City of Chelsea, Massachusetts
Annual Comprehensive Financial Report

For the Fiscal Year
July 1, 2023 - June 30, 2024

On the cover: In 2024, the City of Chelsea proudly celebrated the 400th anniversary of the City's settlement (1624) with more than 20 community events, including a parade.

Photo credit: Matt Frank

CITY OF CHELSEA, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024

Fidel Maltez, City Manager

Prepared by the Finance Division

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CITY OF CHELSEA, MASSACHUSETTS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024

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INTRODUCTORY SECTION

Above: The City held its first Chelsea 5k Road Race as part of its 400th anniversary celebrations.

Photo credit: Alex Roldan.

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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

April 22, 2025

The Honorable Chelsea City Council
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, 2024. 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, 2023, 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 continued into fiscal year 2024.

Thankfully, Chelsea had previously taken preemptive steps to minimize the impact of the kind of economic downturn caused by COVID-19. Due to conservative fiscal management over the past decade, Chelsea created healthy reserves. This allowed the City, not only to balance its budget for fiscal year 2024, but also to address the myriad of social impacts caused by the pandemic's disproportionate impact in this majority-minority community. In addition, federal COVID-related financial relief, particularly the American Rescue Plan Act funds, has provided the City with substantial financial resources to address pandemic-related needs in the City.

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

LONG TERM FINANCIAL PLAN

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

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

Five Year Financial Projection

	Fiscal Year Ended June 30				
Revenues	2025	2026	2027	2028	2029
Real and personal property taxes, motor vehicle, hotel and meal excise and PILOT	$ 94,541,217	$ 97,854,747	$ 101,258,616	$ 104,747,581	$ 108,323,770
Charges for services	3,300,216	3,533,513	3,785,474	4,057,592	4,351,480
Licenses and Permits	1,675,750	1,707,269	1,739,575	1,772,690	1,806,632
Fines and Forfeits	2,342,500	2,386,063	2,430,714	2,476,482	2,523,394
Intergovernmental	136,858,141	139,467,479	142,128,245	144,841,456	147,608,151
Federal	1,060,000	1,060,000	1,060,000	1,060,000	1,060,000
Interfund transfers	2,517,405	2,548,496	2,611,609	2,676,616	2,743,573
Miscellaneous	2,000,000	725,000	725,000	725,000	725,000
Total revenues	$ 244,295,229	$ 249,282,566	$ 255,739,233	$ 262,357,417	$ 269,142,000
Expenditures					
General government	9,332,953	9,733,114	10,150,712	10,586,517	11,041,335
Public safety	31,238,401	32,432,613	33,673,210	34,962,013	36,300,915
Education	142,399,816	146,755,283	150,350,337	154,082,933	157,813,857
Public works	10,189,865	10,740,585	11,322,042	11,935,990	12,584,288
Health and human services	3,504,262	3,660,766	3,824,350	3,995,340	4,174,073
Debt service	2,468,213	3,547,929	2,302,196	2,069,867	1,373,507
Employee benefits	20,349,518	21,261,099	22,214,953	15,644,612	16,386,370
Other	25,519,109	26,116,212	26,728,242	34,472,580	34,948,012
Total expenditures	$ 245,002,137	$ 254,247,600	$ 260,566,041	$ 267,749,851	$ 274,622,359
Surplus (deficit)	$ (706,908)	$ (4,965,034)	$ (4,826,808)	$ (5,392,434)	$ (5,480,359)

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.

Furthermore, for the 26th 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.

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, 2024, totaled approximately $14,967,000, of which $8,680,000 relates to school remodeling projects, leaving a balance of approximately $6,287,000 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 ($848,500 during fiscal year 2024). In order to maintain this type of funding, even in difficult economic conditions, various Stabilization Funds have been established and, as of June 30, 2024, these funds totaled approximately $13,461,336.

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, 2024, general fund cash and cash equivalents totaled **$52,544,510**.

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, 2024. The independent auditors' report on the basic financial statements, for the fiscal year ended June 30, 2024, is included herein and contains an unmodified opinion.

CERTIFICATES, AFFILIATIONS AND AWARDS

As noted above, for the twenty sixth 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, 2023 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 2024 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 2024 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,

Fidel Maltez
City Manager

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Chelsea
Massachusetts

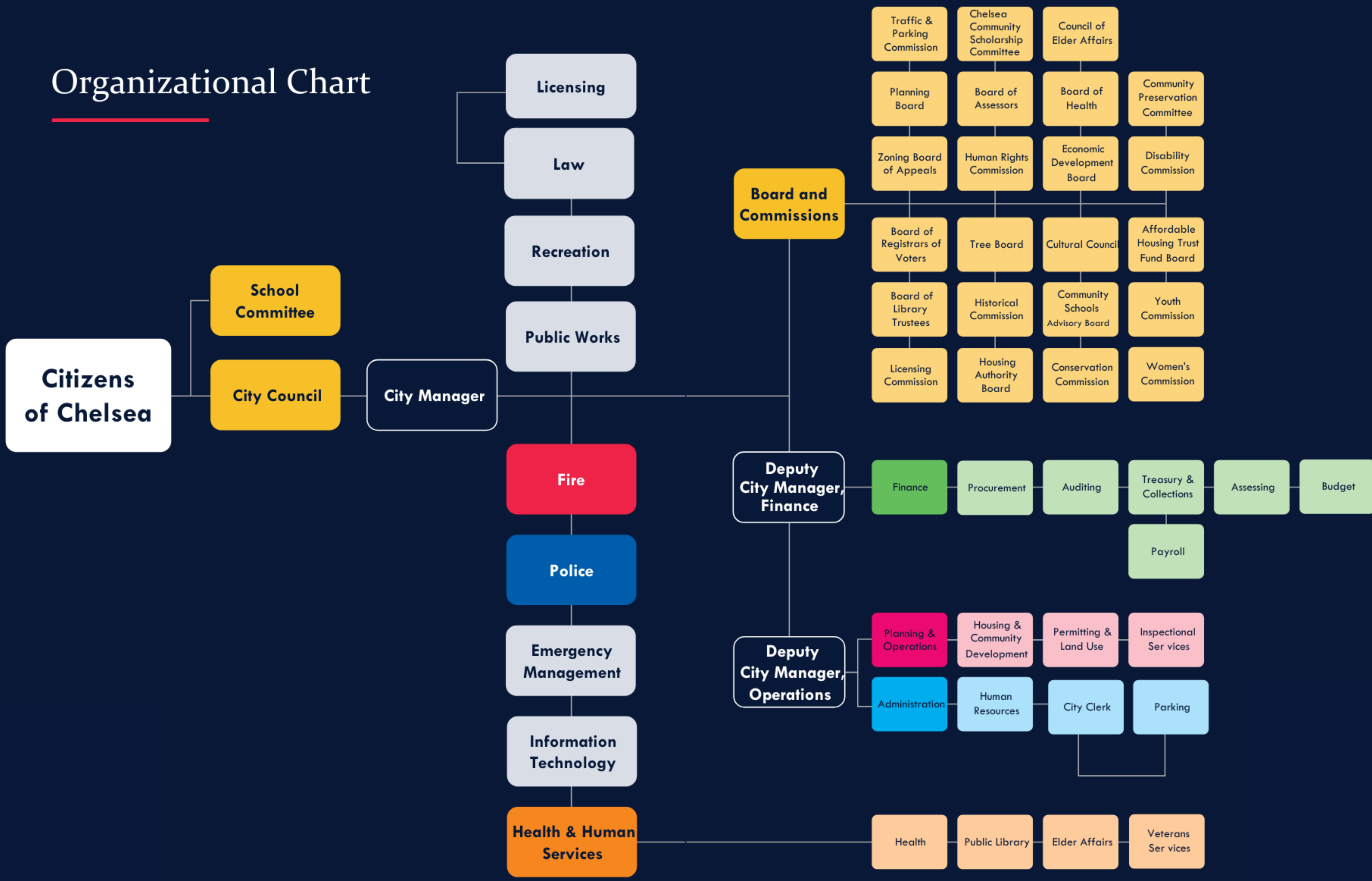
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

Organizational Chart



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	Norieliz DeJesus, President Clifford Cunningham, Clerk to City Council	
Executive	Fidel Maltez, City Manager Devon Fields, Deputy City Manager, Operations Michael Mason, Deputy City Manager, Finance	
Emergency Management	Steven Staffier, Director	E911
Fire	John Quatieri, Chief	
Health & Human Services	Ned Keefe, 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	Ben Cares, Director	
Permitting and Land Use Planning	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	Ana Hernandez, Chair Almudena G. Abeyta, Superintendent	
Treasurer/Collector	Patrice Montefusco, Treasurer/Collector	Payroll
Veteran Services	Francisco Toro, Director	

City Council

At Large	Leo Robinson
At Large	Roberto Jimenez-Rivera
At Large	Kelly Garcia
District One	Todd B. Taylor, *Vice-President*
District Two	Melinda Vega
District Three	Norieliz DeJesus, *President*
District Four	Tanairi Garcia
District Five	Lisa Santagate
District Six	Giovanni A. Recupero
District Seven	Manuel Teshe
District Eight	Calvin T. Brown

School Committee

At Large	Katherine Cabral
District One	Shawn O'Regan
District Two	Dr. Sarah Neville
District Three	Jonathan Gomez-Pereira
District Four	Mayra Balderas, *Delegate to the Shore Collaborative*
District Five	Claryangeliz Covas Caraballo, *Delegate to the City Council*
District Six	Ana Hernandez, *Chair*
District Seven	Lucia Henriquez, *Vice Chair*
District Eight	Yessenia Alfaro

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FINANCIAL SECTION

Chelsea residents participated in many City-run and organized community events including "Salsa in the Park" Photo credit: Alex Roldan.

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ROSELLI, CLARK & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

500 West Cummings Park
Suite 4900
Woburn, MA 01801

Telephone: (781) 933-0073

www.roselliclark.com

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, 2024 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, 2023).

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, 2024, (except for the System which is as of December 31, 2023) 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 April 22, 2025 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
April 22, 2025

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MANAGEMENT DISCUSSION AND ANALYSIS

The City of Chelsea honors its vibrant and diverse community in many ways such as through dance.

Photo credit: Alex Roldan

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the City, we offer readers of the accompanying financial statements this narrative overview and analysis of the financial activities of the City and its component unit for the fiscal year ended June 30, 2024.

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 $257.8 million.

- The government's total net position increased by approximately $67.3 million. This consisted of an increase in governmental activities' net position by over $61.5 million combined with an increase in business - type activities' net position by nearly $5.8 million.

- The City's Unassigned Fund Balance reported in the General Fund was over $55.7 million (23.5% of General Fund expenditures). Total Fund Balance in the General Fund was over $82.6 million (34.8% of General Fund expenditures).

- The City's total debt decreased by approximately $0.2 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.

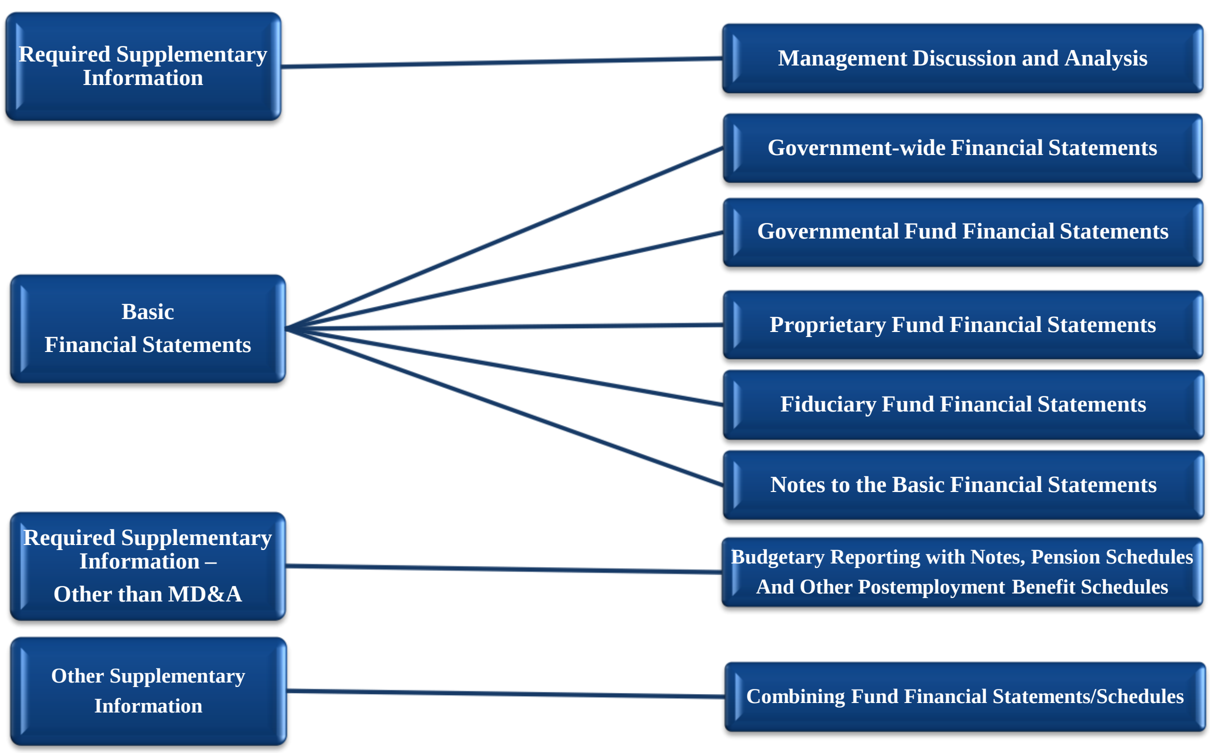
Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting 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 $257.8 million.

Condensed net position data is presented as follows:

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Currrent and other assets	$ 209,114,576	$ 190,342,861	$ 24,927,469	$ 19,599,251	$ 234,042,045	$ 209,942,112
Capital assets, net	241,567,759	225,532,526	54,722,949	56,266,556	296,290,708	281,799,082
Total Assets	450,682,335	415,875,387	79,650,418	75,865,807	530,332,753	491,741,194
Deferred outflows of resources	21,679,998	31,516,401	153,196	225,800	21,833,194	31,742,201
Liabilities						
Current liabilities	43,235,618	52,015,581	199,403	262,790	43,435,021	52,278,371
Long-term liabilities	194,942,917	211,150,997	12,044,153	13,967,814	206,987,070	225,118,811
Total Liabilities	238,178,535	263,166,578	12,243,556	14,230,604	250,422,091	277,397,182
Deferred inflows of resources	43,616,256	55,187,974	286,652	363,354	43,902,908	55,551,328
Net Position						
Net investment in capital assets	223,214,255	209,604,289	46,955,613	46,221,434	270,169,868	255,825,723
Restricted	37,387,017	34,243,810	-	-	37,387,017	34,243,810
Unrestricted	(70,033,730)	(114,810,863)	20,317,793	15,276,215	(49,715,937)	(99,534,648)
Total Net Position	$ 190,567,542	$ 129,037,236	$ 67,273,406	$ 61,497,649	$ 257,840,948	$ 190,534,885

By far, the largest portion (nearly $270.2 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.

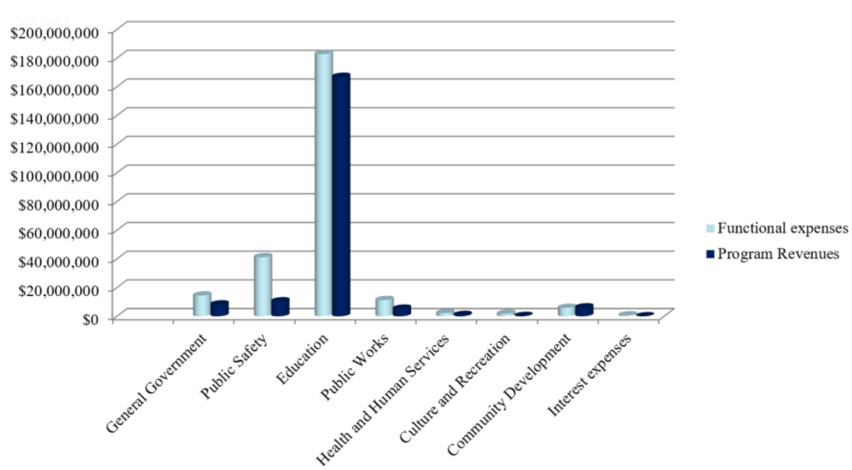
An additional portion, approximately $37.4 million, of the City's net position represents resources that are subject to external restrictions on how they may be used.

