

# CITY OF EVERETT

MASSACHUSETTS

## ANNUAL COMPREHENSIVE FINANCIAL REPORT



**For the Year Ended June 30, 2022**

Carlo DeMaria, Jr., Mayor  
Eric J. Demas, Chief Financial Officer/City Auditor

Prepared by the City of Everett Finance Department

On the cover – Everett night aerial view



Wehner Park

# **CITY OF EVERETT, MASSACHUSETTS**

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For the Year Ended June 30, 2022



Prepared by the Finance Department

CITY OF EVERETT, MASSACHUSETTS  
ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30, 2022

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# ***Introductory Section***

## **9/11 Memorial**



# ***Introductory Section***

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# City of Everett, Massachusetts

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## Letter of Transmittal

January 23, 2023

To the Honorable Mayor, Members of the City Council and Citizens of the City of Everett, Massachusetts:

At the close of each year, state law requires the City of Everett to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the City of Everett, Massachusetts, for the year ending June 30, 2022 for your review.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the year ended June 30, 2022, are fairly presented in conformity with GAAP.

The City of Everett's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended June 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended June 30, 2022 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited City's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Everett's separately issued Single Audit Report.

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

### Profile of the City

The City of Everett is located in Middlesex County. It is bordered on the north by the City of Malden, on the east by the Cities of Revere and Chelsea, on the west by the Cities of Medford and Somerville, and on the south by the Mystic River and the City of Boston. Everett has a population of 49,075 (according to the 2020 Federal Census) and occupies a land area of 3.36 square miles. Modern transportation facilities are available to residents and commercial enterprises in the City of Everett. The City maintains a total of 56 miles of roads. Bus transportation within the City and throughout the local region is provided by the Massachusetts Bay Transportation Authority (MBTA). The MBTA maintains a major repair facility in the city.

Incorporated as a town in 1870, and as a city in 1892, Everett had been governed by a Mayor-Council-Alderman form of government, with a two-year Mayor, seven aldermen (elected at large), and eighteen councilors (3 elected from each ward). However, on January 1, 2014, the City's Council/Aldermen form of government converted to an elected 11-member City Council, and the Mayor's term converted to 4 years.

The Mayor is elected for four years in November of odd-numbered years. The Mayor is the administrative head of the City. The Mayor acts with the City Council to carry out City business. The Mayor appoints his office staff, the City Solicitor, and the Assistant City Solicitor without City Council confirmation. The appointments of most City department heads, and members of the various boards and commissions, however, require City Council confirmation. The Mayor has the right to veto any order, resolution, or ordinance passed by the Council. However, a veto may be overturned by a two-thirds vote of all councilors. After reviewing and revising estimates prepared by department heads, the Mayor submits the budget to the City Council for final action. The Mayor approves all municipal payrolls, vouchers, contracts and instruments; and recommends bond issues, legislations and orders to the City Council; and represents the City with other levels of government. As the general administrator of all City departments, the Mayor is consulted by department heads pertaining to the City's welfare.

The City Council is primarily the legislative branch of the city government. As the legislative body, the Council confirms appointments made by the Mayor and appropriates all monies necessary for City operation. It can approve, disapprove, or reduce the amount of appropriations, but not add to the appropriation. The Council receives orders of recommendation by the Mayor and petitions from the public, and acts on them after committee study. The City Council also has the power to enact the ordinances and other regulations. A majority of the City Council constitutes a quorum, and the affirmative vote of a majority of all the members of the Council is necessary for the adoption of any motion resolution, or ordinance. In some instances, adoption by a two-thirds vote of the members is required by statute.

The City provides general governmental services for the territory within its boundaries, including police and fire protection, disposal of garbage and rubbish, public education in grades K-12, street maintenance, and parks and recreational facilities. Water and sewer services are provided via connections to the Massachusetts Water Resources Authority. The entire area of the City is served by the municipal water and sewer system. Vocational technical education is provided at the high school level by the City.

The Everett Housing Authority is responsible for managing 671 units of State aided elderly and family housing units for the City. Of the 671 units, 279 are for elderly and 392 are designated for families. These units are owned and operated by the Authority. The Everett Housing Authority does not meet the criteria to be considered a component unit of the City.

