
Community preservation surcharges	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	779,350	-	779,350
Charges for services	-	-	-	-
Departmental and other	-	-	-	-
Interest and investment income (loss)	-	-	13,020	13,020
Contributions and donations	-	-	-	-
Total Revenues	-	779,350	13,020	792,370
Expenditures:				
General government	-	535,682	-	535,682
Public safety	-	-	-	-
Education	-	2,702	-	2,702
Public works	-	1,261,587	-	1,261,587
Health and human services	-	-	-	-
Culture and recreation	-	-	-	-
Community development	25,430	-	-	25,430
Total Expenditures	25,430	1,799,971	-	1,825,401
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,430)	(1,020,621)	13,020	(1,033,031)
Other Financing Sources (Uses):				
Transfers in	-	2,735,000	-	2,735,000
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	-	2,735,000	-	2,735,000
Net Change in Fund Balance	(25,430)	1,714,379	13,020	1,701,969
Fund Balances - Beginning of Year	176,517	5,841,357	691,247	6,709,121
Fund Balances - End of Year	<u>\$ 151,087</u>	<u>\$ 7,555,736</u>	<u>\$ 704,267</u>	<u>\$ 8,411,090</u>

Permanent Funds			Total
Health and Human Services	Culture and Recreation	Sub-total Permanent Funds	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 883,545
-	-	-	31,917,129
-	-	-	3,469,787
-	-	-	1,072,184
-	3,587	3,587	196,953
-	-	-	861,501
-	3,587	3,587	38,401,099
-	-	-	4,821,279
-	-	-	4,256,083
-	-	-	22,881,941
-	-	-	7,035,904
-	-	-	981,201
-	2,950	2,950	198,645
-	-	-	1,597,855
-	2,950	2,950	41,772,908
-	637	637	(3,371,809)
-	-	-	3,941,524
-	-	-	(64,963)
-	-	-	3,876,561
-	637	637	504,752
12,745	125,572	138,317	34,186,737
\$ 12,745	\$ 126,209	\$ 138,954	\$ 34,691,489

(Concluded)



This page intentionally left blank.

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, 2023

	Retirees' Health Insurance	Workers' Compensation	Health Insurance	Total Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	\$ 235,643	\$ -	\$ 14,458,194	\$ 14,693,837
Total Current Assets	<u>235,643</u>	<u>-</u>	<u>14,458,194</u>	<u>14,693,837</u>
Liabilities:				
Current liabilities:				
Warrants and accounts payable	-	74,461	6,720	81,181
Health claims incurred but not reported	-	-	3,185,053	3,185,053
Other liabilities	-	2,975	-	2,975
Workers' compensation claims	-	100,617	-	100,617
Due to other funds	-	26,398	-	26,398
Total Current Liabilities	<u>-</u>	<u>204,451</u>	<u>3,191,773</u>	<u>3,396,224</u>
Noncurrent liabilities:				
Workers' compensation claims	-	100,617	-	100,617
Total Noncurrent Liabilities	<u>-</u>	<u>100,617</u>	<u>-</u>	<u>100,617</u>
Total Liabilities	<u>-</u>	<u>305,068</u>	<u>3,191,773</u>	<u>3,496,841</u>
Net Position:				
Unrestricted	<u>235,643</u>	<u>(305,068)</u>	<u>11,266,421</u>	<u>11,196,996</u>
TOTAL NET POSITION	<u><u>\$ 235,643</u></u>	<u><u>\$ (305,068)</u></u>	<u><u>\$ 11,266,421</u></u>	<u><u>\$ 11,196,996</u></u>

- - - -

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FISCAL YEAR ENDED JUNE 30, 2023