U*nrestricted net position* is reported as a deficit, of approximately $49.7 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	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	$ 15,703,787	$ 14,633,773	$ 26,697,455	$ 25,132,249	$ 42,401,242	$ 39,766,022
Operating grants and contributions	169,368,507	150,960,924	-	-	169,368,507	150,960,924
Capital grants and contributions	12,938,588	9,066,733	1,312,500	-	14,251,088	9,066,733
General revenues:						
Property taxes	79,944,914	72,990,787	-	-	79,944,914	72,990,787
Excise and other taxes	19,655,228	14,691,625	-	-	19,655,228	14,691,625
Grants and contributions not restricted	10,092,212	9,734,093	-	-	10,092,212	9,734,093
Other	13,963,652	10,111,821	-	-	13,963,652	10,111,821
Total Revenues	321,666,888	282,189,756	28,009,955	25,132,249	349,676,843	307,322,005
Expenses						
General government	14,477,478	16,456,853	-	-	14,477,478	16,456,853
Public safety	41,160,105	42,695,782	-	-	41,160,105	42,695,782
Education	182,735,628	169,908,469	-	-	182,735,628	169,908,469
Public works	11,274,717	12,116,716	-	-	11,274,717	12,116,716
Health and human services	2,186,941	2,617,539	-	-	2,186,941	2,617,539
Culture and recreation	1,817,253	1,645,488	-	-	1,817,253	1,645,488
Community development	5,823,018	6,070,225	-	-	5,823,018	6,070,225
Interest expense	611,274	582,176	-	-	611,274	582,176
Water and sewer	-	-	22,284,366	21,135,316	22,284,366	21,135,316
Total Expenses	260,086,414	252,093,248	22,284,366	21,135,316	282,370,780	273,228,564
Increase (decrease) in net position before transfers	61,580,474	30,096,508	5,725,589	3,996,933	67,306,063	34,093,441
Transfers	(50,168)	(347,068)	50,168	347,068	-	-
Increase (decrease) in net position	61,530,306	29,749,440	5,775,757	4,344,001	67,306,063	34,093,441
Net position, beginning of year	129,037,236	99,287,796	61,497,649	57,153,648	190,534,885	156,441,444
Net position, end of year	$ 190,567,542	$ 129,037,236	$ 67,273,406	$ 61,497,649	$ 257,840,948	$ 190,534,885

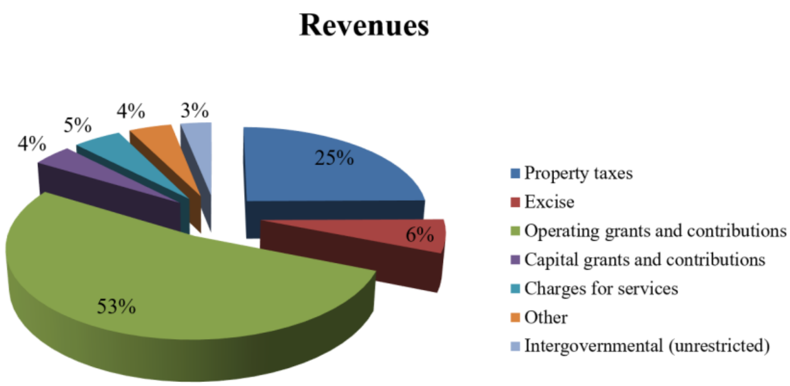
Governmental Activities – Functional expenses as compared to program revenues are illustrated below:



The City continues to see improvements in revenues, which increased almost $39.5 million in the Governmental Activities Fund. This was primarily related to property taxes and operating and capital grant activity. This was offset by increases in expenses of approximately $18.0 million. Despite this, it led to the second consecutive year of strong operating performance. The overall increase was $61.5 million in the current year versus $29.7 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% of total revenues or an increase of nearly $7.0 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 53% 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.

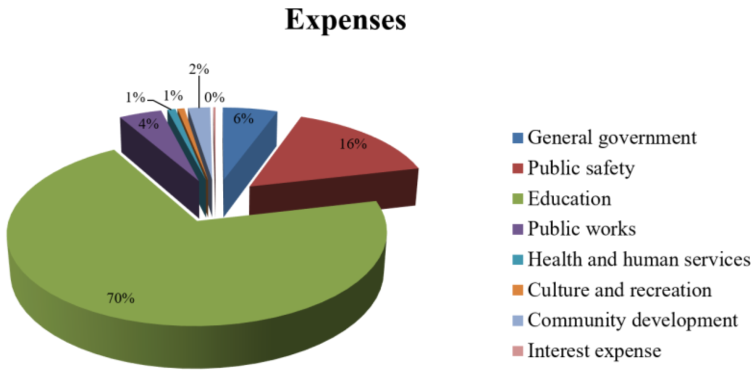
The dollar amount increased over the prior year due to the teacher pension contribution increasing as a result of a new actuarial valuation and calculation of State revenue and pension expense. (See increase in education below). In addition, the Chapter 70 education allotment increased by over $12 million.

(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 6% 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 3% year to year; an increase of approximately $8 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 70% of total expenses, the City continues to devote significant resources to the quality of its education. The increase in expense amount of about $12.8 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 in addition to an increase in operating expenses to match the increase in State Chapter 70 grants discussed above.

(2) Public Safety is another significant expense, representing 16% 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. Amounts are consistent with the prior 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 $5.7 million (9.3% of business-type activities' net position) over the prior year balances. The City typically sets its water and sewer rates to cover operating expenses, both those incurred directly in the enterprise fund and those incurred in the general fund on behalf of the enterprise fund. In addition, the rates are designed to also cover debt service. Since principal payback is not an expense under GAAP, user charges typically exceed expenses and financing uses, the difference being principal payback.

Current year operations were consistent with the prior year except that rates were increased by 2% and the City received a grant from the MWRA for $1.3 million. This made up the majority of the increase over the prior year's result. for grants 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 $143.3 million, an increase of approximately $21.6 million over the prior year.

The highlights are as follows:

1. An increase in the General Fund of approximately $11.9 million. This was primarily due to a large increase in the City's Chapter 70 allotments 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 $6.2 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 $3.5 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 $55.7 million (23.5% of General Fund expenditures). Total Fund Balance in the General Fund was approximately $82.6 million (34.8% of General Fund expenditures). The City reported combined restricted fund balances of about $64.0 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 $3.5 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 $280.1 million in net position and the OPEB fund had about $4.2 million in net position.

The Retirement System net position increased by almost $31.5 million and the OPEB fund net position increased by about $0.7 million as contributions and investment income in both funds exceeded benefit payments due to a robust investment environment.

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 $2.4 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 $21.5 million over forecast. The largest differences were in Motor Vehicle, Hotel and Meals excise. Emerging from the pandemic, these revenue types began to normalize but were not forecasted at the beginning of the year and thus the large difference of $10.3 million. In addition, an increase in interest yields during the year led to over $3 million in results over forecast. Other favorable variances were spread across many categories in smaller amounts.

On the expenditure side, the City performed better than budget by about $5.5 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 amounts to approximately $296.3 million (net of accumulated depreciation) an increase from the previous year's balance of approximately $14.5 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 the Notes to the financial statements.

Long-term Debt – At the end of the current fiscal year, the City had total debt outstanding of approximately $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 $0.2 million during the fiscal year. Detail of this decrease can be observed in the following table:

Issuance of bonds and notes		
Governmental Activities	$	3,615,699
Business-Type Activities		737,500
Regular Scheduled Maturities:		
Governmental Activities		(1,892,269)
Business-Type Activities		(2,534,884)
Amortization of bond premiums		
Governmental Activities		(86,796)
	$	(160,750)

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 the Notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

- Unemployment rates across the Commonwealth continue to improve after hitting historic highs during the pandemic a few years ago.

- 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 recently. Such trends may have an adverse effect on the housing market, and the City is monitoring this.

- While inflation is stabilizing, pressures still remain on wages, goods, and services. The City continues to monitor this.

All of the above items were considered when the City developed its budget for fiscal year 2025. The budget was adopted in June of 2024 and the City's tax rate was certified in December 2024.

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.

BASIC FINANCIAL STATEMENTS

Chelsea community members were honored with one-of-a-kind medals for their participation and success in the Chelsea 5K Road Race.

Photo credit: Alex Roldan

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CITY OF CHELSEA, MASSACHUSETTS

STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activity	Total
Assets			
Cash and cash equivalents	$ 148,039,355	$ 19,627,984	$ 167,667,339
Investments	42,145,235	-	42,145,235
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	2,428,645	-	2,428,645
Tax, utility and other liens	974,609	231,898	1,206,507
Motor vehicle and other excise taxes	3,327,027	-	3,327,027
User charges	-	5,067,587	5,067,587
Trash	471,299	-	471,299
Departmental and other	2,623,867	-	2,623,867
Intergovernmental	8,989,913	-	8,989,913
Tax foreclosures	114,626	-	114,626
Capital assets not being depreciated/amortized	29,113,002	10,415,936	39,528,938
Capital assets, net of accumulated depreciation/amortization	212,454,757	44,307,013	256,761,770
Total Assets	450,682,335	79,650,418	530,332,753
Deferred Outflows of Resources			
Related to net other postemployment benefits liability	10,484,856	68,598	10,553,454
Related to net pension liability	11,195,142	84,598	11,279,740
Total Deferred Outflows of Resources	21,679,998	153,196	21,833,194
Liabilities			
Warrants and accounts payable	10,267,748	121,300	10,389,048
Accrued payroll and withholdings	216,844	-	216,844
Tax refunds payable	2,826,218	-	2,826,218
Unearned revenue	25,783,405	-	25,783,405
Accrued interest expense	152,512	49,920	202,432
Health claims incurred but not reported	2,475,692	-	2,475,692
Other liabilities	1,513,199	28,183	1,541,382
Noncurrent liabilities:			
Due in one year or less	3,671,362	2,126,201	5,797,563
Due in more than one year	191,271,555	9,917,952	201,189,507
Total Liabilities	238,178,535	12,243,556	250,422,091
Deferred Inflows of Resources			
Related to net other postemployment benefits liability	42,343,712	9,616	42,353,328
Related to net pension liability	1,272,544	277,036	1,549,580
Total Deferred Inflows of Resources	43,616,256	286,652	43,902,908
Net Position			
Net investment in capital assets	223,214,255	46,955,613	270,169,868
Restricted:			
Nonexpendable permanent funds	22,392	-	22,392
Expendable permanent funds	123,210	-	123,210
Community development and redevelopment	15,777,583	-	15,777,583
Receipts reserved	4,004,117	-	4,004,117
Gifts and grants	9,415,692	-	9,415,692
Capital	3,624,655	-	3,624,655
Revolving and other funds	4,419,368	-	4,419,368
Unrestricted	(70,033,730)	20,317,793	(49,715,937)
Total Net Position	$ 190,567,542	$ 67,273,406	$ 257,840,948

See accompanying notes to basic financial statements.

CITY OF CHELSEA, MASSACHUSETTS

STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2024

		Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total
Primary Government:							
Governmental Activities:							
General government	$ 14,477,478	$ 2,271,974	$ 66,325	$ 5,894,706	$ (6,244,473)	$ -	$ (6,244,473)
Public safety	41,160,105	9,089,774	1,295,300	-	(30,775,031)	-	(30,775,031)
Education	182,735,628	1,005,086	161,329,045	4,559,565	(15,841,932)	-	(15,841,932)
Public works	11,274,717	2,760,781	198,691	2,293,286	(6,021,959)	-	(6,021,959)
Health and human services	2,186,941	273,597	617,422	-	(1,295,922)	-	(1,295,922)
Culture and recreation	1,817,253	53,708	148,303	-	(1,615,242)	-	(1,615,242)
Community development	5,823,018	248,867	5,713,421	191,031	330,301	-	330,301
Interest expense	611,274	-	-	-	(611,274)	-	(611,274)
Total Governmental Activities	260,086,414	15,703,787	169,368,507	12,938,588	(62,075,532)	-	(62,075,532)
Business-Type Activity:							
Water and sewer	22,284,366	26,697,455	-	1,312,500	-	5,725,589	5,725,589
Total Business Type Activity	22,284,366	26,697,455	-	1,312,500	-	5,725,589	5,725,589
Total Primary Government	$ 282,370,780	$ 42,401,242	$ 169,368,507	$ 14,251,088	(62,075,532)	5,725,589	(56,349,943)
		General Revenues:					
		Real and personal property taxes			79,944,914	-	79,944,914
		Motor vehicle excise			19,655,228	-	19,655,228
		Meals, room and other excise taxes			3,540,997	-	3,540,997
		Penalties and interest on taxes			437,552	-	437,552
		Payments in lieu of taxes			1,558,867	-	1,558,867
		Community preservation surcharges			956,796	-	956,796
		Grants and contributions not restricted to specific programs			10,092,212	-	10,092,212
		Unrestricted investment income			7,469,440	-	7,469,440
		Transfers (net)			(50,168)	50,168	-
		Total General Revenues and Transfers			123,605,838	50,168	123,656,006
		Change in Net Position			61,530,306	5,775,757	67,306,063
		Net Position:					
		Beginning of year			129,037,236	61,497,649	190,534,885
		End of year			$ 190,567,542	$ 67,273,406	$ 257,840,948

See accompanying notes to basic financial statements.

CITY OF CHELSEA, MASSACHUSETTS

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General	ARPA Grant Fund	City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Cash and short-term investments	$ 52,544,510	$ 26,874,963	$ 23,264,995	$ 28,872,583	$ 131,557,051
Investments	34,739,501	-	-	7,405,734	42,145,235
Receivables, net of allowance for uncollectibles:					
Real estate and personal property taxes	2,411,657	-	-	16,988	2,428,645
Tax, utility and other liens	974,609	-	-	-	974,609
Motor vehicle and other excise taxes	3,327,027	-	-	-	3,327,027
Trash	471,299	-	-	-	471,299
Departmental and other	1,859,110	-	-	764,757	2,623,867
Intergovernmental	-	-	-	8,989,913	8,989,913
Due from other funds	3,684,112	-	-	-	3,684,112
Tax foreclosures	114,626	-	-	-	114,626
Total Assets	100,126,451	26,874,963	23,264,995	46,049,975	196,316,384
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 100,126,451	$ 26,874,963	$ 23,264,995	$ 46,049,975	$ 196,316,384
Liabilities:					
Warrants and accounts payable	$ 4,164,978	$ 1,091,558	$ 835,617	$ 4,168,308	$ 10,260,461
Accrued payroll and withholdings	216,844	-	-	-	216,844
Tax refunds payable	2,826,218	-	-	-	2,826,218
Unearned revenue	-	25,783,405	-	-	25,783,405
Other liabilities	1,510,224	-	-	-	1,510,224
Due to other funds	-	-	-	3,684,112	3,684,112
Total Liabilities	8,718,264	26,874,963	835,617	7,852,420	44,281,264
Deferred Inflows of Resources:					
Unavailable revenues - property taxes	2,021,031	-	-	16,988	2,038,019
Unavailable revenues - excise	3,327,027	-	-	-	3,327,027
Unavailable revenues - other	3,419,644	-	-	-	3,419,644
Total Deferred Inflows of Resources	8,767,702	-	-	16,988	8,784,690
Fund Balances:					
Nonspendable	-	-	-	22,392	22,392
Restricted	-	-	22,729,378	41,318,922	64,048,300
Committed	8,199,367	-	-	-	8,199,367
Assigned	18,699,183	-	-	-	18,699,183
Unassigned	55,741,935	-	(300,000)	(3,160,747)	52,281,188
Total Fund Balances	82,640,485	-	22,429,378	38,180,567	143,250,430
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 100,126,451	$ 26,874,963	$ 23,264,995	$ 46,049,975	$ 196,316,384