In the City of Everett, within 170 days after the annual organization of the city government (which is ordinarily in early January), the Mayor is required to submit a budget of proposed expenditures for the year beginning on the next July 1<sup>st</sup>. The City Council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the Mayor, the council may not make any appropriation for a purpose not included in the proposed budget, except by a 2/3 vote in the case of a failure of the Mayor to recommend an appropriation for such purpose within seven days after request from the City Council. If the council fails to act on any item of the proposed budget within 45 days, that item takes effect.

The amount raised on the tax recapitulation sheet approved by the Department of Revenue for 2022 totaled approximately \$262.5 million, which includes real and personal property tax revenues, State revenues, local revenues, indirect costs from the water and sewer enterprise fund and the use of \$7 million of free cash to reduce the tax. These revenues cover general fund and enterprise fund budgeted expenses and a prior year snow and ice deficit. The 2022 tax recapitulation also includes the use of \$2 million of free cash that was used to fund 2021 appropriations.

The City includes the Everett Retirement System (the System) as a fiduciary component unit in its financial reporting since the City represents approximately 97% of the Systems' membership. The System was established to provide retirement benefits to its members, including employees and beneficiaries of the City of Everett and the Everett Housing Authority.

#### Factors Affecting Economic Condition

According to the Massachusetts Department of Unemployment Assistance, as of June 30, 2022, the City had a total labor force of 26,865 of which 26,018 were employed and 847 or 3.2% were unemployed as compared with 3.5% for the Commonwealth. Everett is a diverse City, a blue-collar community with many of its residents working in the trade, transportation, and utility fields. Closely behind are residents working in the education and health services industry.

#### Power Plant

The City of Everett is home to a power plant containing a multi-unit gas-fueled 1,968-megawatt (MW) steam turbine, electric power generating station. The site was originally developed by Boston Edison Company in the early 1940's with three coal-fired steam generators. The power plant increased development in the 1950's and 1960's; which lead to the construction of three additional units that were eventually converted to oil. A 578 MW unit was added in 1975 and an 8.6 WM jet-turbine generator was added in 1969 and upgraded in 1990 that was used as a "peaking" unit.

As a result of the Massachusetts Electric Utility Restructuring Act of 1997, Boston Edison sold Mystic Station along with its other generating assets for a reported \$536 million to Sithe Energies. Exelon Generation Company, LLC acquired Sithe New England in 2002. In 2003, Exelon completed the addition of two new Raytheon built combined-cycle generators to the site, with a generating capacity of 1,400 MG.

Currently, the plant's primary fuel source is a liquefied natural gas (LNG) terminal adjacent to the facility along the Mystic River, currently owned by Distrigas of Massachusetts, who relies on offshore supplies of LNG. The site also contains a substation, switchyards and transformers for supplying power to the electricity grid.

For 2022, the power plant's payment of \$13.1 million represented 13.1% of the total tax levy of \$100 million.

### Wynn Everett

On September 15, 2014, the Massachusetts state gaming commission formally voted to award the eastern Massachusetts casino license to Wynn Resorts for its plan in Everett. Prior to the license being awarded to Wynn, the City and Wynn entered into a host agreement, which memorialized the economic and social commitments to the City of Everett. In summary, the City received \$30 million of advance payments for a Community Enhancement Fund that was paid during the construction period. Also, once the resort opened for business, which occurred on June 23, 2019, the City began receiving an additional \$25 million per year, which increases 2.5% per year for the life of the agreement. Furthermore, Wynn agreed to fund \$250,000 annually, increasing by 2.5% per year, to the Everett Citizens Foundation, which will support local groups, associations, and programs with important City initiatives.

These sum specific payments, as well as the conservatively estimated \$2.5 million per year in hotel and restaurant taxes paid by Wynn customers, will benefit the City and its residents for decades.