	Retirees' Health Insurance	Workers' Compensation	Health Insurance	Total Internal Service Funds
Operating Revenues:				
Employee contributions	\$ -	\$ -	\$ 4,955,205	\$ 4,955,205
Employer contributions	-	185,889	18,496,117	18,682,006
Stop loss receipts	-	-	395,507	395,507
Total Operating Revenues	-	185,889	23,846,829	24,032,718
Operating Expenditures:				
Employee benefits	-	190,984	26,184,493	26,375,477
Total Operating Expenditures	-	190,984	26,184,493	26,375,477
Operating Income (Loss)	-	(5,095)	(2,337,664)	(2,342,759)
Nonoperating Revenues (Expenses):				
Investment Income	-	193	83,485	83,678
Income (Loss) Before Transfers	-	(4,902)	(2,254,179)	(2,259,081)
Change in Net Position	-	(4,902)	(2,254,179)	(2,259,081)
Fund Balances - Beginning of Year	235,643	(300,166)	13,520,600	13,456,077
Fund Balances - End of Year	\$ 235,643	\$ (305,068)	\$ 11,266,421	\$ 11,196,996

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2023

	Retirees' Health Insurance	Workers' Compensation	Health Insurance	Total Internal Service Funds
Cash Flows From Operating Activities:				
Receipts from interfund services provided	\$ -	\$ 185,889	\$ 23,846,829	\$ 24,032,718
Payments for interfund services used	-	(294,764)	(24,126,670)	(24,421,434)
Net Cash Provided by Operating Activities	-	(108,875)	(279,841)	(388,716)
Cash Flows From Noncapital Financing Activities:				
Advances (to) from other funds	-	26,398	-	26,398
Net Cash Provided By Noncapital Financing Activities	-	26,398	-	26,398
Cash Flows From Investing Activities:				
Investment income	-	193	83,485	83,678
Net Cash Provided By Investing Activities	-	193	83,485	83,678
Net Change in Cash and Cash Equivalents	-	(82,284)	(196,356)	(278,640)
Cash and Cash Equivalents:				
Beginning of the Year	235,643	82,284	14,654,550	14,972,477
End of the Year	<u>\$ 235,643</u>	<u>\$ -</u>	<u>\$ 14,458,194</u>	<u>\$ 14,693,837</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	-	(5,095)	(2,337,664)	(2,342,759)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in assets and liabilities:				
Warrants and accounts payable	-	74,461	406	74,867
Health claims incurred but not reported	-	-	2,057,417	2,057,417
Workers' compensation claims	-	(178,241)	-	(178,241)
Net Cash Provided by Operating Activities	<u>\$ -</u>	<u>\$ (108,875)</u>	<u>\$ (279,841)</u>	<u>\$ (388,716)</u>

STATISTICAL SECTION



Saturday ChalkArt event downtown.



This page intentionally left blank.

Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the financial statements for the relevant year.