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, 2024

		Total
Total Governmental Fund Balances		**$ 143,250,430**
Capital assets and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		241,567,759
Assets and liabilities of the City's internal service funds are included in the Statement of Net Position, but are not reported in the governmental funds.		13,647,546
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		8,784,690
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	10,484,856	
Deferred outflows related to net pension liability	11,195,142	
Deferred inflows related to net other postemployment benefits liability	(42,343,712)	
Deferred inflows related to net pension liability	(1,272,544)	
Net effect of reporting deferred outflows and inflows of resources		(21,936,258)
In the Statement of Net Position, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.		(152,512)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the government funds:		
Bonds and notes payable	(18,421,359)	
Unamortized bond premium	(302,267)	
Lease obligations	(1,548,753)	
Compensated absences	(5,730,939)	
Net pension liability	(32,843,572)	
Net other postemployment benefits liability	(135,747,223)	
Net effect of reporting long-term liabilities		(194,594,113)
Net Position of Governmental Activities		**$ 190,567,542**

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, 2024

	General	ARPA Grant Fund	City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Real estate and personal property taxes, net	$ 77,621,345	$ -	$ -	$ -	$ 77,621,345
Intergovernmental	146,508,614	7,642,946	-	36,782,423	190,933,983
Motor vehicle excise	18,267,657	-	-	-	18,267,657
Meals, room and other excise taxes	3,540,997	-	-	-	3,540,997
Tax and trash liens	616,777	-	-	-	616,777
Payments in lieu of taxes	1,558,867	-	-	-	1,558,867
Community preservation surcharges	-	-	-	957,010	957,010
Charges for services	-	-	-	3,630,423	3,630,423
Trash disposal	2,458,564	-	-	-	2,458,564
Licenses and permits	2,335,751	-	-	-	2,335,751
Departmental and other	2,570,542	-	-	1,609,377	4,179,919
Penalties and interest on taxes	437,552	-	-	-	437,552
Fines and forfeitures	2,865,145	-	-	-	2,865,145
Interest and investment income	6,681,576	-	-	498,453	7,180,029
Contributions and donations	-	-	-	1,465,124	1,465,124
Total Revenues	265,463,387	7,642,946	-	44,942,810	318,049,143
Expenditures:					
Current:					
General government	6,556,628	2,245,329	6,181,767	3,167,874	18,151,598
Public safety	29,620,342	-	677,999	4,696,889	34,995,230
Education	113,852,003	-	-	30,465,776	144,317,779
Public works	8,221,888	1,945,368	4,475,332	2,639,872	17,282,460
Health and human services	1,524,658	-	-	462,523	1,987,181
Culture and recreation	1,340,532	-	-	212,309	1,552,841
Community development	-	3,452,249	25,785	1,679,230	5,157,264
Pension benefits	30,211,216	-	-	-	30,211,216
Employee benefits	20,584,032	-	-	-	20,584,032
Property and liability insurance	1,759,650	-	-	-	1,759,650
Claims and judgements	46,651	-	-	-	46,651
State and county tax assessments	21,353,209	-	-	-	21,353,209
Debt service:					
Principal	1,892,269	-	-	-	1,892,269
Interest expense	718,591	-	-	-	718,591
Total Expenditures	237,681,669	7,642,946	11,360,883	43,324,473	300,009,971
Excess (Deficiency) of Revenues Over (Under) Expenditures	27,781,718	-	(11,360,883)	1,618,337	18,039,172
Other Financing Sources (Uses):					
Transfers in	69,259	-	13,988,459	5,850,515	19,908,233
Transfers out	(15,978,627)	-	-	(3,979,774)	(19,958,401)
Issuance of direct debt	-	-	3,615,699	-	3,615,699
Total Other Financing Sources (Uses)	(15,909,368)	-	17,604,158	1,870,741	3,565,531
Net Change in Fund Balance	11,872,350	-	6,243,275	3,489,078	21,604,703
Fund Balances - Beginning	70,768,135	-	16,186,103	34,691,489	121,645,727
Fund Balances - Ending	$ 82,640,485	$ -	$ 22,429,378	$ 38,180,567	$ 143,250,430

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, 2024

		Total
Net Change in Fund Balances - Total Governmental Fund Balances		**$ 21,604,703**
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:		
Capital outlays	$ 27,689,567	
Depreciation expense	(11,449,009)	
Amortization expense	(205,325)	
Net effect of reporting capital assets		16,035,233
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.		2,450,550
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas these amounts are amortized in the Statement of Activities. The net amount presented here as a reconciling item represents the following differences:		
Proceeds from direct debt issuances	(3,615,699)	
Amortization of bond premiums	86,796	
Repayments of lease obligations	183,550	
Repayments of debt	1,892,269	
Net effect of reporting long-term debt		(1,453,084)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		3,328,334
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.		20,521
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Compensated absences	1,077,200	
Other postemployment benefits	9,043,234	
Pension benefits	9,423,615	
Net effect of reporting long-term liabilities		19,544,049
Change in Net Position of Governmental Activities		**$ 61,530,306**

See accompanying notes to basic financial statements.

CITY OF CHELSEA, MASSACHUSETTS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2024

	Business-Type Activity	Governmental Activity
	Water and Sewer Enterprise Fund	Internal Service Funds
Assets:		
Current assets:		
Cash and cash equivalents	$ 19,627,984	$ 16,482,304
User fees, net of allowance for uncollectibles	5,067,587	-
Total current assets	24,695,571	16,482,304
Noncurrent assets:		
Utility liens	231,898	-
Capital assets not being depreciated	10,415,936	-
Capital assets, net of depreciation	44,307,013	-
Total noncurrent assets	54,954,847	-
Total Assets	79,650,418	16,482,304
Deferred Outflows of Resources:		
Related to net other postemployment benefits liabilit	68,598	-
Related to net pension liability	84,598	-
Total Deferred Outflows of Resources	153,196	-
Liabilities:		
Current liabilities:		
Warrants and accounts payable	121,300	7,287
Accrued interest expense	49,920	-
Health claims incurred but not reported	-	2,475,692
Other liabilities	28,183	2,975
Workers' compensation claims	-	174,402
Current portion of debt	2,126,201	-
Total current liabilities	2,325,604	2,660,356
Noncurrent liabilities:		
Workers' compensation claims	-	174,402
Net other postemployment benefits liability	888,130	-
Net pension liability	248,188	-
Noncurrent portion of debt	8,781,634	-
Total noncurrent liabilities	9,917,952	174,402
Total Liabilities	12,243,556	2,834,758
Total Deferred Inflows of Resources:		
Related to net other postemployment benefits liabilit	277,036	-
Related to net pension liability	9,616	-
Total Deferred Inflows of Resources	286,652	-
Net Position:		
Net investment in capital assets	46,955,613	-
Unrestricted	20,317,793	13,647,546
Total Net Position	$ 67,273,406	$ 13,647,546

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, 2024

	Business-Type Activity	Governmental Activities
	Water and Sewer Enterprise Fund	Internal Service Funds
Operating Revenues:		
Charges for services	$ 26,697,455	$ -
Employee contributions	-	5,464,314
Employer contributions	-	21,252,010
Stop loss receipts	-	473,356
Total Operating Revenues	26,697,455	27,189,680
Operating Expenses:		
Operating costs	4,724,733	-
Water and sewer assessment	15,107,135	-
Employee benefits	-	25,028,541
Depreciation	2,247,946	-
Total Operating Expenses	22,079,814	25,028,541
Operating Income	4,617,641	2,161,139
Nonoperating Revenues (Expenses):		
Interest income	-	289,411
Interest expense	(204,552)	-
Total Nonoperating Revenues (Expenses)	(204,552)	289,411
Income Before Capital Contributions	4,413,089	2,450,550
Capital contributions	1,312,500	-
Transfers in	50,168	-
Change in Net Position	5,775,757	2,450,550
Total Net Position - Beginning	61,497,649	11,196,996
Total Net Position - Ending	$ 67,273,406	$ 13,647,546

See accompanying notes to basic financial statements.

CITY OF CHELSEA, MASSACHUSETTS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2024

	Business-Type Activity	Governmental Activities
	Water and Sewer Enterprise Fund	Internal Service Funds
Cash Flows from Operating Activities:		
Receipts from users	$ 26,865,456	$ -
Employee contributions	-	5,464,314
Employer contributions	-	21,252,010
Other revenues	-	473,356
Payments to vendors	(18,720,967)	-
Payments to employees	(1,285,900)	-
Payments for interfund services used	-	(25,664,226)
Net Cash Provided by (Used for) Operating Activities	6,858,589	1,525,454
Cash Flows from Noncapital Financing Activities:		
Advances (to) from other funds	-	(26,398)
Transfers in	50,168	-
Net Cash Provided By (Used for) Noncapital Financing Activities	50,168	(26,398)
Cash Flows from Capital and Related Financing Activities:		
Capital contributions	1,312,500	-
Proceeds from issuance of bonds	737,500	-
Acquisition and construction of capital assets	(704,339)	-
Principal payments on bonds and notes	(2,534,884)	-
Interest expense	(223,315)	-
Net Cash (Used for) Capital and Related Financing Activities	(1,412,538)	-
Cash Flows from Investing Activities:		
Interest income	-	289,411
Net Cash Provided by Investing Activities	-	289,411
Net Change in Cash and Cash Equivalents	5,496,219	1,788,467
Cash and Cash Equivalents:		
Beginning of year	14,131,765	14,693,837
End of year	$ 19,627,984	$ 16,482,304
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Operating income	$ 4,617,641	$ 2,161,139
Depreciation	2,247,946	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Receivables	168,001	-
Deferred outflows of resources	72,604	-
Warrants and accounts payable	(44,624)	(73,894)
Accrued payroll and withholdings	-	-
Other liabilities	-	-
Health claims incurred but not reported	-	(709,361)
Workers' compensation claims	-	147,570
Net other postemployment benefits liability	(1,021)	-
Net pension liability	(125,256)	-
Deferred inflows of resources	(76,702)	-
Net Cash Provided by Operating Activities	$ 6,858,589	$ 1,525,454

See accompanying notes to basic financial statements.

CITY OF CHELSEA, MASSACHUSETTS

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
Assets:		
Cash and cash equivalents	$ 793,055	$ 1,055,704
Investments at fair value:		
Equity mutual funds	2,188,857	-
Fixed income mutual funds	1,806,147	-
Private equity funds	145,859	-
State Treasurer investment pool - PRIT	279,344,055	-
Total Investments	283,484,918	-
Receivables:		
Other	19,774	-
Total Receivables	19,774	-
Total Assets	284,297,747	1,055,704
Liabilities:		
Warrants and accounts payable	3,273	-
Other liabilities	-	-
Total Liabilities	3,273	-
Net Position:		
Restricted for pensions	280,132,515	-
Restricted for other postemployment benefits	4,161,959	-
Held in trust for private purposes	-	1,055,704
Total Net Position	$ 284,294,474	$ 1,055,704

(1) The pension trust is presented for the year ended December 31, 2023.

See accompanying notes to basic financial statements.

CITY OF CHELSEA, MASSACHUSETTS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED JUNE 30, 2024

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
Additions		
Contributions:		
Employer	$ 21,694,741	$ -
Employee	5,362,718	-
Other contributions	948,599	249,105
Total contributions	28,006,058	249,105
Investment earnings:		
Interest and dividends	7,090,087	73,387
Net appreciation in fair value of investments	21,883,730	-
Less - management fees	(1,341,093)	-
Net investment income	27,632,724	73,387
Other income	8,140	-
Total Additions	55,646,922	322,492
Deductions		
Benefit payments to retirees and beneficiaries	20,824,374	-
Member refunds	277,830	-
Transfers and reimbursements to other systems	1,994,031	-
Payroll expenses of the System	200,528	-
Other administrative expenses	160,891	-
Health and human services	-	3,000
Scholarships	-	176,300
Total Deductions	23,457,654	179,300
Change in Net Position	32,189,268	143,192
Net Position - Beginning of Year	252,105,206	912,512
Net Position - End of Year	$ 284,294,474	$ 1,055,704

(1) The pension trust is presented as of December 31, 2023.

See accompanying notes to basic financial statements.

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 2024, the City’s share of the operating and debt service expenses was $1,253,752. 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.

<u>*Major Fund Criteria*</u> – 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.

School revolving funds represent amounts restricted for activities of the school department's various revolving funds.

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.

<u>Fund Balance</u> – 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 $10,107,250 at June 30, 2024 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 $3,354,086 at June 30, 2024 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 $8,199,367 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	-	-	-	1,717,162	1,717,162
Other community development	-	-	-	14,043,433	14,043,433
City federal grants	-	-	-	343,927	343,927
City state grants	-	-	-	1,079,220	1,079,220
School lunch	-	-	-	2,323,104	2,323,104
School revolving funds	-	-	-	1,294,448	1,294,448
School gifts	-	-	-	1,067,405	1,067,405
School federal grants	-	-	-	268,844	268,844
School state grants	-	-	-	5,865,199	5,865,199
Receipts reserved for appropriation	-	-	-	4,004,117	4,004,117
City revolving funds	-	-	-	801,816	801,816
City gifts	-	-	-	791,097	791,097
Urban I & II renewal	-	-	-	119,492	119,492
Capital outlay - schools	-	-	4,727,670	-	4,727,670
Capital outlay - public works	-	-	5,461,310	-	5,461,310
Capital outlay - public safety	-	-	3,191,455	-	3,191,455
Capital outlay - open space	-	-	-	3,971,285	3,971,285
Capital outlay - city hall	-	-	3,300,000	-	3,300,000
Capital outlay - other	-	-	6,048,943	151,077	6,200,020
School capital reserve	-	-	-	3,354,086	3,354,086
Other trust funds	-	-	-	123,210	123,210
Committed:					
Subsequent years' budget	8,199,367	-		-	8,199,367
Assigned:					
Education	11,433,672	-	-	-	11,433,672
Public works	4,361,781	-	-	-	4,361,781
Information technology	737,968	-	-	-	737,968
Other general government	946,795	-	-	-	946,795
Community development	301,675	-	-	-	301,675
Other purposes	917,292	-	-	-	917,292
Unassigned	55,741,935	-	(300,000)	(3,160,747)	52,281,188
	$ 82,640,485	$ -	$ 22,429,378	$ 38,180,567	$ 143,250,430

E. Excess of Expenditures Over Appropriations and Deficits

During the fiscal year ended, expenditures exceeded appropriations in the General Fund for debt service by $12,082. This over-expenditure will be funded through available funds during fiscal year 2025.

The City incurred a fund deficit in its City Capital Projects Major Fund totaling $300,000. The City also incurred fund deficits totaling $981,921, $552,503, $160,940 and $1,121,456 in the Other Community Development, City Revolving, 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 $138,313,257 was insured by depository insurance or collateralized. Included in the bank balances are $45,707,703 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, 2024, 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, 2024:

		Fair Value Measurements Using		
	Fair value	**Level 1**	**Level 2**	**Level 3**
Investments by fair value level				
Debt securities:				
U.S. Treasuries	$ 25,378,216	$ 25,378,216	$ -	$ -
U.S. Agencies	1,427,241	-	1,427,241	-
Corporate bonds	10,940,686	-	10,940,686	-
Negotiable certificates of deposit	142,226	-	142,226	-
Fixed income exchange traded	931,983	-	931,983	-
Fixed income mutual funds	1,091,215	-	1,091,215	-
Total debt securities	39,911,567	25,378,216	14,533,351	-
Equity securities:				
Common stock	4,039,815	4,039,815	-	-
Equity mutual funds	2,188,857	2,188,857	-	-
Private equity funds	145,859	-	145,859	-
Total equity securities	6,374,531	6,228,672	145,859	-
Total investments by fair value level	$ 46,286,098	$ 31,606,888	$ 14,679,210	$ -
Investments measured at amortized cost				
MMDT	30,843,500			
Money market mutual funds	1,773,920			
Total investments	$ 78,903,518			

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, 2024, the City's investments had the following maturities:

		Maturities in Years		
Investments	**Fair value**	**Less than 1**	**1 - 5**	**6 - 10**
U.S. Treasuries	$ 25,378,216	$ 20,301,368	$ 5,076,848	$ -
U.S. Agencies	1,427,241	1,114,374	312,867	-
Corporate bonds	10,940,686	4,749,780	6,190,906	-
Negotiable certificates of deposit	142,226	142,226	-	-
Money market mutual funds	1,773,920	1,773,920	-	-
MMDT	30,843,500	30,843,500	-	-
Total investments with maturities	$ 70,505,789	$ 58,925,168	$ 11,580,621	$ -

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, 2024, the City had 38% of its investments in U.S. Government Treasuries and Agencies and 44% of its investments in MMDT.