### Financial Planning and Forecasting

As part of the City's budget process, the City has included a Five-Year Financial Forecast in its budget document. This is the fifth year that such a forecast has been completed. This forecast acts as a useful tool to the Mayor and Council to better identify "budget busters" on the expenditure side and to also determine whether forecasted revenue growth is adequate for future expenses. Also included in the budget was the City's Five-Year Capital Improvement Plan (CIP) for the purpose of planning and maintaining the City's capital and infrastructure. The CIP includes policies on debt service and capital improvement budgeting.

As part of the 2022 CIP, the City Council approved \$17.5 million in capital expenditures, of which \$15.5 million will be funded through the issuance of general obligation bonds. The remainder will be funded by federal and state grants totaling \$650,000, and \$1.4 million was appropriated within the operating budget.

### Financial Policy

The City has set a goal to fund the stabilization account in the amount of 10% of the City's current operating budget, or \$23.5 million. As of June 30, 2022, the balance in the City's stabilization account is \$5.6 million. The stabilization account shall be funded by appropriations from free cash (available funds), operating budget appropriations when available, and other one-time non-recurring revenues that become available for appropriation per Massachusetts General Law.

In 2014, the City established a second stabilization account (capital improvement stabilization account) for the funding of capital items proposed as part of the comprehensive five-year Capital Improvement Program. The City has set a goal to fund the capital improvement stabilization account in the amount of 20% of any free cash available after funding a prior year drawdown of the stabilization account. As of June 30, 2022, the balance in the City's capital improvement stabilization account is \$5.9 million.

Also, in 2014, the City established a third stabilization account (employee leave buyback stabilization account) for the funding of retirement buyouts as well as other buybacks of accrued sick and vacation time as allowed by collective bargaining agreements. During FY16, the City experienced a number of unanticipated retirements and used the majority of this fund to meet the retirement obligations. The goal of the employee leave buyback stabilization account is to pay for any unanticipated retirements and buyouts from this fund instead of using general fund appropriations. This will allow the departments to backfill vacancies and pay attendance bonuses in a timely manner without having to request a supplemental appropriation by the Council.

In 2013, the City adopted Massachusetts General Law Chapter 32B, Section 20, establishing the “Other Postemployment Benefits (OPEB) Liability Trust Fund” as a local option. This fund gives communities a mechanism to reduce the unfunded actuarial liability of health care and other postemployment benefits. The City currently has \$9.5 million in the fund. Future appropriations will be made to this fund in accordance with financial policies of the Finance Department of the City.

As defined by the Massachusetts budgetary basis of accounting, free cash is the remaining unrestricted funds from operations of the previous year including unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax rate recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the balance sheet as of June 30th, which is submitted by the community's auditor, accountant, or comptroller. Free cash is not available for appropriation until certified by the Massachusetts Director of Accounts. Free cash is the term used for a community's funds that are available for appropriation. Once free cash is certified, it is available for appropriation by City Council. The June 30, 2022 balance for free cash was certified in the amount of \$18.8 million which is available for use in 2023.

Free cash may be used for any lawful municipal purpose and provides communities with flexibility to fund additional appropriations after the tax rate has been set. Free cash balances do not carry forward to the next year (July 1st). The certification expires on June 30th at the end of the year.

The City's policy is to use free cash for reserves, capital, and special uses in accordance with the policies set forth by the Mayor and Chief Financial Officer. Once free cash is certified by the Director of Accounts, any drawdown of the stabilization account from the prior year shall be replenished from the certified free cash if the free cash exceeds such drawdown. Once any drawdown of stabilization accounts are replenished, allocation of the remaining free cash shall be as follows:

- 15% of any free cash available after funding a prior year drawdown will also be allocated from free cash to the stabilization account up to the goal of the stabilization account equaling 10% of the current operating budget of the City.
- 20% of any free cash available after funding a prior year drawdown of the stabilization account will also be allocated to the capital improvement fund for funding capital.
- 15% of any free cash available after funding any drawdown will be allocated to the OPEB Liability Trust Fund.