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2014	2015 (1)	2016	2017	2018 (2)	2019	2020 (2)	2021	2022	2023
Governmental activities:										
Net investment in capital assets.....	\$ 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	\$ 209,604,289
Restricted.....	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	34,243,810
Unrestricted.....	<u>(69,930,884)</u>	<u>(147,945,496)</u>	<u>(164,046,773)</u>	<u>(167,542,578)</u>	<u>(237,625,834)</u>	<u>(224,635,904)</u>	<u>(185,017,893)</u>	<u>(168,741,292)</u>	<u>(135,567,576)</u>	<u>(114,810,863)</u>
Total governmental activities net position.....	<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>	<u>\$ 129,037,236</u>
Business-type activities:										
Net investment in capital assets.....	\$ 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	\$ 46,221,434
Unrestricted.....	<u>13,014,707</u>	<u>13,244,738</u>	<u>19,074,859</u>	<u>8,700,571</u>	<u>14,651,964</u>	<u>17,408,149</u>	<u>12,193,451</u>	<u>12,075,782</u>	<u>13,708,632</u>	<u>15,276,215</u>
Total business-type activities net position.....	<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>	<u>\$ 61,497,649</u>
Primary government:										
Net investment in capital assets.....	\$ 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	\$ 255,825,723
Restricted.....	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	34,243,810
Unrestricted.....	<u>(56,916,177)</u>	<u>(134,700,758)</u>	<u>(144,971,914)</u>	<u>(158,842,007)</u>	<u>(222,973,870)</u>	<u>(207,227,755)</u>	<u>(172,824,442)</u>	<u>(156,665,510)</u>	<u>(121,858,944)</u>	<u>(99,534,648)</u>
Total primary government net position.....	<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>	<u>\$ 190,534,885</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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses -										
Governmental activities:										
General government.....	\$ 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	\$ 16,456,853
Public safety.....	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	42,695,782
Education.....	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	169,908,469
Public works.....	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	12,116,716
Health and Human services.....	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	2,617,539
Culture and recreation.....	818,969	880,766	924,397	1,140,358	1,184,054	1,192,222	1,276,297	1,238,976	1,252,077	1,645,488
Community development.....	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	6,070,225
Interest.....	832,886	757,175	743,493	785,323	790,286	965,162	842,478	662,932	610,094	582,176
Total government activities expenses.....	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	252,093,248
Business-type activities:										
Water and sewer operations.....	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	21,135,316
Total business-type activities expenses.....	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	21,135,316
Total primary government expenses.....	<u>\$ 182,412,911</u>	<u>\$ 190,946,251</u>	<u>\$ 205,007,441</u>	<u>\$ 217,296,965</u>	<u>\$ 210,142,638</u>	<u>\$ 229,193,705</u>	<u>\$ 241,284,769</u>	<u>\$ 249,802,413</u>	<u>\$ 241,717,647</u>	<u>\$ 273,228,564</u>
Program Revenues -										
Governmental activities:										
Charges for services:										
Public safety.....	\$ 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	\$ 8,690,936
Public works.....	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	2,568,770
Other activities.....	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	3,374,067
Operating grants and contributions.....	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	150,960,924
Capital grants and contributions.....	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	9,066,733
Total government activities program revenues.....	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	174,661,430
Business-type activities:										
Charges for services.....	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	25,132,249
Operating grants and contributions.....	999	-	-	-	194,881	155,000	-	-	-	-
Capital grants and contributions.....	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.....	18,673,102	19,314,684	19,789,418	19,613,212	20,615,972	23,044,890	25,427,602	24,412,240	25,534,568	25,132,249
Total primary government program revenues.....	<u>\$ 120,087,985</u>	<u>\$ 125,665,106</u>	<u>\$ 143,599,509</u>	<u>\$ 151,927,208</u>	<u>\$ 144,679,408</u>	<u>\$ 160,098,450</u>	<u>\$ 168,125,199</u>	<u>\$ 185,850,281</u>	<u>\$ 187,687,228</u>	<u>\$ 199,793,679</u>
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (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)	\$ (77,431,818)
Business-type activities.....	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	3,996,933
Total primary government net (expense)/program revenue.....	<u>\$ (62,324,926)</u>	<u>\$ (65,281,145)</u>	<u>\$ (61,407,932)</u>	<u>\$ (65,369,757)</u>	<u>\$ (65,463,230)</u>	<u>\$ (69,095,255)</u>	<u>\$ (73,159,570)</u>	<u>\$ (63,952,132)</u>	<u>\$ (54,030,419)</u>	<u>\$ (73,434,885)</u>

(continued)