At June 30, 2024, the credit quality ratings of investments were as follows:

Quality Ratings (S & P)	U.S. Treasuries	U.S. Agencies	Corporate Bonds	Totals
AAA	$ -	$ -	$ 464,967	$ 464,967
AA+	25,378,216	1,427,241	-	26,805,457
A+	-	-	2,189,860	2,189,860
A	-	-	2,601,306	2,601,306
A-	-	-	2,177,938	2,177,938
BBB+	-	-	1,771,168	1,771,168
BBB	-	-	1,735,447	1,735,447
Totals - All	$ 25,378,216	$ 1,427,241	$ 10,940,686	$ 37,746,143

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, 2023, $561,282 of the System's bank deposits was not covered by FDIC or other depository insurance.

Investments Summary – The System's investments at December 31, 2023 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, 2023, 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, 2023, 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	$ 2,618,960	$ (207,303)	$ 2,411,657
Community preservation surcharges	16,988	-	16,988
Tax, utility and other liens	974,609	-	974,609
Motor vehicle and other excise	4,548,635	(1,221,608)	3,327,027
Trash collection	471,299	-	471,299
Parking fines	4,125,333	(2,762,993)	1,362,340
Public safety detail charges	1,297,552	(532,795)	764,757
Other	496,770	-	496,770
Intergovernmental	8,989,913	-	8,989,913
Total	$ 23,540,059	$ (4,724,699)	$ 18,815,360

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	$ 5,067,587	$ -	$ 5,067,587
Utility liens	231,898	-	231,898
Total	$ 5,299,485	$ -	$ 5,299,485

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	$ 2,021,031	$ 16,988	$ 2,038,019
Tax, utility and other liens	974,609	-	974,609
Motor vehicle and other excise	3,327,027	-	3,327,027
Trash collection	471,299	-	471,299
Parking fines	1,362,340	-	1,362,340
Other	496,770	-	496,770
Tax foreclosures	114,626	-	114,626
Total	$ 8,767,702	$ 16,988	$ 8,784,690

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances at June 30, 2024 is as follows:

Receivable Fund	Payable Funds	Amount
General Fund	Nonmajor Governmental Funds -	
	City Federal Grants	$ 1,041,686
	City Revolving	508,962
	School Federal Grants	2,133,464
Total		$ 3,684,112

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, 2024 is as follows:

	Transfers In					
Transfers Out	General Fund	City Capital Projects	Nonmajor Governmental Funds	Water and Sewer Enterprise Fund	Total	
General Fund	$ -	$ 13,493,459	$ 2,435,000	$ 50,168	$ 15,978,627	(1)
Nonmajor Governmental Funds	69,259	495,000	3,415,515	-	3,979,774	(2)
Total	$ 69,259	$ 13,988,459	$ 5,850,515	$ 50,168	$ 19,958,401	

(1) Transfers to city capital projects, nonmajor governmental and water and sewer enterprise funds for capital outlays.
(2) Transfers to general fund to supplement operating budgets, transfers to city capital projects for capital outlays, transfers to nonmajor governmental funds for capital outlays, community development and human services purposes.

D. Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated/amortized:				
Land	$ 11,590,797	$ 217,000	$ -	$ 11,807,797
Construction in progress	19,285,662	11,431,812	(13,412,269)	17,305,205
Total capital assets not being depreciated/amortized	30,876,459	11,648,812	(13,412,269)	29,113,002
Capital assets being depreciated/amortized:				
Buildings and improvements	247,790,378	21,424,524	-	269,214,902
Right to use - buildings	2,053,250	-	-	2,053,250
Machinery and equipment	20,852,113	4,673,104	(452,134)	25,073,083
Infrastructure	72,447,308	3,355,396	-	75,802,704
Total capital assets being depreciated/amortized	343,143,049	29,453,024	(452,134)	372,143,939
Less accumulated depreciation/amortization for:				
Buildings and improvements	(111,400,576)	(7,174,749)	-	(118,575,325)
Right to use - buildings	(307,988)	(205,325)	-	(513,313)
Machinery and equipment	(17,856,336)	(1,234,361)	452,134	(18,638,563)
Infrastructure	(18,922,082)	(3,039,899)	-	(21,961,981)
Total accumulated depreciation/amortization	(148,486,982)	(11,654,334)	452,134	(159,689,182)
Total capital assets being depreciated/amortized, net	194,656,067	17,798,690	-	212,454,757
Total governmental activities capital assets, net	$ 225,532,526	$ 29,447,502	$ (13,412,269)	$ 241,567,759

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities: Water and Sewer				
Capital assets not being depreciated:				
Construction in progress	$ 9,916,985	$ 498,951	$ -	$ 10,415,936
Total capital assets not being depreciated	9,916,985	498,951	-	10,415,936
Capital assets being depreciated:				
Machinery and equipment	462,477	145,160	-	607,637
Vehicles	716,580	-	-	716,580
Infrastructure	66,695,606	60,228	-	66,755,834
Total capital assets being depreciated	67,874,663	205,388	-	68,080,051
Less accumulated depreciation for:				
Machinery and equipment	(144,321)	(51,088)	-	(195,409)
Vehicles	(456,974)	(143,316)	-	(600,290)
Infrastructure	(20,923,797)	(2,053,542)	-	(22,977,339)
Total accumulated depreciation	(21,525,092)	(2,247,946)	-	(23,773,038)
Total capital assets being depreciated, net	46,349,571	(2,042,558)	-	44,307,013
Total business-type activities capital assets, net	$ 56,266,556	$ (1,543,607)	$ -	$ 54,722,949

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

Governmental Activities:	
General government	$ 1,163,838
Public safety	918,881
Education	6,210,751
Public works	2,544,948
Health and human services	8,771
Culture and recreation	141,391
Community development	665,754
	$11,654,334
Business-Type Activities:	
Water and sewer	$ 2,247,946

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, 2024.

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	(513,313)
Total	$1,539,937

Payments on lease liabilities due in future years consists of the following at June 30, 2024:

Year Ended June 30,	Principal	Interest	Total
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	223,391	11,119	234,510
2030-2032	513,747	10,235	523,982
	$ 1,548,753	$ 102,690	$ 1,651,443

G. Long–Term Obligations

The following reflects the activity in the long-term liability accounts for the year ended June 30, 2024:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
Governmental Activities:					
General obligation bonds	$ 16,697,929	$ -	$ (1,730,929)	$ 14,967,000	$ 1,669,500
Unamortized bond premium	389,063	-	(86,796)	302,267	75,870
Notes from direct borrowings and placements	-	3,615,699	(161,340)	3,454,359	127,785
Lease obligations	1,732,303	-	(183,550)	1,548,753	191,070
Workers' compensation	201,234	555,969	(408,399)	348,804	174,402
Compensated absences	6,808,139	624,835	(1,702,035)	5,730,939	1,432,735
Net pension liability	49,419,046	16,654,529	(33,230,003)	32,843,572	-
Net other postemployment benefits liability	135,903,283	51,230,887	(51,386,947)	135,747,223	-
Total Governmental Activities	$211,150,997	$ 72,681,919	$ (88,889,999)	$194,942,917	$ 3,671,362
Business-Type Activities - Water and Sewer:					
General obligation bonds	$ 5,687,071	$ -	$ (1,429,071)	$ 4,258,000	$ 1,020,500
Notes from direct borrowings and placements	7,018,148	737,500	(1,105,813)	6,649,835	1,105,701
Net pension liability	373,444	125,854	(251,110)	248,188	-
Net other postemployment benefits liability	889,151	335,179	(336,200)	888,130	-
Total Business-Type Activities	$ 13,967,814	$ 1,198,533	$ (3,122,194)	$ 12,044,153	$ 2,126,201

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, $348,804 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, 2024:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
Governmental Activities:					
General Obligation Bonds	1.00 - 6.06%	$ 16,626,500	$ -	$ (1,659,500)	$ 14,967,000
General Obligation Refunding Bonds	2.00 - 5.75%	71,429	-	(71,429)	-
Total General Obligation Bonds		16,697,929	-	(1,730,929)	14,967,000
Add: Unamortized bond premium		389,063	-	(86,796)	302,267
Total General Obligation Bonds, net		17,086,992	-	(1,817,725)	15,269,267
Direct capital financing	3.59%	-	3,615,699	(161,340)	3,454,359
Total notes from direct borrowings and placements		-	3,615,699	(161,340)	3,454,359
Total Governmental Activities debt		$ 17,086,992	$ 3,615,699	$ (1,979,065)	$ 18,723,626
Business-Type Activities - Water and Sewer:					
General Obligation Bonds	1.00 - 5.75%	$ 5,633,500	$ -	$ (1,375,500)	$ 4,258,000
General Obligation Refunding Bonds	2.00 - 4.00%	53,571	-	(53,571)	-
Total General Obligation Bonds		5,687,071	-	(1,429,071)	4,258,000
Massachusetts Clean Water Trust	2.00%	109,878	-	(12,793)	97,085
Massachusetts Water Resources Authority	0.00%	6,908,270	737,500	(1,093,020)	6,552,750
Total notes from direct borrowings and placements		7,018,148	737,500	(1,105,813)	6,649,835
Total Business-Type Activities debt		$ 12,705,219	$ 737,500	$ (2,534,884)	$ 10,907,835

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

Year Ending June 30,	*Governmental Activities* General Obligation Bonds Principal	General Obligation Bonds Interest	Direct Borrowings and Placements Principal	Direct Borrowings and Placements Interest
2025	$ 1,669,500	$ 546,914	$ 127,785	$ 124,011
2026	1,639,500	476,259	1,312,745	119,424
2027	1,654,500	405,234	170,165	72,296
2028	1,484,500	347,164	172,015	66,188
2029	859,000	296,727	157,768	60,012
2030-2034	2,490,000	1,104,935	820,842	213,200
2035-2039	1,845,000	790,383	693,039	63,036
2040-2044	2,180,000	452,039	-	-
2045-2047	1,145,000	72,707	-	-
Total	$ 14,967,000	$ 4,492,362	$ 3,454,359	$ 718,167

Year Ending June 30,	*Business-Type Activities: Water and Sewer* General Obligation Bonds Principal	General Obligation Bonds Interest	Direct Borrowings and Placements Principal	Direct Borrowings and Placements Interest
2025	$ 1,020,500	$ 162,190	$ 1,105,701	$ 1,811
2026	1,015,500	121,895	1,035,965	1,548
2027	900,500	80,620	930,759	1,279
2028	595,500	48,144	846,533	1,004
2029	361,000	27,680	846,813	724
2030-2034	365,000	23,000	1,884,064	586
Total	$ 4,258,000	$ 463,529	$ 6,649,835	$ 6,952

On July 6, 2023, the City entered a tax-exempt financing agreement of $3,615,699 for the acquisition of energy management equipment. The agreement requires annual payments bearing interest at 3.59% through March 31, 2038. The amount due may be prepaid in full on an annual basis by paying an immaterial premium. The agreement contains a provision that in the event of default either all payments payable under the agreement can be deemed immediately due and payable or the equipment may be repossessed.

The City has an outstanding note issued to the Massachusetts Clean Water Trust (MCWT) for $245,000 bearing 2% interest maturing 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.

The Massachusetts Water Resources Authority (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
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
11/27/23	11/15/33	300,000
03/01/24	02/15/34	437,500
		$ 10,926,500

The following represents authorized and unissued debt as of June 30, 2024:

Project	Amount
Pension obligation bonds	$ 47,000,000
Capital improvement program	10,547,234
Parks construction	3,636,915
School construction	47,347,407
Other	693,672
Total Authorized and Unissued	$ 109,225,228

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, 2023 were not issued. Disclosures applicable to the Chelsea Housing Authority are not material.

Membership – Membership in the System as of December 31, 2023, was as follows:

Retirees and beneficiaries receiving benefits	429
Active plan members	793
Inactive plan members	379
	1,601

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 $15,950,988 for the year ended December 31, 2023. The City contributed $14,995,468 to the System in fiscal year 2024, which equaled the actuarially-determined contribution requirement for the fiscal year. The City's contributions as a percentage of covered payroll was approximately 32.0% in fiscal year 2024.

Net Pension Liability – The components of the net pension liability of the System at December 31, 2023 were as follows:

Total pension liability	$ 315,336,515
Plan fiduciary net position	(280,132,515)
Net pension liability	$ 35,204,000
Plan fiduciary net position as a percentage of the total pension liability	88.8%

At June 30, 2024, the City reported a liability of $33,091,760 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. 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 94.0% at December 31, 2023.

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 $5,500,643 in pension expense in the statement of activities in fiscal year 2024. The total employer pension expense for the system was $6,074,088.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2024, 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	$ 2,269,160	$ -
Net differences between projected and actual earnings on pension plan investments	8,748,580	-
Changes in proportion differences	262,000	-
Differences between expected and actual experience	-	1,282,160
	$ 11,279,740	$ 1,282,160

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,	
2025	$ 924,560
2026	2,780,280
2027	7,964,140
2028	(1,671,400)
	$ 9,997,580

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, 2023. 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, 2023, the annual money-weighted rate of return on System investments net of investment expense, was 10.93%. 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	31% to 41%	6.6% to 9.2%
Core fixed income	12% to 18%	4.2% to 4.9%
Value-added fixed income	6% to 12%	7.8%
Private equity	13% to 19%	10.2%
Real estate	7% to 13%	6.6%
Timberland	1% to 7%	7.1%
Portfolio completion	7% to 13%	6.4%

Discount Rate – The discount rate used to measure the total pension liability in the December 31, 2023 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%	$ 70,900,000	$ 35,204,000	$ 5,000,000

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%	$ 66,646,000	$ 33,091,760	$ 4,700,000

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, 2024, the Commonwealth contributed $13,409,193 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 0.624068%, 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	$ 164,069,090	$ (164,069,090)	$ -
Pension expense	15,319,153	(15,319,153)	-

The City has recognized intergovernmental revenue and pension expense of $15,319,153 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, 2024 are summarized as follows:

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2024:

Active employees	1,446
Inactives currently receiving benefits	687
Total	2,133

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, 2024, the City's average contribution rate was 4.9% of covered-employee payroll.

Net OPEB Liability – The City's net OPEB liability was measured as of June 30, 2024 using an actuarial valuation as of July 1, 2023. The components of the net OPEB liability of the City were as follows:

Total OPEB Liability	$ 140,797,312
Plan fiduciary net position	(4,161,959)
Net OPEB liability	$ 136,635,353
Plan fiduciary net position as a percentage of the total OPEB liability	2.96%

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	6.59%, net of OPEB plan investment expense including inflation.
Muncipal bond rate	4.21% as of June 30, 2024
Single Equivalent Discount Rate	5.95% net of OPEB plan investment expense including inflation.
Inflation	2.5% annually as of June 30, 2024 and for future periods
Salary increases	3.0% annually as of June 30, 2024 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-2021 for males and females, set forward one year for females
Post-Retirement Mortality	RP-2014 Blue Collar Healthy Annuitant Table projected generationally with scale MP-2021, set forward one year for females
Disabled Mortality	RP-2014 Blue Collar Healthy Annuitant Table projected generationally with scale MP-2021, set forward one year for males and two years for females
Actuarial Cost Method	Individual entry age normal

<u>Key assumption changes effective Fiscal Year ending June 30, 2024</u>

Single Equivalent Discount Rate increased from 5.74% to 5.95%
Investment rate of return increased from 5.95% to 6.59%.
Mortality Tables have been updated to the RP-2014 Mortality Table projected generationally with scale MP-2021 from scale MP-2016.

<u>Discount Rate</u> – The discount rate used to measure the total OPEB liability was 5.95% which was a blended rate based on the high-quality municipal bond rate for 20-year maturities as of June 30, 2024 and the City's long-term investment rate of return.