Any free cash available after funding the above may be used to augment trust funds related to fringe benefits and unfunded liabilities related to employee benefits, including Workers' Compensation Fund, Unemployment Fund, and any health benefits payable through Police and Fire operating budgets (111f settlements). Free cash available may also be used to augment general fund appropriations for expenses that increased due to extraordinary and/or unforeseen events as detailed by the department head of the affected budget.

#### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Everett, Massachusetts for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021. This was the eight year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current ACFR continues to meet the Certificate of Achievement for Excellence in Financial



Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2021. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

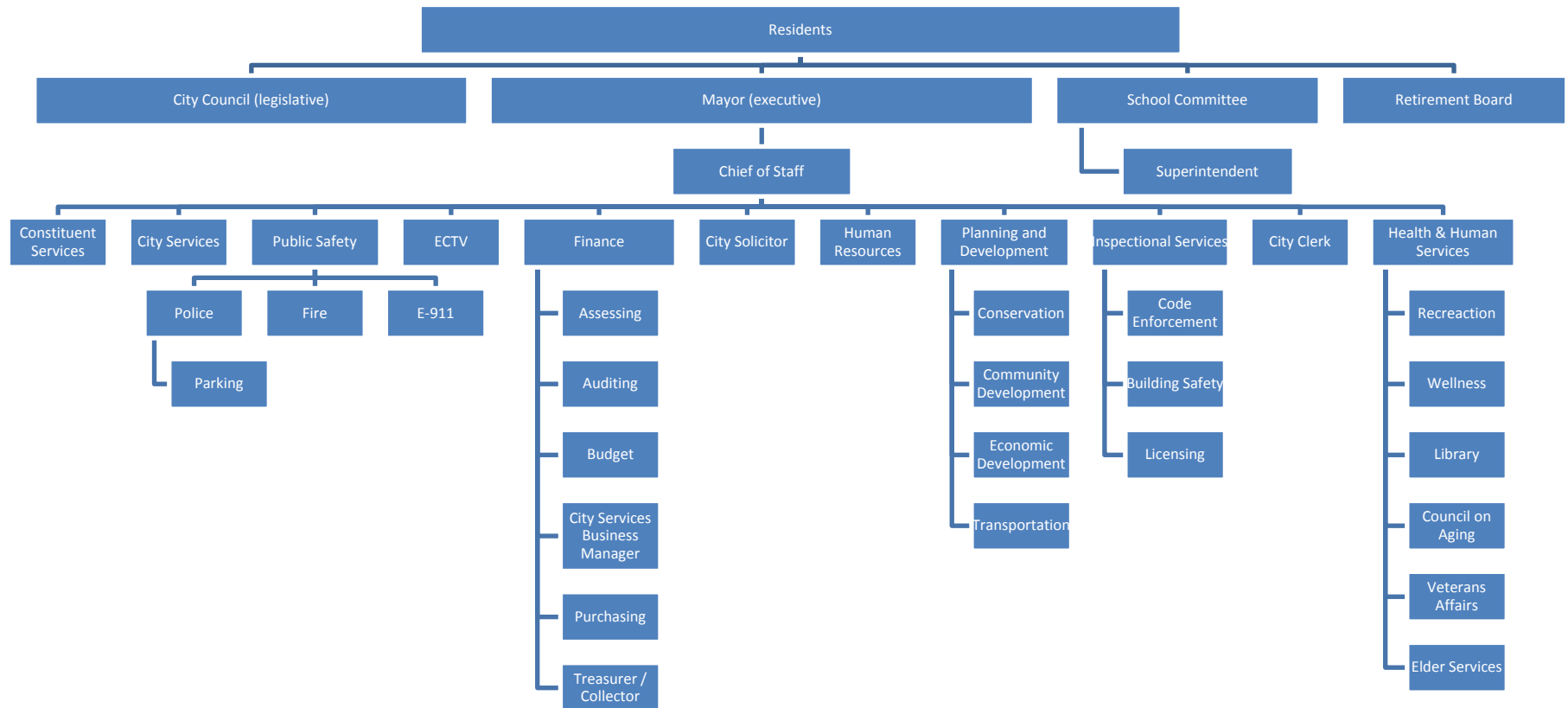
The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Everett, Massachusetts' finances.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'E. Demas', with a stylized flourish at the end.