CHANGES IN NET POSITION
LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Revenues, Transfers and Other Changes in Net Position -										
Governmental activities:										
Real estate and personal property taxes,										
net of tax refunds payable.....	\$ 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	\$ 72,990,787
Meals, rooms and other taxes.....	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	3,810,150
Motor vehicle excise taxes.....	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	14,691,625
Penalties and interest on taxes.....	472,452	466,224	444,350	342,704	383,098	368,237	268,633	369,188	397,340	478,366
Payments in lieu of taxes.....	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	1,840,054
Community preservation surcharges.....	-	-	-	558,496	707,587	678,523	722,131	759,919	830,602	882,390
Grants and contributions not restricted to specific programs.....	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	9,734,093
Unrestricted investment income.....	737,599	95,655	1,090,810	721,227	1,587,936	2,637,942	2,385,821	2,183,957	118,217	3,100,861
Gain on sale of capital assets.....	654,000	-	-	-	-	-	-	-	-	-
Sale of land.....	-	900,000	-	-	-	-	-	-	-	-
Transfers.....	1,752,855	1,796,678	1,521,594	1,887,634	1,094,263	2,872,035	2,099,940	2,123,136	-	(347,068)
Total governmental activities.....	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	107,181,258
Business-type activities:										
Transfers.....	(1,752,855)	(1,796,678)	(1,521,594)	(1,887,634)	(1,094,263)	(2,872,035)	(2,099,940)	(2,123,136)	-	347,068
Total business-type activities.....	(1,752,855)	(1,796,678)	(1,521,594)	(1,887,634)	(1,094,263)	(2,872,035)	(2,099,940)	(2,123,136)	-	347,068
Total primary government general revenues, transfers and other										
changes in net position.....	\$ 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	\$ 107,528,326
Changes in Net Position										
Governmental activities.....	\$ 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	\$ 29,749,440
Business-type activities.....	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	4,344,001
Total primary government changes in net position.....	\$ 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	\$ 34,093,441

(concluded)

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund:										
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted.....	504,854	718,710	970,408	1,284,689	1,655,090	-	-	-	-	-
Committed.....	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	11,942,150
Assigned.....	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	16,313,965
Unassigned.....	<u>33,680,292</u>	<u>34,395,684</u>	<u>43,212,229</u>	<u>45,518,645</u>	<u>37,651,385</u>	<u>40,689,081</u>	<u>43,432,757</u>	<u>38,161,805</u>	<u>41,942,308</u>	<u>42,512,020</u>
Total general fund.....	<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>	<u>\$ 70,768,135</u>
All Other Governmental Funds:										
Nonspendable.....	\$ 739,250	\$ 683,351	\$ 323,786	\$ 22,392	\$ 22,392	\$ 22,392	\$ 22,392	\$ 22,392	\$ 22,392	\$ 22,392
Restricted.....	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	57,540,729
Unassigned.....	<u>(190,172)</u>	<u>(670,421)</u>	<u>(493,971)</u>	<u>(1,070,039)</u>	<u>(1,823,819)</u>	<u>(92,340)</u>	<u>(209,138)</u>	<u>(5,789,810)</u>	<u>(5,374,402)</u>	<u>(6,685,529)</u>
Total all other governmental funds.....	<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>	<u>\$ 50,877,592</u>