<u>Sensitivity Analyses</u> – 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	5.95%	$ 157,777,389	$ 136,635,353	$ 119,639,063

	Health Care Trend Rate			
	Current Rate	1% lower	Current	1% greater
Net OPEB Liability	9.0% trending to 3.63%	$ 117,496,697	$ 136,635,353	$ 160,833,908

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2024:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2023	$ 140,249,154	$ 3,456,720	$ 136,792,434
Changes for the year:			
Service cost	4,208,559	-	4,208,559
Interest	8,137,791	-	8,137,791
Difference between expected and actual plan experience	1,141,672	-	1,141,672
Changes in assumptions	(7,495,211)		(7,495,211)
Employer contributions	-	5,744,653	(5,744,653)
Benefit payments withdrawn from trust	-	(5,444,653)	5,444,653
Net investment income	-	405,239	(405,239)
Benefit payments	(5,444,653)	-	(5,444,653)
Net changes	548,158	705,239	(157,081)
Balances at June 30, 2024	$ 140,797,312	$ 4,161,959	$ 136,635,353

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	31.75%	4.52%
Domestic equity - small/mid cap	10.25%	5.06%
International equity - developed market	13.00%	5.08%
International equity - emerging market	6.75%	5.80%
Domestic fixed income	20.75%	2.44%
International fixed income	3.50%	2.13%
Alternative investments	10.50%	6.09%
Real estate	3.00%	3.73%
Cash and cash equivalents	0.50%	0.00%
	100.00%	
Real rate of return		4.34%
Inflation assumption		2.50%
Total nominal rate of return		6.84%
Investment expense		0.25%
Net investment return		6.59%

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2024, the City recognized OPEB expense (benefit) of ($3,357,746). Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2024 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between actual and expected experience	$ 978,576	$ 12,845,279
Changes of assumptions	9,574,878	29,745,497
Net difference between projected and actual earnings on OPEB plan investments	-	29,972
	$ 10,553,454	$ 42,620,748

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,	
2025	$ (10,998,340)
2026	(10,899,084)
2027	(7,232,184)
2028	(494,696)
2029	(1,535,339)
Thereafter	(907,651)
	$ (32,067,294)

GASB Statement No. 74

OPEB Plan disclosures that impact the City's net OPEB liability using a reporting date of June 30, 2024 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, 2024 the annual money-weighted rate of return on investments, net of investment expense, was 10.86%. 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, 2023)	Other Postemployment Benefits Trust Fund	Total
Assets:			
Cash and Cash Equivalents	$ 771,959	$ 21,096	$ 793,055
Investments (at fair value):			
Equity mutual funds	-	2,188,857	2,188,857
Fixed income mutual funds	-	1,806,147	1,806,147
Private equity funds	-	145,859	145,859
State Treasurer investment pool - PRIT	279,344,055	-	279,344,055
Total Investments	279,344,055	4,140,863	283,484,918
Receivables:			
Other	19,774	-	19,774
Total Receivables	19,774	-	19,774
Total Assets	280,135,788	4,161,959	284,297,747
Liabilities:			
Warrants and accounts payable	3,273	-	3,273
Total Liabilities	3,273	-	3,273
Net Position:			
Restricted for pensions	280,132,515	-	280,132,515
Restricted for other postemployment benefits	-	4,161,959	4,161,959
Total Net Position	$ 280,132,515	$ 4,161,959	$ 284,294,474

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, 2023)	Other Postemployment Benefits Trust Fund	Total
Additions			
Contributions:			
Employer	$ 15,950,088	$ 5,744,653	$ 21,694,741
Employee	5,362,718	-	5,362,718
Other contributions	948,599	-	948,599
Total Contributions	22,261,405	5,744,653	28,006,058
Investment income:			
Interest and dividends	7,023,217	66,870	7,090,087
Net appreciation in fair value of investments	21,539,029	344,701	21,883,730
Less - investment management fees	(1,334,761)	(6,332)	(1,341,093)
Net investment earnings	27,227,485	405,239	27,632,724
Other income	8,140	-	8,140
Total Additions (net)	49,497,030	6,149,892	55,646,922
Deductions			
Benefit payments to retirees and beneficiaries	15,379,721	5,444,653	20,824,374
Member refunds	277,830	-	277,830
Transfers and reimbursements to other systems	1,994,031	-	1,994,031
Payroll expenses of the System	200,528	-	200,528
Other administrative expenses	160,891	-	160,891
Total Deductions	18,013,001	5,444,653	23,457,654
CHANGE IN NET POSITION	31,484,029	705,239	32,189,268
NET POSITION AT BEGINNING OF YEAR	248,648,486	3,456,720	252,105,206
NET POSITION AT END OF YEAR	$ 280,132,515	$ 4,161,959	$ 284,294,474

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, 2024, the amount of the liability for health claims totaled $2,475,692.

Changes in the reported liability since July 1, 2022, are as follows:

	Balance at Beginning of Year	Claims and Changes in Estimates	Claims Payments	Balance at End of Year	Current Portion
Fiscal Year 2024	$ 3,185,053	$ 24,535,012	$(25,244,373)	$ 2,475,692	$ 3,185,053
Fiscal Year 2023	1,127,636	26,184,493	(24,127,076)	3,185,053	3,185,053

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, 2024, the amount of the liability for workers' compensation claims totaled $348,804.

Changes in the reported liability since July 1, 2022, are as follows:

	Balance at Beginning of Year	Claims and Changes in Estimates	Claims Payments	Balance at End of Year	Current Portion
Fiscal Year 2024	$ 201,234	$ 555,969	$(408,399)	$ 348,804	$ 174,402
Fiscal Year 2023	379,475	190,984	(369,225)	201,234	100,617

F. Commitments

The City has entered into or is planning to enter into contracts to expend approximately $26,000,000 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, 2024, 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, 2024. 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

<u>*Current Year Implementations*</u> –

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 adoption of this accounting standard did not have a material effect on the City's financial statements.

<u>*Future Implementations*</u> –

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.

In December 2023, the GASB issued GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2024 (fiscal year 2025). The City is currently evaluating whether adoption will have a material impact on the financial statements.

In April 2024, the GASB issued GASB Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2025 (fiscal year 2026). The

City is currently evaluating whether adoption will have a material impact on its financial statements.

IV. Subsequent Events

On December 12, 2024, the City issued general obligation bonds totaling $3,625,000, paying interest at 4.0% per annum and maturing on various dates through December 1, 2034. The City used the proceeds, along with $175,000 of net premium, for roadway construction and departmental equipment.

On December 12, 2024, the City issued taxable permanent state house serial loan notes totaling $200,000, paying interest at 6.5% per annum and maturing on various dates through December 1, 2026. The City used the proceeds for departmental equipment.

REQUIRED SUPPLEMENTARY INFORMATION

The City's employees, including those shown here (Director of Constituent Services Bernabe Rodriguez, the Chief of Police Keith Houghton, and Deputy City Manager Michael Mason), are extremely engaged and enthusiastic about participating in community events.

Photo credit: Matt Frank.

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REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2024

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

	Year Ended December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability:										
Service cost	$ 8,233	$ 7,813	$ 7,477	$ 6,767	$ 6,476	$ 6,095	$ 5,833	$ 5,478	$ 5,242	$ 4,822
Interest	21,151	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	(15,949)	(14,854)	(13,800)	(12,524)	(12,504)	(12,520)	(11,459)	(10,657)	(10,229)	(10,211)
Net change in total pension liability	13,435	17,318	12,746	14,872	11,765	13,770	10,983	10,573	16,929	8,856
Total pension liability - beginning of year	301,902	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)	$ 315,337	$ 301,902	$ 284,584	$ 271,838	$ 256,966	$ 245,201	$ 231,431	$ 220,448	$ 209,875	$ 192,946
Plan fiduciary net position:										
Contributions - employer	$ 15,950	$ 15,183	$ 14,453	$ 13,674	$ 12,937	$ 12,239	$ 11,579	$ 10,956	$ 10,664	$ 9,626
Contributions - employee	5,363	4,962	4,450	4,319	4,271	3,855	3,638	3,265	2,871	3,028
Contributions - nonemployer contributing entities	949	782	684	741	788	543	-	-	-	-
Net investment income	27,227	(31,572)	44,984	24,379	26,808	(4,163)	23,927	9,368	617	8,519
Benefit payments, including refunds	(17,651)	(16,446)	(14,343)	(13,238)	(13,377)	(13,231)	(11,459)	(10,657)	(10,229)	(10,211)
Administrative expenses	(361)	(315)	(324)	(300)	(309)	(292)	(277)	(215)	(249)	(261)
Other	8	12	10	-	11	17	23	10	15	28
Net change in plan fiduciary net position	31,485	(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	248,648	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)	$ 280,133	$ 248,648	$ 276,042	$ 226,128	$ 196,553	$ 165,424	$ 166,456	$ 139,025	$ 126,298	$ 122,609
Net pension liability - end of year (a) - (b)	$ 35,204	$ 53,254	$ 8,542	$ 45,710	$ 60,413	$ 79,777	$ 64,975	$ 81,423	$ 83,577	$ 70,337
Plan fiduciary net position as a percentage of the total pension liability	88.8%	82.4%	97.0%	83.2%	76.5%	67.5%	71.9%	63.1%	60.2%	63.5%
Covered payroll	49,063	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	71.8%	108.5%	19.4%	103.7%	152.0%	200.7%	181.0%	246.7%	253.2%	226.0%

See accompanying independent auditor's report.

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

(dollar amounts are in thousands)

	Year Ended December 31,				
	2023	2022	2021	2020	2019
Actuarially-determined contribution	$ 15,950	$ 15,183	$ 14,453	$ 13,674	$ 12,937
Contributions in relation to the actuarially-determined contribution	15,950	15,183	14,453	13,674	12,937
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	49,063	49,063	44,091	44,091	39,748
Contribution as a percentage of covered payroll	32.5%	30.9%	32.8%	31.0%	32.5%

(continued)

	2018	2017	2016	2015	2014
Actuarially-determined contribution	$ 12,239	$ 11,579	$ 10,955	$ 10,664	$ 9,626
Contributions in relation to the actuarially-determined contribution	12,239	11,579	10,955	10,664	9,626
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Covered payroll	39,748	35,888	33,007	33,007	31,121
Contribution as a percentage of covered payroll	30.8%	32.3%	33.2%	32.3%	30.9%

(concluded)

SCHEDULE OF INVESTMENT RETURNS (SYSTEM)

	Year Ended December 31,				
	2023	2022	2021	2020	2019
Annual money-weighted rate of return, net of investment expense	10.93%	-11.39%	19.80%	9.15%	16.13%

(continued)

	Year Ended December 31,				
	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-2.48%	17.09%	7.06%	1.02%	7.59%

(concluded)

See accompanying independent auditor's report.

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
2023	94.00%	$ 33,091,760	$ 46,119,466	71.8%	88.8%
2022	93.50%	49,792,490	45,874,150	108.5%	82.4%
2021	93.60%	7,994,990	41,269,176	19.4%	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
2024	$ 14,995,468	$ 14,995,468	$ -	$ 46,811,258	32.0%
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%

See accompanying independent auditors' report.

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2024

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%	$ 164,069,090	$ 15,319,153	58.48%
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 responsibilty of the Commonwealth of Massachusetts. Accordingly, the City has not recognized any portion of the net pension liability relative to Town employees covered under the MTRS pension plan.

See accompanying independent auditors' report.

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	Year Ended June 30, 2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability:								
Service cost	$ 4,208,559	$ 4,351,073	$ 3,988,234	$ 7,155,794	$ 6,888,660	$ 9,323,439	$ 8,189,017	$ 10,055,684
Interest	8,137,791	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	1,141,672	-	(8,221,318)	-	(28,515,838)	-	-	(31,843,380)
Changes in assumptions	(7,495,211)	(4,393,831)	15,772,967	(47,092,683)	1,966,134	-	-	-
Benefit payments, including refunds	(5,444,653)	(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	548,158	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	140,249,154	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)	$ 140,797,312	$ 140,249,154	$ 137,427,856	$ 123,879,980	$ 162,920,496	$ 206,148,951	$ 195,685,169	$ 186,401,288
Plan fiduciary net position:								
Contributions - employer	$ 5,744,653	$ 5,089,882	$ 5,192,029	$ 4,557,637	$ 4,592,011	$ 7,398,400	$ 5,146,361	$ 5,424,277
Net investment income	405,239	230,285	(429,042)	647,038	48,570	96,296	-	-
Benefit payments, including refunds	(5,444,653)	(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	705,239	530,285	(129,042)	647,038	348,570	2,059,869	-	-
Plan fiduciary net position - beginning of year	3,456,720	2,926,435	3,055,477	2,408,439	2,059,869	-	-	-
Plan fiduciary net position - end of year (b)	$ 4,161,959	$ 3,456,720	$ 2,926,435	$ 3,055,477	$ 2,408,439	$ 2,059,869	$ -	$ -
Net OPEB liability - end of year (a) - (b)	$ 136,635,353	$ 136,792,434	$ 134,501,421	$ 120,824,503	$ 160,512,057	$ 204,089,082	$ 195,685,169	$ 186,401,288
Plan fiduciary net position as a percentage of the total OPEB liability	3.0%	2.5%	2.1%	2.5%	1.5%	1.0%	0.0%	0.0%
Covered-employee payroll	117,252,751	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	116.5%	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, 2024

SCHEDULE OF CONTRIBUTIONS

	June 30					
	2024	2023	2022	2021	2020	2019
Actuarially-determined contribution	$ 10,866,972	$ 10,854,095	$ 10,193,874	$ 12,737,134	$ 12,429,262	$ 19,736,769
Contributions in relation to the actuarially-determined contribution	5,744,653	5,089,882	5,192,029	4,557,637	4,592,011	7,398,400
Contribution deficiency (excess)	$ 5,122,319	$ 5,764,213	$ 5,001,845	$ 8,179,497	$ 7,837,251	$ 12,338,369
Covered-employee payroll	117,252,751	73,537,626	71,395,753	86,088,700	83,581,262	81,096,580
Contribution as a percentage of covered-employee payroll	4.9%	6.9%	7.3%	5.3%	5.5%	9.1%

Valuation Date	July 1, 2023
Amortization Period	30 years
Investment rate of return	6.59%
Municipal Bond Rate	4.21%
Single Equivalent Discount Rate	5.95%
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					
	2024	2023	2022	2021	2020	2019
Annual money-weighted rate of return, net of investment expense	10.86%	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, 2024

	Budgeted Amounts		Actual		Actual	Variance
	Original Budget	Final Budget	Budgetary Amounts	Encumbrances	Budgetary Adjusted	Positive (Negative)
Revenues:						
Real estate and personal property taxes	$ 75,082,919	$ 75,082,919	$ 78,157,968	$ -	78,157,968	3,075,049
Motor vehicle excise	8,000,000	8,000,000	18,267,657	-	18,267,657	10,267,657
Meals, room and other excise	2,975,000	2,975,000	3,540,997	-	3,540,997	565,997
Tax and trash liens	-	-	616,777	-	616,777	616,777
Payments in lieu of taxes	1,200,000	1,200,000	1,558,867	-	1,558,867	358,867
Trash disposal	2,700,200	2,700,200	2,458,564	-	2,458,564	(241,636)
Intergovernmental	130,984,301	130,984,301	131,189,461	-	131,189,461	205,160
Penalties and interest on taxes	275,000	275,000	437,552	-	437,552	162,552
Licenses and permits	1,645,000	1,645,000	2,335,751	-	2,335,751	690,751
Fines and forfeitures	2,300,000	2,300,000	2,865,145	-	2,865,145	565,145
Departmental and other	1,134,000	1,134,000	2,570,542	-	2,570,542	1,436,542
Investment income	2,100,000	2,100,000	5,933,980	-	5,933,980	3,833,980
Total Revenues	228,396,420	228,396,420	249,933,261	-	249,933,261	21,536,841
Expenditures:						
General Government:						
Legislative:						
Personal services	265,868	356,126	352,361	-	352,361	3,765
Expenditures	182,700	182,700	87,277	70,860	158,137	24,563
	448,568	538,826	439,638	70,860	510,498	28,328
Executive Office:						
Personal services	424,999	567,927	500,728	-	500,728	67,199
Expenditures	75,505	630,505	60,115	550,000	610,115	20,390
	500,504	1,198,432	560,843	550,000	1,110,843	87,589
Auditor's Office:						
Personal services	347,056	363,299	363,299	-	363,299	-
Expenditures	145,415	145,415	68,030	75,834	143,864	1,551
	492,471	508,714	431,329	75,834	507,163	1,551
Treasurer/Collector's Office:						
Personal services	520,763	529,638	523,395	-	523,395	6,243
Expenditures	227,234	227,234	154,460	21,639	176,099	51,135
	747,997	756,872	677,855	21,639	699,494	57,378
Payroll:						
Personal services	129,806	135,947	135,810	-	135,810	137
Expenditures	30,300	30,300	4,234	16,250	20,484	9,816
	160,106	166,247	140,044	16,250	156,294	9,953
Assessing:						
Personal services	367,113	374,829	338,321	-	338,321	36,508
Expenditures	364,811	364,811	184,378	46,190	230,568	134,243
Capital outlay	1,000	1,000	-	-	-	1,000
	732,924	740,640	522,699	46,190	568,889	171,751
Procurement:						
Personal services	163,916	171,091	169,406	-	169,406	1,685
Expenditures	91,698	84,548	61,014	7,508	68,522	16,026
	255,614	255,639	230,420	7,508	237,928	17,711
Central Billing:						
Personal services	104,655	106,992	103,478	-	103,478	3,514
Expenditures	133,316	133,316	115,850	13,745	129,595	3,721
	237,971	240,308	219,328	13,745	233,073	7,235
Law Department:						
Personal services	281,799	293,051	282,246	-	282,246	10,805
Expenditures	143,816	143,816	116,456	22,833	139,289	4,527
	425,615	436,867	398,702	22,833	421,535	15,332