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2014	2015	2016	2017	2018	2019 (1)	2020	2021	2022	2023
Revenues:										
Real estate and personal property taxes,										
net of tax refunds.....	\$ 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	\$ 72,616,400
Motor vehicle excise taxes.....	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	14,138,138
Meals, room and other excise taxes.....	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	3,810,150
Tax and trash liens.....	1,240,594	603,960	1,692,025	1,142,958	1,242,079	689,979	466,293	527,456	591,395	347,580
Payments in lieu of taxes.....	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	1,840,054
Penalties and interest on taxes.....	472,452	466,224	444,350	342,704	383,098	368,237	268,633	369,188	397,340	478,366
Community preservation surcharges.....	-	-	-	544,562	729,883	660,631	714,338	758,362	831,124	883,545
Charges for services.....	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	3,469,787
Trash disposal.....	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	2,453,650
Intergovernmental.....	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	168,900,249
Departmental and other.....	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	3,019,527
Licenses and permits.....	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	2,485,864
Fines and forfeitures.....	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	3,089,036
Contributions.....	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	861,501
Investment income.....	901,867	185,153	1,266,567	864,282	1,546,522	2,646,206	2,274,779	2,166,592	105,462	3,017,183
Total Revenue.....	168,469,282	166,995,910	190,076,777	199,348,454	195,692,945	228,389,900	238,945,695	250,909,528	260,613,654	281,411,030
Expenditures:										
General government.....	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	15,928,592
Public safety.....	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	33,259,081
Education.....	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	128,052,678
Public works.....	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	17,095,961
Health and human services.....	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	2,362,087
Culture and recreation.....	558,400	491,973	512,727	681,108	761,911	862,827	965,984	1,621,660	1,446,086	1,327,067
Community development.....	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	5,404,471
Pension benefits.....	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	26,540,916
Employee benefits.....	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	17,381,851
Property and liability insurance.....	450,000	651,504	695,638	750,000	800,000	1,310,852	1,073,793	1,368,772	1,405,917	1,592,569
Claims and judgements.....	30,453	31,097	54,736	63,155	46,082	72,168	68,821	138,685	15,627	59,896
State and county charges.....	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	20,118,056
Debt service:										
Principal.....	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	1,803,724
Interest.....	926,936	792,407	685,399	780,365	755,950	1,080,809	996,216	668,701	730,690	700,685
Total Expenditures.....	159,607,363	169,271,362	193,137,274	197,267,128	197,935,462	225,827,780	236,855,346	254,986,700	257,498,412	271,627,634
Excess of revenues over (under) expenditures.....	8,861,919	(2,275,452)	(3,060,497)	2,081,326	(2,242,517)	2,562,120	2,090,349	(4,077,172)	3,115,242	9,783,396
Other Financing Sources (Uses):										
Issuance of bonds and notes.....	-	-	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 lease obligation.....	-	-	-	-	-	-	-	-	2,053,250	-
Premiums from issuance of bonds and notes.....	77,052	-	134,052	681,912	466,369	95,000	44,500	591,328	-	-
Premiums from issuance of refunding bonds.....	802,857	-	-	-	-	-	-	-	-	-
Transfers in.....	5,762,875	11,082,014	8,049,321	9,247,874	17,327,287	13,222,404	23,300,073	14,677,896	8,437,360	13,510,396
Transfers out.....	(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)	(13,857,464)
Total other financing sources (uses).....	3,228,764	2,696,678	8,842,683	8,109,546	7,080,632	4,362,035	6,735,008	5,334,464	3,008,250	(347,068)
Net change in fund balance.....	\$ 12,090,683	\$ 421,226	\$ 5,782,186	\$ 10,190,872	\$ 4,838,115	\$ 6,924,155	\$ 8,825,357	\$ 1,257,292	\$ 6,123,492	\$ 9,436,328
Debt service as a percentage of noncapital expenditures....	2.79%	2.52%	2.30%	2.71%	1.89%	2.05%	2.01%	3.25%	1.04%	0.98%

(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)				Total Direct Tax Rate	State Equalized Value (3)	Ratio of Assessed to Equalized Value
	Residential Real Property	Commercial and Industrial Real Property	Personal Property	Total Assessed Value			
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%
2023	3,257,269,686	1,140,552,110	259,910,360	4,657,732,156	15.39	5,133,648,900	90.73%

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**

<u>Fiscal Year</u>	<u>Residential Real Property</u>	<u>Commercial and Industrial Real Property</u>	<u>Personal Property</u>	<u>Total Direct (3)</u>
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
2023	12.38	24.88	24.88	15.39

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	2023			2014		
		Amount of Tax	Rank	Percentage of Net Tax Levy	Amount of Tax	Rank	Percentage of Net Tax Levy
Eversource	For Profit Utility Company	\$ 4,155,292	1	5.80%	\$ 2,428,966	1	6.01%
Fairfield Axis LLC	Apartments	3,750,976	2	5.23%			
Urban Growth Property LP	Private for Profit Parking Lot	2,279,062	3	3.18%	1,447,644	2	3.58%
One North Boston II LLC	Apartments	1,645,573	4	2.30%			
NBPIII Griffin Way LLC	Commercial	1,420,150	5	1.98%	1,004,330	5	2.49%
Demoulas Market Basket	Retail	1,184,797	6	1.65%	1,324,856	3	3.28%
National Grid	Utility	1,128,503	7	1.57%			
North Colony Asset Mgmt LLC	Office	1,055,787	8	1.47%			
Catamount Petroleum	Oil and Gas Retailer	1,043,103	9	1.46%	483,978	8	1.20%
Emerald Corporate Center	Hotel	897,726	10	1.25%			
Keyspan	Utility				603,012	6	1.49%
Anthony C. Simboli	Commercial				1,195,191	4	2.96%
FR Chelsea Commons	Retail and Apartments				489,092	7	1.21%
New England Produce Center	Produce Wholesaler				458,458	9	1.13%
Parkside Commons	Apartments				433,916	10	1.07%
Total		<u>\$ 18,560,969</u>		<u>25.90%</u>	<u>\$ 9,869,443</u>		<u>24.42%</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
2014	\$	42,820,454	\$ 42,549,387	99.37%	\$ 271,067	\$ 42,820,454	100.00%
2015		44,639,903	44,626,213	99.97%	13,690	44,639,903	100.00%
2016	(1)	47,289,241	46,733,354	98.82%	555,887	47,289,241	100.00%
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		60,769,574	60,164,078	99.00%	605,496	60,769,574	100.00%
2021	(1)	64,040,344	63,423,850	99.04%	616,494	64,040,344	100.00%
2022		68,541,431	56,789,475	82.85%	11,751,956	68,541,431	100.00%
2023		71,669,558	71,669,558	100.00%	-	71,669,558	100.00%

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	Lease Obligations	General Obligation Bonds (1)	Direct Borrowings and Placements			
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
2023	17,086,992	-	1,732,303	5,687,071	7,018,148	31,524,514	1.09%	773

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
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
2023	22,774,063	-	22,774,063	4,657,732,156	0.49%	40,787	558

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)									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Equalized Valuation.....	\$ 2,234,376,700	\$ 2,234,376,700	\$ 2,791,398,900	\$ 2,791,398,900	\$ 3,534,210,300	\$ 3,534,210,300	\$ 4,225,152,600	\$ 4,225,152,600	\$ 5,133,648,900	\$ 5,133,648,900
Debt Limit.....	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	256,682,445
Total outstanding debt.....	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	31,524,514
Debt not applicable to debt limit.....	(13,413,743)	(10,467,953)	(9,707,814)	(20,383,019)	(17,023,550)	(16,856,596)	(17,995,693)	(16,329,875)	(15,815,497)	(14,235,095)
Legal debt margin.....	\$ 91,882,372	\$ 94,303,583	\$ 117,136,982	\$ 123,325,170	\$ 154,214,480	\$ 155,255,946	\$ 194,589,083	\$ 193,776,526	\$ 236,570,508	\$ 239,393,026
Total debt applicable to the limit as a percentage of debt limit.....	17.76%	15.59%	16.07%	11.64%	12.73%	12.14%	7.89%	8.27%	7.84%	6.74%

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2023

	<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).....	\$ 4,644,053,000	1.799%	<u>\$ 81,489,257</u>
Subtotal, overlapping debt.....			81,489,257
City direct debt.....			<u>18,819,295</u>
Total direct and overlapping debt.....			<u><u>\$ 100,308,552</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
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
2022	40,787	71,051	4.00%	30,454

- 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	2023			2014		
		Approximate Number of Employees	Rank	Percentage of Total City Employment	Approximate Number of Employees	Rank	Percentage of Total City Employment
City of Chelsea	Government	1,590	1	8.04%	1,249	1	10.18%
Mass. Water Resources Authority	Government Agency	1,056	2	5.34%	549	4	4.48%
MITC	Government Agency	1,000	3	5.05%	1,000	3	8.15%
North Suffolk Mental Health	Health Services	500-999	4	3.79%			
Chelsea Jewish Lifecare	Assisted Living	500-999	4	3.79%			
DiMare Brother Inc.	Distributor - Food	500-999	4	3.79%			
Kayem Foods	Distributor - Food	250-499	7	1.90%	323	6	2.63%
Metropolitan Credit Union	Banking	250-499	7	1.90%	216	8	1.76%
Soldiers Home	Nonprofit	250-499	7	1.90%			
Chelsea Healthcare Center	Health Services	250-499	7	1.90%	248	7	2.02%
Market Basket	Retail Grocery				1,100	2	8.97%
State Garden	Distributor - Food				500	5	4.08%
Signature Breads	Distributor - Food				170	9	1.39%
Stop & Shop	Retail Grocery				140	10	1.14%
Total		7,396		37.40%	5,495		44.79%