(Continued)

CITY OF CHELSEA, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual		Actual	Variance
	Original Budget	Final Budget	Budgetary Amounts	Encumbrances	Budgetary Adjusted	Positive (Negative)
Personnel Department:						
Personal services	447,771	471,169	373,507	82,145	455,652	15,517
Expenditures	155,329	155,329	119,389	17,167	136,556	18,773
	603,100	626,498	492,896	99,312	592,208	34,290
Diversity and Equity:						
Personal services	115,941	120,579	120,578	-	120,578	1
Expenditures	79,599	79,599	45,369	8,176	53,545	26,054
	195,540	200,178	165,947	8,176	174,123	26,055
Information Systems:						
Personal services	520,388	542,176	525,933	-	525,933	16,243
Expenditures	1,532,577	1,532,577	948,391	516,902	1,465,293	67,284
Capital outlay	428,120	478,720	150,345	221,066	371,411	107,309
	2,481,085	2,553,473	1,624,669	737,968	2,362,637	190,836
City Clerk:						
Personal services	492,205	523,017	523,014	-	523,014	3
Expenditures	80,561	81,269	70,339	6,589	76,928	4,341
Capital outlay	10,000	10,000	-	-	-	10,000
	582,766	614,286	593,353	6,589	599,942	14,344
Office of Planning and Development:						
Expenditures	85,625	85,625	84,725	900	85,625	-
	85,625	85,625	84,725	900	85,625	-
Permit/Land Use Planning:						
Personal services	185,210	189,848	144,104	-	144,104	45,744
Expenditures	48,295	48,295	4,528	6,959	11,487	36,808
	233,505	238,143	148,632	6,959	155,591	82,552
Housing & Community Development:						
Personal services	609,585	648,688	418,442	-	418,442	230,246
Expenditures	617,230	710,595	248,560	301,675	550,235	160,360
	1,226,815	1,359,283	667,002	301,675	968,677	390,606
Salary Reserve:						
Personal services	305,000	-	-	-	-	-
	305,000	-	-	-	-	-
Total General Government	9,715,206	10,520,031	7,398,082	1,986,438	9,384,520	1,135,511
Public Safety:						
Police Department:						
Personal services	12,579,641	12,590,698	12,360,075	-	12,360,075	230,623
Expenditures	1,032,926	1,195,271	853,587	242,066	1,095,653	99,618
	13,612,567	13,785,969	13,213,662	242,066	13,455,728	330,241
Fire Department:						
Personal services	11,309,651	11,526,373	11,402,160	-	11,402,160	124,213
Expenditures	610,792	622,792	580,531	13,280	593,811	28,981
Capital outlay	203,500	203,500	34,338	166,850	201,188	2,312
	12,123,943	12,352,665	12,017,029	180,130	12,197,159	155,506
Inspectional Services:						
Personal services	1,309,309	1,313,947	1,280,660	-	1,280,660	33,287
Expenditures	60,150	60,150	23,306	1,239	24,545	35,605
	1,369,459	1,374,097	1,303,966	1,239	1,305,205	68,892
Traffic and Parking:						
Personal services	106,064	110,298	110,182	-	110,182	116
Operating expenses	1,291,427	1,290,324	959,813	51,810	1,011,623	278,701
Capital outlay	5,000	36,000	31,396	-	31,396	4,604
	1,402,491	1,436,622	1,101,391	51,810	1,153,201	283,421
Emergency Management:						
Personal services	1,522,857	1,707,942	1,659,873	-	1,659,873	48,069
Expenditures	547,307	644,001	324,421	257,441	581,862	62,139
	2,070,164	2,351,943	1,984,294	257,441	2,241,735	110,208
Total Public Safety	30,578,624	31,301,296	29,620,342	732,686	30,353,028	948,268

CITY OF CHELSEA, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual		Actual	Variance
	Original Budget	Final Budget	Budgetary Amounts	Encumbrances	Budgetary Adjusted	Positive (Negative)
Education:						
Operational	142,860,201	142,732,827	130,122,079	11,433,672	141,555,751	1,177,076
Northeast regional school district:						
Assessment	1,436,237	1,436,237	1,253,752	-	1,253,752	182,485
Total Education	144,296,438	144,169,064	131,375,831	11,433,672	142,809,503	1,359,561
Public Works:						
Administration:						
Personal services	419,229	430,890	427,193	-	427,193	3,697
Expenditures	32,989	32,284	24,747	4,522	29,269	3,015
	452,218	463,174	451,940	4,522	456,462	6,712
Streets and Sidewalks:						
Personal services	1,405,356	1,511,487	1,404,219	-	1,404,219	107,268
Expenditures	2,484,728	2,567,393	1,491,855	852,851	2,344,706	222,687
Capital outlay	3,212,062	3,773,321	818,079	2,905,975	3,724,054	49,267
	7,102,146	7,852,201	3,714,153	3,758,826	7,472,979	379,222
Solid Waste/Recycling:						
Personal services	73,578	77,907	77,853	-	77,853	54
Expenditures	3,068,187	3,103,434	2,707,558	361,194	3,068,752	34,682
	3,141,765	3,181,341	2,785,411	361,194	3,146,605	34,736
Structure and Grounds:						
Personal services	536,508	577,490	473,348	100	473,448	104,042
Expenditures	1,832,255	1,854,769	1,455,821	237,139	1,692,960	161,809
	2,368,763	2,432,259	1,929,169	237,239	2,166,408	265,851
Snow and Ice Removal:						
Personal services	25,000	44,889	44,888	-	44,888	1
Expenditures	97,510	137,783	137,782	-	137,782	1
	122,510	182,672	182,670	-	182,670	2
Total Public Works	13,187,402	14,111,647	9,063,343	4,361,781	13,425,124	686,523
Health and Human Services:						
Administration:						
Personal services	244,846	244,846	117,271	-	117,271	127,575
Expenditures	2,976	2,976	2,517	-	2,517	459
	247,822	247,822	119,788	-	119,788	128,034
Health Division:						
Personal services	184,516	193,505	187,672	-	187,672	5,833
Expenditures	651,696	651,256	523,758	90,555	614,313	36,943
	836,212	844,761	711,430	90,555	801,985	42,776
Veteran's Services:						
Personal services	92,501	95,546	94,729	-	94,729	817
Expenditures	480,043	473,452	221,908	24,238	246,146	227,306
	572,544	568,998	316,637	24,238	340,875	228,123

(Continued)

CITY OF CHELSEA, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual		Actual	Variance
	Original Budget	Final Budget	Budgetary Amounts	Encumbrances	Budgetary Adjusted	Positive (Negative)
Elder Affairs:						
Personal services	250,114	271,104	271,020	-	271,020	84
Expenditures	168,822	168,822	105,783	7,283	113,066	55,756
	418,936	439,926	376,803	7,283	384,086	55,840
Total Health and Human Services	2,075,514	2,101,507	1,524,658	122,076	1,646,734	454,773
Culture and Recreation:						
Recreation and Cultural Affairs:						
Personal services	454,882	464,789	345,795	-	345,795	118,994
Expenditures	643,902	634,902	571,076	4,877	575,953	58,949
	1,098,784	1,099,691	916,871	4,877	921,748	177,943
Public Library:						
Personal services	405,811	409,282	379,654	-	379,654	29,628
Expenditures	38,189	38,189	35,484	867	36,351	1,838
Capital outlay	10,000	10,000	8,523	15	8,538	1,462
	454,000	457,471	423,661	882	424,543	32,928
Total Culture and Recreation	1,552,784	1,557,162	1,340,532	5,759	1,346,291	210,871
Pension Benefits:						
Contributory Retirement:						
Expenditures	9,673,863	9,673,863	9,673,863	-	9,673,863	-
	9,673,863	9,673,863	9,673,863	-	9,673,863	-
Non-Contributory Retirement:						
Expenditures	12,640	12,640	5,269	-	5,269	7,371
	12,640	12,640	5,269	-	5,269	7,371
Total Pension Benefits	9,686,503	9,686,503	9,679,132	-	9,679,132	7,371
Employee Benefits:						
Unemployment Compensation:						
Expenditures	131,826	131,826	109,583	22,243	131,826	-
	131,826	131,826	109,583	22,243	131,826	-
Health Insurance:						
Operating expenses	7,878,925	7,878,925	7,724,673	1	7,724,674	154,251
	7,878,925	7,878,925	7,724,673	1	7,724,674	154,251
Workers' Compensation:						
Operating expenses	475,000	475,000	467,588	1	467,589	7,411
	475,000	475,000	467,588	1	467,589	7,411
Payroll Taxes:						
Operating expenses	554,000	583,952	578,889	-	578,889	5,063
	554,000	583,952	578,889	-	578,889	5,063
Life Insurance:						
Operating expenses	49,254	51,804	20,408	22,268	42,676	9,128
	49,254	51,804	20,408	22,268	42,676	9,128
Total Employee Benefits	9,089,005	9,121,507	8,901,141	44,513	8,945,654	175,853
Property and Liability Insurance:						
Expenditures	961,956	961,956	945,298	11,658	956,956	5,000
Total Property and Liability Insurance	961,956	961,956	945,298	11,658	956,956	5,000

CITY OF CHELSEA, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual		Actual	Variance
	Original Budget	Final Budget	Budgetary Amounts	Encumbrances	Budgetary Adjusted	Positive (Negative)
Claims and Judgments:						
Expenditures	50,000	50,000	46,651	600	47,251	2,749
Total Claims and Judgements	50,000	50,000	46,651	600	47,251	2,749
State and County Assessments:						
State assessments and charges	342,377	342,377	342,376	-	342,376	1
Transportation authorities assessments	2,829,839	2,829,839	2,829,839	-	2,829,839	-
Annual charges against receipts	19,110	19,110	33,976	-	33,976	(14,866)
Tuition assessments	18,663,121	18,663,121	18,147,018	-	18,147,018	516,103
Total State and County Assessments	21,854,447	21,854,447	21,353,209	-	21,353,209	501,238
Debt Service Principal:						
Expenditures	1,880,187	1,880,187	1,892,269	-	1,892,269	(12,082)
Total Debt Service Principal	1,880,187	1,880,187	1,892,269	-	1,892,269	(12,082)
Debt Service Interest:						
Expenditures	723,640	723,640	718,591	-	718,591	5,049
Total Debt Service Interest	723,640	723,640	718,591	-	718,591	5,049
Total Expenditures	245,651,706	248,038,947	223,859,079	18,699,183	242,558,262	5,480,685
Other Financing Sources (Uses)						
Transfers in	2,042,063	2,351,322	2,351,322		2,351,322	-
Transfers out	(13,023,459)	(13,888,369)	(13,888,369)		(13,888,369)	-
Total Other Financing Sources (Uses)	(10,981,396)	(11,537,047)	(11,537,047)		$ (11,537,047)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Uses Of Prior Year Budgetary Fund Balance	(28,236,682)	(31,179,574)	14,537,135			$ 27,017,526

Other Budgetary Items		
Use of unassigned fund balance (free cash)	$ 11,942,150	$ 15,005,942
Prior year encumbrances	16,314,209	16,314,209
Prior year deficits	(19,677)	(19,677)
Other	-	(120,900)
Total Other Budgetary Items	28,236,682	31,179,574
Net budget and actual	$ -	$ -

(Concluded)

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

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

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	6.59%, net of OPEB plan investment expense including inflation.
Muncipal bond rate	4.21% as of June 30, 2024
Single Equivalent Discount Rate	5.95% net of OPEB plan investment expense including inflation.
Inflation	2.5% annually as of June 30, 2024 and for future periods
Salary increases	3.0% annually as of June 30, 2024 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-2021 for males and females, set forward one year for females
Post-Retirement Mortality	RP-2014 Blue Collar Healthy Annuitant Table projected generationally with scale MP-2021, set forward one year for females
Disabled Mortality	RP-2014 Blue Collar Healthy Annuitant Table projected generationally with scale MP-2021, set forward one year for males and two years for females
Actuarial Cost Method	Individual entry age normal

Changes in Assumptions – The single equivalent discount rate increased from 5.74% to 5.95%, the investment rate of return increased from 5.95% to 6.59% and mortality tables have been updated to the RP-2014 mortality table projected generationally with Scale MP-2021 from Scale MP-2016.

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 $262.1 million. During fiscal year 2024, City Council approved various supplemental budgetary appropriations which resulted in a net increase of approximately $3.4 million from the original voted budget, which was primarily utilized for general government ($0.8 million), public safety ($0.7 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, 2024, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			$ 249,933,261
Change in revenue accruals	$ (536,623)	$ -	(536,623)
Stabilization activity	-	747,596	747,596
On behalf payments	15,319,153	-	15,319,153
Revenues on a GAAP basis	$ 15,319,153	$ -	$ 265,463,387
Expenditures on a budgetary basis			$ 223,859,079
Fiduciary fund activity	$ -	$ 545,500	545,500
On behalf payments	15,319,153	-	15,319,153
Enterprise indirect cost transfers	-	(2,042,063)	(2,042,063)
Expenditures on a GAAP basis	$ 15,319,153	$ (1,496,563)	$ 237,681,669

	Basis of Accounting Differences	Fund Perspective Differences	Total
Other financing sources (uses) on a budgetary basis			$ (11,537,047)
Stabilization transfers	$ -	$ (2,875,758)	(2,875,758)
Fiduciary fund activity	-	545,500	545,500
Enterprise indirect cost transfers	-	(2,042,063)	(2,042,063)
Other financing sources (uses) on a GAAP basis	$ -	$ (4,372,321)	$ (15,909,368)

Excess of Expenditures Over Appropriations – During the fiscal year ended, expenditures exceeded appropriations in the General Fund for debt service by $12,082. This over-expenditure will be funded through available funds during fiscal year 2025.

COMBINING STATEMETS

The City of Chelsea honors its vibrant and diverse community in many ways such as through dance performances.

Photo credit: Alex Roldan.

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Nonmajor Governmental Funds

<u>*Special Revenue Funds*</u> –

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.