Sources: Department of Planning and Development

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government.....	50	50	51	53	57	58	58	52	56	57
Public safety.....	231	240	244	246	248	255	258	251	249	255
Education.....	894	923	960	967	969	987	1,008	995	1,112	1,175
Public works.....	26	26	26	26	27	30	31	31	32	33
Health and human services.....	31	31	18	21	20	20	21	21	22	29
Culture and recreation.....	7	7	7	7	7	7	8	8	8	9
Community development.....	7	7	8	8	9	9	9	8	9	11
Sub-total	1,246	1,284	1,314	1,328	1,337	1,366	1,393	1,366	1,488	1,569
Water and sewer.....	3	3	3	3	4	6	14	17	16	17
Total City employees.....	1,249	1,287	1,317	1,331	1,341	1,372	1,407	1,383	1,504	1,586

Source: Various City departments

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police										
Offenses committed.....	6,948	6,489	6,050	5,285	4,891	4,342	4,041	3,556	4,190	4,698
Crime-related incidents.....	3,134	2,862	2,782	2,632	2,396	2,091	2,068	2,140	2,343	2,525
Non-crime related incidents.....	2,092	2,285	1,451	1,348	1,406	1,302	1,079	1,222	1,401	1,414
Arrests (on view).....	1,306	1,353	1,246	941	942	771	721	405	572	681
Arrests (based on incident/warrants).....	452	407	344	264	265	207	155	119	135	175
Summons arrests.....	8	34	40	53	50	96	33	6	22	18
Total arrests.....	1,766	1,794	1,630	1,258	1,257	1,074	909	530	729	874
Juvenile arrests.....	106	108	100	37	37	23	32	12	18	17
Hearings.....	438	357	314	299	279	191	199	194	195	207
Summons.....	349	442	426	519	584	445	397	339	404	428
Restraint orders.....	346	391	356	281	326	283	285	291	290	366
Citations.....	7,126	4,986	3,654	3,446	3,925	2,264	1,551	1,777	1,058	2,017
Fire										
Fires extinguished (1).....	430	390	353	208	254	212	181	233	231	N/A
Education										
Public school enrollment.....	6,288	6,554	6,574	6,600	6,467	6,300	6,410	6,230	6,230	6,372
Culture and Recreation										
Library volumes in collection.....	72,617	64,735	59,672	57,082	48,486	54,658	52,231	56,258	58,869	53,290
Library volumes borrowed.....	63,588	60,073	71,930	71,637	52,410	56,626	39,807	34,084	40,130	41,791
Water										
Average daily consumption (1) (million gallons/day).....	3.206	3.264	3.250	3.263	3.390	3.400	3.270	3.301	3,301	N/A
Peak daily consumption (1) (million gallons/day).....	3.900	3.730	3.604	3.720	3.730	3.510	4.136	3.826	3,826	N/A
Sewer										
Average daily sewage treatment (1) (million gallons/day).....	4.870	5.200	5.210	4.240	3.800	6.140	5.830	5.610	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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	7	7	7	7	8
Education										
Public school buildings.....	4	4	4	4	4	5	5	5	5	5
Public Works										
Streets (miles).....	44	44	44	44	44	44	44	44	44	44
Streetlights.....	1,771	1,771	1,821	1,821	1,821	1,821	1,821	1,830	1,830	1,830
Traffic signals.....	53	53	53	54	54	54	54	69	71	70
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



This page intentionally left blank.