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NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2024

	Special Revenue Funds					
	Redevelopment	Other Community Development	City Revolving	Receipts Reserved	City Gifts	City State Grants
Assets:						
Cash and short-term investments	$ 4,182	$ 10,295,721	$ -	$ 4,004,117	$ 821,522	$ 322,889
Investments	1,717,162	2,211,116	-	-	-	-
Receivables, net of allowance for uncollectibles						
Real estate and personal property taxes	-	16,988	-	-	-	-
Departmental and other	-	-	764,757	-	-	-
Intergovernmental	-	1,262,619	-	-	-	628,411
Total Assets	$ 1,721,344	$ 13,786,444	$ 764,757	$ 4,004,117	$ 821,522	$ 951,300
Liabilities, Deferred Inflows of Resources, and Fund Balances:						
Liabilities:						
Warrants and accounts payable	$ 4,182	$ 707,944	$ 6,482	$ -	$ 30,425	$ 33,020
Due to other funds	-	-	508,962	-	-	-
Total Liabilities	4,182	707,944	515,444	-	30,425	33,020
Deferred Inflows of Resources:						
Unavailable revenues - property taxes	-	16,988	-	-	-	-
Total Deferred Inflows of Resources	-	16,988	-	-	-	-
Fund Balances:						
Nonspendable	-	-	-	-	-	-
Restricted	1,717,162	14,043,433	801,816	4,004,117	791,097	1,079,220
Unassigned	-	(981,921)	(552,503)	-	-	(160,940)
Total Fund Balances	1,717,162	13,061,512	249,313	4,004,117	791,097	918,280
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	$ 1,721,344	$ 13,786,444	$ 764,757	$ 4,004,117	$ 821,522	$ 951,300

	City Federal Grants	School Lunch	School Revolving	School Gifts	School State Grants	School Federal Grants	Sub-total Special Revenue Funds
	$ -	$ 2,331,261	$ 1,300,682	$ 1,113,266	$ 4,237,928	$ -	$ 24,431,568
	-	-	-	-	-	-	3,928,278
	-	-	-	-	-	-	16,988
	-	-	-	-	-	-	764,757
	-	-	-	-	1,638,334	5,460,549	8,989,913
	$ -	$ 2,331,261	$ 1,300,682	$ 1,113,266	$ 5,876,262	$ 5,460,549	$ 38,131,504
	$ 79,770	$ 8,157	$ 6,234	$ 45,861	$ 11,063	$ 3,058,241	$ 3,991,379
	1,041,686	-	-	-	-	2,133,464	3,684,112
	1,121,456	8,157	6,234	45,861	11,063	5,191,705	7,675,491
	-	-	-	-	-	-	16,988
	-	-	-	-	-	-	16,988
	-	-	-	-	-	-	-
	343,927	2,323,104	1,294,448	1,067,405	5,865,199	268,844	33,599,772
	(1,465,383)	-	-	-	-	-	(3,160,747)
	(1,121,456)	2,323,104	1,294,448	1,067,405	5,865,199	268,844	30,439,025
	$ -	$ 2,331,261	$ 1,300,682	$ 1,113,266	$ 5,876,262	$ 5,460,549	$ 38,131,504

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2024

	Capital Project Funds			
	Urban I & II Renewal	Other Capital	School Capital Reserve	Sub-total Capital Project Funds
Assets:				
Cash and short-term investments	$ 119,490	$ 4,299,293	$ -	$ 4,418,783
Investments	-	-	3,354,086	3,354,086
Receivables, net of allowance for uncollectibles				
Real estate and personal property taxes	-	-	-	-
Departmental and other	-	-	-	-
Intergovernmental	-	-	-	-
Total Assets	$ 119,490	$ 4,299,293	$ 3,354,086	$ 7,772,869
Liabilities, Deferred Inflows of Resources, and Fund Balances:				
Liabilities:				
Warrants and accounts payable	$ -	$ 176,929	$ -	$ 176,929
Due to other funds	-	-	-	-
Total Liabilities	-	176,929	-	176,929
Deferred Inflows of Resources:				
Unavailable revenues - property taxes	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	119,490	4,122,364	3,354,086	7,595,940
Unassigned	-	-	-	-
Total Fund Balances	119,490	4,122,364	3,354,086	7,595,940
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	$ 119,490	$ 4,299,293	$ 3,354,086	$ 7,772,869

Permanent Funds			Total
Health and Human Services	Culture and Recreation	Sub-total Permanent Funds	Nonmajor Governmental Funds
$ 12,745	$ 9,487	$ 22,232	$ 28,872,583
-	123,370	123,370	7,405,734
-	-	-	16,988
-	-	-	764,757
-	-	-	8,989,913
$ 12,745	$ 132,857	$ 145,602	$ 46,049,975
$ -	$ -	$ -	$ 4,168,308
-	-	-	3,684,112
-	-	-	7,852,420
-	-	-	16,988
-	-	-	16,988
11,996	10,396	22,392	22,392
749	122,461	123,210	41,318,922
-	-	-	(3,160,747)
12,745	132,857	145,602	38,180,567
$ 12,745	$ 132,857	$ 145,602	$ 46,049,975

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2024

	Special Revenue Funds					
	Redevelopment	Other Community Development	City Revolving	Receipts Reserved	City Gifts	City State Grants
Revenues:						
Community preservation surcharges	$ -	$ 957,010	$ -	$ -	$ -	$ -
Intergovernmental	-	5,730,074	-	-	20,000	1,754,364
Charges for services	-	-	2,909,595	-	-	-
Departmental and other	52,051	196,816	145,990	1,033,504	-	-
Interest and investment income (loss)	121,408	184,481	-	-	-	-
Contributions and donations	-	270,687	-	-	147,087	-
Total Revenues	173,459	7,339,068	3,055,585	1,033,504	167,087	1,754,364
Expenditures:						
General government	-	2,023,469	-	305,906	153,679	121,797
Public safety	-	-	3,430,650	-	2,236	1,021,662
Education	-	-	-	-	-	-
Public works	-	330,468	-	-	12,335	430,291
Health and human services	-	-	-	-	13,839	100,180
Culture and recreation	-	-	41,843	-	75,888	94,490
Community development	102,799	1,501,834	-	-	-	43,000
Total Expenditures	102,799	3,855,771	3,472,493	305,906	257,977	1,811,420
Excess (Deficiency) of Revenues Over (Under) Expenditures	70,660	3,483,297	(416,908)	727,598	(90,890)	(57,056)
Other Financing Sources (Uses):						
Transfers in	200,000	225,000	-	231,524	100,000	-
Transfers out	-	-	(231,524)	-	-	(69,259)
Total Other Financing Sources (Uses)	200,000	225,000	(231,524)	231,524	100,000	(69,259)
Net Change in Fund Balance	270,660	3,708,297	(648,432)	959,122	9,110	(126,315)
Fund Balances - Beginning of Year	1,446,502	9,353,215	897,745	3,044,995	781,987	1,044,595
Fund Balances - End of Year	$ 1,717,162	$ 13,061,512	$ 249,313	$ 4,004,117	$ 791,097	$ 918,280

City Federal Grants	School Lunch	School Revolving	School Gifts	School State Grants	School Federal Grants	Sub-total Special Revenue Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ 957,010
646,833	4,780,209	-	-	7,676,433	16,129,290	36,737,203
-	458,608	262,220	-	-	-	3,630,423
-	-	180,816	-	-	-	1,609,177
-	-	-	-	-	-	305,889
-	-	-	1,047,350	-	-	1,465,124
646,833	5,238,817	443,036	1,047,350	7,676,433	16,129,290	44,704,826
-	-	-	-	-	-	2,604,851
242,341	-	-	-	-	-	4,696,889
-	5,152,453	421,649	1,213,133	6,579,522	17,099,019	30,465,776
-	-	-	-	-	-	773,094
348,504	-	-	-	-	-	462,523
-	-	-	-	-	-	212,221
-	-	-	-	-	-	1,647,633
590,845	5,152,453	421,649	1,213,133	6,579,522	17,099,019	40,862,987
55,988	86,364	21,387	(165,783)	1,096,911	(969,729)	3,841,839
-	-	-	-	-	-	756,524
-	-	-	-	-	-	(300,783)
-	-	-	-	-	-	455,741
55,988	86,364	21,387	(165,783)	1,096,911	(969,729)	4,297,580
(1,177,444)	2,236,740	1,273,061	1,233,188	4,768,288	1,238,573	26,141,445
$ (1,121,456)	$ 2,323,104	$ 1,294,448	$ 1,067,405	$ 5,865,199	$ 268,844	$ 30,439,025

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2024

	Capital Project Funds			
	Urban I & II Renewal	Other Capital	School Capital Reserve	Sub-total Capital Project Funds
Revenues:				
Community preservation surcharges	$ -	$ -	$ -	$ -
Intergovernmental	-	45,220	-	45,220
Charges for services	-	-	-	-
Departmental and other	-	200	-	200
Interest and investment income (loss)	-	-	185,828	185,828
Contributions and donations	-	-	-	-
Total Revenues	-	45,420	185,828	231,248
Expenditures:				
General government	-	563,023	-	563,023
Public safety	-	-	-	-
Education	-	-	-	-
Public works	-	1,866,778	-	1,866,778
Health and human services	-	-	-	-
Culture and recreation	-	-	-	-
Community development	31,597	-	-	31,597
Total Expenditures	31,597	2,429,801	-	2,461,398
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,597)	(2,384,381)	185,828	(2,230,150)
Other Financing Sources (Uses):				
Transfers in	-	2,135,000	2,958,991	5,093,991
Transfers out	-	(3,183,991)	(495,000)	(3,678,991)
Total Other Financing Sources (Uses)	-	(1,048,991)	2,463,991	1,415,000
Net Change in Fund Balance	(31,597)	(3,433,372)	2,649,819	(815,150)
Fund Balances - Beginning of Year	151,087	7,555,736	704,267	8,411,090
Fund Balances - End of Year	$ 119,490	$ 4,122,364	$ 3,354,086	$ 7,595,940

Permanent Funds			Total
Health and Human Services	Culture and Recreation	Sub-total Permanent Funds	Nonmajor Governmental Funds
$ -	$ -	$ -	$ 957,010
-	-	-	36,782,423
-	-	-	3,630,423
-	-	-	1,609,377
-	6,736	6,736	498,453
-	-	-	1,465,124
-	6,736	6,736	44,942,810
-	-	-	3,167,874
-	-	-	4,696,889
-	-	-	30,465,776
-	-	-	2,639,872
-	-	-	462,523
-	88	88	212,309
-	-	-	1,679,230
-	88	88	43,324,473
-	6,648	6,648	1,618,337
-	-	-	5,850,515
-	-	-	(3,979,774)
-	-	-	1,870,741
-	6,648	6,648	3,489,078
12,745	126,209	138,954	34,691,489
$ 12,745	$ 132,857	$ 145,602	$ 38,180,567

(Concluded)

Internal Service Funds

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

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

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

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

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INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2024

	Retirees' Health Insurance	Workers' Compensation	Health Insurance	Total Internal Service Funds
Assets:				
Current assets:				
Cash and cash equivalents	$ 235,643	$ 29,128	$ 16,217,533	$ 16,482,304
Total Current Assets	235,643	29,128	16,217,533	16,482,304
Liabilities:				
Current liabilities:				
Warrants and accounts payable	-	-	7,287	7,287
Health claims incurred but not reported	-	-	2,475,692	2,475,692
Other liabilities	-	2,975	-	2,975
Workers' compensation claims	-	174,402	-	174,402
Total Current Liabilities	-	177,377	2,482,979	2,660,356
Noncurrent liabilities:				
Workers' compensation claims	-	174,402	-	174,402
Total Noncurrent Liabilities	-	174,402	-	174,402
Total Liabilities	-	351,779	2,482,979	2,834,758
Net Position:				
Unrestricted	235,643	(322,651)	13,734,554	13,647,546
TOTAL NET POSITION	$ 235,643	$ (322,651)	$ 13,734,554	$ 13,647,546
	-	-	-	-

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FISCAL YEAR ENDED JUNE 30, 2024

	Retirees' Health Insurance	Workers' Compensation	Health Insurance	Total Internal Service Funds
Operating Revenues:				
Employee contributions	$ -	$ -	$ 5,464,314	$ 5,464,314
Employer contributions	-	475,643	20,776,367	21,252,010
Stop loss receipts	-	-	473,356	473,356
Total Operating Revenues	-	475,643	26,714,037	27,189,680
Operating Expenditures:				
Employee benefits	-	493,528	24,535,013	25,028,541
Total Operating Expenditures	-	493,528	24,535,013	25,028,541
Operating Income (Loss)	-	(17,885)	2,179,024	2,161,139
Nonoperating Revenues (Expenses):				
Investment Income	-	302	289,109	289,411
Income (Loss) Before Transfers	-	(17,583)	2,468,133	2,450,550
Change in Net Position	-	(17,583)	2,468,133	2,450,550
Fund Balances - Beginning of Year	235,643	(305,068)	11,266,421	11,196,996
Fund Balances - End of Year	$ 235,643	$ (322,651)	$ 13,734,554	$ 13,647,546

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF CASH FLOWS
FISCAL YEAR ENDED JUNE 30, 2024

	Retirees' Health Insurance	Workers' Compensation	Health Insurance	Total Internal Service Funds
Cash Flows From Operating Activities:				
Receipts from interfund services provided	$ -	$ 475,643	$ 26,714,037	$ 27,189,680
Payments for interfund services used	-	(420,419)	(25,243,807)	(25,664,226)
Net Cash Provided by Operating Activities	-	55,224	1,470,230	1,525,454
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	-	302	289,109	289,411
Net Cash Provided By Investing Activities	-	302	289,109	289,411
Net Change in Cash and Cash Equivalents	-	29,128	1,759,339	1,788,467
Cash and Cash Equivalents:				
Beginning of the Year	235,643	-	14,458,194	14,693,837
End of the Year	$ 235,643	$ 29,128	$ 16,217,533	$ 16,482,304
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:				
Operating income (loss)	-	(17,885)	2,179,024	2,161,139
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Changes in assets and liablities:				
Warrants and acccounts payable	-	(74,461)	567	(73,894)
Health claims incurred but not reported	-	-	(709,361)	(709,361)
Workers' compensation claims	-	147,570	-	147,570
Net Cash Provided by Operating Activities	$ -	$ 55,224	$ 1,470,230	$ 1,525,454

STATISTICAL SECTION

Chelsea's Grupo Torogoz, a group that represents Salvadorian culture and traditions and celebrates their identity through theater and dance, participated in the City's 400th Anniversary "Chelsea Day" parade.

Photo credit: Matt Frank.

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Statistical Section

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

	2015 (1)	2016	2017	2018 (2)	2019	2020 (2)	2021	2022	2023	2024
Governmental activities:										
Net investment in capital assets	$ 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	$ 223,214,255
Restricted	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	37,387,017
Unrestricted	(147,945,496)	(164,046,773)	(167,542,578)	(237,625,834)	(224,635,904)	(185,017,893)	(168,741,292)	(135,567,576)	(114,810,863)	(70,033,730)
Total governmental activities net position	$ (1,166,045)	$ 9,584,745	$ 26,276,045	$ (17,382,093)	$ (7,718,789)	$ 37,433,107	$ 59,425,083	$ 99,287,796	$ 129,037,236	$ 190,567,542
Business-type activities:										
Net investment in capital assets	$ 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	$ 46,955,613
Unrestricted	13,244,738	19,074,859	8,700,571	14,651,964	17,408,149	12,193,451	12,075,782	13,708,632	15,276,215	20,317,793
Total business-type activities net position	$ 33,836,414	$ 37,075,348	$ 37,992,255	$ 43,114,761	$ 44,983,580	$ 48,500,548	$ 52,296,219	$ 57,153,648	$ 61,497,649	$ 67,273,406
Primary government:										
Net investment in capital assets	$ 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	$ 270,169,868
Restricted	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	37,387,017
Unrestricted	(134,700,758)	(144,971,914)	(158,842,007)	(222,973,870)	(207,227,755)	(172,824,442)	(156,665,510)	(121,858,944)	(99,534,648)	(49,715,937)
Total primary government net position	$ 32,670,369	$ 46,660,093	$ 64,268,300	$ 25,732,668	$ 37,264,791	$ 85,933,655	$ 111,721,302	$ 156,441,444	$ 190,534,885	$ 257,840,948

(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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses -										
Governmental activities:										
General government	$ 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	$ 14,477,478
Public safety	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	41,160,105
Education	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	182,735,628
Public works	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	11,274,717
Health and Human services	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	2,186,941
Culture and recreation	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	1,817,253
Community development	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	5,823,018
Interest	757,175	743,493	785,323	790,286	965,162	842,478	662,932	610,094	582,176	611,274
Total government activities expenses	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	260,086,414
Business-type activities:										
Water and sewer operations	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	22,284,366
Total business-type activities expenses	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	22,284,366
Total primary government expenses	$ 190,946,251	$ 205,007,441	$ 217,296,965	$ 210,142,638	$ 229,193,705	$ 241,284,769	$ 249,802,413	$ 241,717,647	$ 273,228,564	$ 282,370,780
Program Revenues -										
Governmental activities:										
Charges for services:										
Public safety	$ 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	$ 9,089,774
Public works	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	2,760,781
Other activities	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	3,853,232
Operating grants and contributions	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	169,368,507
Capital grants and contributions	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	12,938,588
Total government activities program revenues	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	198,010,882
Business-type activities:										
Charges for services	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	26,697,455
Operating grants and contributions	-	-	-	194,881	155,000	-	-	-	-	-
Capital grants and contributions	398,640	1,130,530	132,000	12,880	619,400	2,755,497	1,364,065	380,733	-	1,312,500
Total business-type activities program revenues	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	28,009,955
Total primary government program revenues	$ 125,665,106	$ 143,599,509	$ 151,927,208	$ 144,679,408	$ 160,098,450	$ 168,125,199	$ 185,850,281	$ 187,687,228	$ 199,793,679	$ 226,020,837
Net (Expense)/Program Revenue										
Governmental activities	$ (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)	$ (62,075,532)
Business-type activities	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	5,725,589
Total primary government net (expense)/program revenue	$ (65,281,145)	$ (61,407,932)	$ (65,369,757)	$ (65,463,230)	$ (69,095,255)	$ (73,159,570)	$ (63,952,132)	$ (54,030,419)	$ (73,434,885)	$ (56,349,943)

(continued)

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues, Transfers and Other Changes in Net Position -										
Governmental activities:										
Real estate and personal property taxes,										
net of tax refunds payable……………………………………………	$ 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	$ 79,944,914
Meals, rooms and other taxes…………………………………………	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	3,540,997
Motor vehicle excise taxes……………………………………………	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	19,655,228
Penalties and interest on taxes…………………………………………	466,224	444,350	342,704	383,098	368,237	268,633	369,188	397,340	478,366	437,552
Payments in lieu of taxes…………………………………………...	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	1,558,867
Community preservation surcharges………………………………..	-	-	558,496	707,587	678,523	722,131	759,919	830,602	882,390	956,796
Grants and contributions not restricted to specific programs…………	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	10,092,212
Unrestricted investment income………………………………………	95,655	1,090,810	721,227	1,587,936	2,637,942	2,385,821	2,183,957	118,217	3,100,861	7,469,440
Gain on sale of capital assets……………………………………….	-	-	-	-	-	-	-	-	-	-
Sale of land…………………………………………………………	900,000	-	-	-	-	-	-	-	-	-
Transfers………………………………………………………………	1,796,678	1,521,594	1,887,634	1,094,263	2,872,035	2,099,940	2,123,136	-	(347,068)	(50,168)
Total governmental activities………………………………………………	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	123,605,838
Business-type activities:										
Transfers………………………………………………………………	(1,796,678)	(1,521,594)	(1,887,634)	(1,094,263)	(2,872,035)	(2,099,940)	(2,123,136)	-	347,068	50,168
Total business-type activities….………..…………………………………..	(1,796,678)	(1,521,594)	(1,887,634)	(1,094,263)	(2,872,035)	(2,099,940)	(2,123,136)	-	347,068	50,168
Total primary government general revenues, transfers and other changes in net position…………………………………………………	$ 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	$ 123,656,006
Changes in Net Position										
Governmental activities……………………....……………………………..	$ (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	$ 61,530,306
Business-type activities……………………....……………………………..	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	5,775,757
Total primary government changes in net position…………………………	$ 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	$ 67,306,063

(concluded)

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund:										
Nonspendable……………………….	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Restricted…………………………..	718,710	970,408	1,284,689	1,655,090	-	-	-	-	-	-
Committed………………………….	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	8,199,367
Assigned……………………………..	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	18,699,183
Unassigned……………………………	34,395,684	43,212,229	45,518,645	37,651,385	40,689,081	43,432,757	38,161,805	41,942,308	42,512,020	55,741,935
Total general fund…………………………	$ 42,584,347	$ 48,237,964	$ 53,431,366	$ 50,737,463	$ 53,134,983	$ 58,581,175	$ 60,621,726	$ 62,806,342	$ 70,768,135	$ 82,640,485
All Other Governmental Funds:										
Nonspendable…………………………	$ 683,351	$ 323,786	$ 22,392	$ 22,392	$ 22,392	$ 22,392	$ 22,392	$ 22,392	$ 22,392	$ 22,392
Restricted…………………………….	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	64,048,300
Unassigned……………………………	(670,421)	(493,971)	(1,070,039)	(1,823,819)	(92,340)	(209,138)	(5,789,810)	(5,374,402)	(6,685,529)	(3,460,747)
Total all other governmental funds………..	$ 25,343,624	$ 25,472,193	$ 30,469,663	$ 38,001,681	$ 42,868,275	$ 46,247,440	$ 45,464,181	$ 49,403,057	$ 50,877,592	$ 60,609,945

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2015	2016	2017	2018	2019 (1)	2020	2021	2022	2023	2024
Revenues:										
Real estate and personal property taxes,										
net of tax refunds……………………………………	$ 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	$ 77,621,345
Motor vehicle excise taxes………………………………	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	18,267,657
Meals, room and other excise taxes……………………	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	3,540,997
Tax and trash liens……………………………………..	603,960	1,692,025	1,142,958	1,242,079	689,979	466,293	527,456	591,395	347,580	616,777
Payments in lieu of taxes…………………………….....	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	1,558,867
Penalties and interest on taxes…………………………	466,224	444,350	342,704	383,098	368,237	268,633	369,188	397,340	478,366	437,552
Community preservation surcharges…………………...	-	-	544,562	729,883	660,631	714,338	758,362	831,124	883,545	957,010
Charges for services…………………………………....	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	3,630,423
Trash disposal……………………………………...........	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	2,458,564
Intergovernmental………………………………………	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	190,933,983
Departmental and other.………………………………	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	4,179,919
Licenses and permits……………………………………	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	2,335,751
Fines and forfeitures……..……..………………………	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	2,865,145
Contributions……………………………………………	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	1,465,124
Investment income………………………………………	185,153	1,266,567	864,282	1,546,522	2,646,206	2,274,779	2,166,592	105,462	3,017,183	7,180,029
Total Revenue…………………………………	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	318,049,143
Expenditures:										
General government……………………………………	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	18,151,598
Public safety……………………………………………	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	34,995,230
Education………………………………………………	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	144,317,779
Public works……………………………………………	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	17,282,460
Health and human services……………………………	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	1,987,181
Culture and recreation…………………………………	491,973	512,727	681,108	761,911	862,827	965,984	1,621,660	1,446,086	1,327,067	1,552,841
Community development…………………………….....	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	5,157,264
Pension benefits…………………………………………	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	30,211,216
Employee benefits………………………………………	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	20,584,032
Property and liability insurance………………………....	651,504	695,638	750,000	800,000	1,310,852	1,073,793	1,368,772	1,405,917	1,592,569	1,759,650
Claims and judgements…………………………............	31,097	54,736	63,155	46,082	72,168	68,821	138,685	15,627	59,896	46,651
State and county charges………………………………	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	21,353,209
Debt service:										
Principal………………………………………………	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	1,892,269
Interest…………………………………………………	792,407	685,399	780,365	755,950	1,080,809	996,216	668,701	730,690	700,685	718,591
Total Expenditures……………………………………	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	300,009,971
Excess of revenues over (under) expenditures…………	(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	18,039,172
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 direct debt………………...………………	-	-	-	-	-	-	-	-	-	3,615,699
Sale of land…………………………………………….	900,000	-	-	-	-	3,770,068	-	-	-	-
Issuance of lease obligation……...............................	-	-	-	-	-	-	-	2,053,250	-	-
Premiums from issuance of bonds and notes………….	-	134,052	681,912	466,369	95,000	44,500	591,328	-	-	-
Transfers in……………………………………………	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	19,908,233
Transfers out……………………………………………	(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)	(19,958,401)
Total other financing sources (uses)…………………………	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)	3,565,531
Net change in fund balance……………………………………	$ 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	$ 21,604,703
Debt service as a percentage of noncapital expenditures…….	2.52%	2.30%	2.71%	1.89%	2.05%	2.01%	3.25%	1.04%	1.00%	0.96%

(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

		Assessed Value (2)						
Fiscal Year		Residential Real Property	Commercial and Industrial Real Property	Personal Property	Total Assessed Value	Total Direct Tax Rate	State Equalized Value (3)	Ratio of Assessed to Equalized Value
2015		$ 1,487,308,702	$ 612,872,638	$ 117,761,940	$ 2,217,943,280	20.13	$ 2,234,376,700	99.26%
2016	(1)	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		2,459,313,591	898,726,223	151,432,550	3,509,472,364	17.32	4,225,152,600	83.06%
2021	(1)	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%
2024	(1)	3,585,515,279	1,255,599,230	280,712,150	5,121,826,659	14.66	6,348,238,400	80.68%

Source: Assessing Department

(1) Revaluation year

(2) As of January 1st

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

DIRECT PROPERTY TAX RATES (1) (2)

LAST TEN FISCAL YEARS

Fiscal Year	Residential Real Property	Commercial and Industrial Real Property	Personal Property	Total Direct (3)
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
2024	11.90	23.75	23.75	14.66

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

		2024			2015		
Taxpayer	Nature of Business	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	5.53%	$ 2,279,037	1	5.11%
Fairfield Axis LLC	Apartments	3,750,976	2	5.00%			
Urban Growth Property LP	Private for Profit Parking Lot	2,279,062	3	3.04%	1,462,983	2	3.28%
One North Boston II LLC	Apartments	1,645,573	4	2.19%	494,499	7	1.11%
NBPIII Griffin Way LLC	Commercial	1,420,150	5	1.89%			
Demoulas Market Basket	Retail	1,184,797	6	1.58%	1,211,067	4	2.71%
National Grid	Utility	1,128,503	7	1.50%			
North Colony Asset Mgmt LLC	Office	1,055,787	8	1.41%	1,251,973	3	2.80%
Catamount Petroleum	Oil and Gas Retailer	1,043,103	9	1.39%	461,021	9	1.03%
Emerald Corporate Center	Hotel	897,726	10	1.20%			
Griffin Way LLC	Commercial				1,007,571	5	2.26%
Keyspan	Utility				568,141	6	1.27%
FR Chelsea Commons	Retail and Apartments				485,580	8	1.09%
Parkside Commons	Apartments				448,865	10	1.01%
Total		$ 18,560,969		24.72%	$ 9,670,737		21.66%

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: First Year Current Tax Collections	Collected within the Fiscal Year of the Levy: Percent of Net Levy Collected	Delinquent Tax Collections	Total Collections to Date: Total Tax Collections	Total Collections to Date: Percent of Total Tax Collections to Net Tax Levy
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%
2024	(1)	75,082,919	75,082,919	100.00%	-	75,082,919	100.00%

Source: Assessing Department

(1) Revaluation year

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

	Governmental Activities			Business-type Activities				
Fiscal Year	General Obligation Bonds (1)	Direct Borrowings and Placements	Lease Obligations	General Obligation Bonds (1)	Direct Borrowings and Placements	Total Primary Government	Percentage of Median Family Income (2)	Debt Per Capita (2)
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
2024	15,269,267	3,454,359	1,548,753	4,258,000	6,649,835	31,180,214	1.06%	764

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
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
2024	19,527,267	-	19,527,267	5,121,826,659	0.38%	40,787	479

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Equalized Valuation………………………	$ 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	$ 6,348,238,400
Debt Limit……………………………...….	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	317,411,920
Total outstanding debt…...........................	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	31,180,214
Debt not applicable to debt limit…………	(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)	(12,845,524)
Legal debt margin……………………….	$ 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	$ 299,077,230
Total debt applicable to the limit as a percentage of debt limit…………..	15.59%	16.07%	11.64%	12.73%	12.14%	7.89%	8.27%	7.84%	6.74%	5.78%

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2024

	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Massachusetts Water Resources Authority (MWRA)………………	$ 4,508,257,000	1.786%	$ 80,514,741
Subtotal, overlapping debt……………………………………………			80,514,741
City direct debt………………………………………………………			20,272,379
Total direct and overlapping debt……………………………………			$ 100,787,120

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
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
2023	40,787	72,220	3.50%	31,544

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	2024 Approximate Number of Employees	2024 Rank	2024 Percentage of Total City Employment	2015 Approximate Number of Employees	2015 Rank	2015 Percentage of Total City Employment
City of Chelsea	Government	1,650	1	8.09%	1,287	1	7.24%
Mass. Water Resources Authority	Government Agency	1,205	2	5.91%	549	4	3.09%
MITC	Government Agency	1,000	3	4.91%	1,000	3	5.63%
North Suffolk Mental Health	Health Services	500-999	4	3.68%			
Chelsea Jewish Lifecare	Assisted Living	500-999	5	3.68%			
DiMare Brother Inc.	Distributor - Food	500-999	5	3.68%			
Kayem Foods	Distributor - Food	250-499	6	1.84%	323	6	1.82%
Metropolitan Credit Union	Financial Institution	250-499	6	1.84%	216	8	1.22%
Delta Mangement Services	Financial Services	250-499	6	1.84%			
Soldiers Home	Nonprofit	250-499	6	1.84%			
Market Basket	Retail Grocery				1,000	2	5.63%
State Garden	Distributor - Food				500	5	2.81%
Chelsea Healthcare Center	Health Services				245	7	1.38%
Signature Breads	Distributor - Food				170	9	0.96%
Stop & Shop	Retail Grocery				140	10	0.79%
Total		7,605		37.31%	5,430		30.55%

Sources: Department of Planning and Development

FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government....................	50	51	53	57	58	58	52	56	57	61
Public safety.............................	240	244	246	248	255	258	251	249	255	260
Education................................	923	960	967	969	987	1,008	995	1,112	1,175	1,228
Public works............................	26	26	26	27	30	31	31	32	33	35
Health and human services............	31	18	21	20	20	21	21	22	29	23
Culture and recreation.................	7	7	7	7	7	8	8	8	9	11
Community development..............	7	8	8	9	9	9	8	9	11	18
Sub-total	1,284	1,314	1,328	1,337	1,366	1,393	1,366	1,488	1,569	1,636
Water and sewer........................	3	3	3	4	6	14	17	16	17	17
Total City employees..................	1,287	1,317	1,331	1,341	1,372	1,407	1,383	1,504	1,586	1,653

Source: Various City departments

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Police										
Offenses committed	6,489	6,050	5,285	4,891	4,342	4,041	3,556	4,190	4,698	5,265
Crime-related incidents	2,862	2,782	2,632	2,396	2,091	2,068	2,140	2,343	2,525	2,718
Non-crime related incidents	2,285	1,451	1,348	1,406	1,302	1,079	1,222	1,401	1,414	1,649
Arrests (on view)	1,353	1,246	941	942	771	721	405	572	681	890
Arrests (based on incident/warrants)	407	344	264	265	207	155	119	135	175	132
Summons arrests	34	40	53	50	96	33	6	22	18	19
Total arrests	1,794	1,630	1,258	1,257	1,074	909	530	729	874	1,041
Juvenile arrests	108	100	37	37	23	32	12	18	17	53
Hearings	357	314	299	279	191	199	194	195	207	244
Summons	442	426	519	584	445	397	339	404	428	608
Restraint orders	391	356	281	326	283	285	291	290	366	365
Citations	4,986	3,654	3,446	3,925	2,264	1,551	1,777	1,058	2,017	2,415
Fire										
Fires extinguished (1)	390	353	208	254	212	181	233	231	308	N/A
Education										
Public school enrollment	6,554	6,574	6,600	6,467	6,300	6,410	6,230	6,230	6,372	6,300
Culture and Recreation										
Library volumes in collection	64,735	59,672	57,082	48,486	54,658	52,231	56,258	58,869	53,290	52,181
Library volumes borrowed	60,073	71,930	71,637	52,410	56,626	39,807	34,084	40,130	41,791	35,987
Water										
Average daily consumption (1) (million gallons/day)	3.264	3.250	3.263	3.390	3.400	3.270	3.301	3.301	3.385	N/A
Peak daily consumption (1) (million gallons/day)	3.730	3.604	3.720	3.730	3.510	4.136	3.826	3.826	4.748	N/A
Sewer										
Average daily sewage treatment (1) (million gallons/day)	5.200	5.210	4.240	3.800	6.140	5.830	5.610	5.610	6.343	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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
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	7	7	7	7	8	8
Education										
Public school buildings	4	4	4	4	5	5	5	5	5	5
Public Works										
Streets (miles)	44	44	44	44	44	44	44	44	44	44
Streetlights	1,771	1,821	1,821	1,821	1,821	1,821	1,830	1,830	1,830	1,830
Traffic signals	53	53	54	54	54	54	69	71	70	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

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