Eric J. Demas, CFE  
Chief Financial Officer / City Auditor

## Organizational Chart





### Principal Executive Officers

As of June 30, 2022

TITLE	NAME	MANNER OF SELECTION	TERM EXPIRES
Mayor	Carlo DeMaria, Jr.	Elected	2025
Ward One, City Councilor	Wayne A. Matewsky	Elected	2023
Ward Two, City Councilor	Stephanie Martins	Elected	2023
Ward Three, City Councilor	Darren Costa	Elected	2023
Ward Four, City Councilor	Jimmy Tri Le	Elected	2023
Ward Five, City Councilor	Vivan Nguyen	Elected	2023
Ward Six, City Councilor	Alfred Lattanzi	Elected	2023
President, Councilor At Large	John F. Hanlon	Elected	2023
Councilor At Large	Irene Cardillo	Elected	2023
Councilor At Large	Michael Marchese	Elected	2023
Councilor At Large	Richard Dell Isola	Elected	2023
Councilor At Large	Stephanie Smith	Elected	2023
Chief Financial Officer/City Auditor	Eric J. Demas	Appointed	2025
Treasurer/Collector	Monica Ford	Appointed	2024
City Solicitor	Colleen Mejia	Appointed	2025
City Clerk	Sergio Cornelio	Appointed	2025



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
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Presented to

**City of Everett  
Massachusetts**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

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# ***Financial Section***

**Downtown during Christmas**



## ***Financial Section***

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## **Independent Auditor's Report**

To the Honorable City Council  
City of Everett, Massachusetts

## **Report on the Audit of the Financial Statements**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Everett, Massachusetts, as of and for the year ended June 30, 2022 (except for the Everett Contributory Retirement System which is as of and for the year ended December 31, 2021), and the related notes to the financial statements, which collectively comprise the City of Everett, Massachusetts' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Everett, Massachusetts, as of June 30, 2022 (except for the Everett Contributory Retirement System which is as of and for the year ended December 31, 2021), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of 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 of Everett, Massachusetts' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

## **Required Supplementary Information**

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



express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

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

### **Other Information**

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

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2023, on our consideration of the City of Everett, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Everett, Massachusetts' 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 of Everett, Massachusetts' internal control over financial reporting and compliance.



January 23, 2023

# ***Management's Discussion and Analysis***

## ***Management's Discussion and Analysis***

As management of the City of Everett (City), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2022. The City complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB).

The GASB is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

### **Financial Highlights**

- The City has maintained its bond rating of AA+ by Standard & Poor's Investors Service.
- The City's liabilities and deferred inflows exceeded its assets and deferred outflows of resources at the close of the most recent year by \$139.4 million (net position).
- At the close of the current year, the City's general fund reported an ending fund balance of \$49.3 million, an increase of \$3.3 million in comparison with the prior year. Total fund balance represents 20% of total general fund expenditures.
- The City transferred \$714,000 to the general stabilization account in 2022, and \$686,000 was used for capital projects. At year-end, the general stabilization account balance totaled \$5.6 million.
- The City transferred \$952,000 to the capital improvement stabilization account and \$400,000 was used to fund capital items within the operating budget. At year-end, the capital improvement stabilization account totaled \$5.9 million.
- The employee leave buy-back stabilization account did not have any activity in 2022 and the account balance totaled \$8,000 at year-end.
- The City appropriated \$7 million in free cash to reduce the 2022 tax rate.
- The City transferred \$714,000 to the other postemployment benefits (OPEB) trust fund in 2022. At year-end, the net position of the OPEB trust fund totaled \$9.5 million.
- The net OPEB liability decreased by \$52.1 million during the current year and the year-end balance totaled \$293.7 million.
- The City's net pension liability decreased by \$30.6 million during the current year and the year-end balance totaled \$47.2 million.
- At year end the City reported \$39.1 million of American Rescue Plan Act (ARPA) funds which were not obligated and were recorded as unearned revenue within the City's federal and state grants fund.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Everett's basic financial statements. These basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements focus on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City as a whole. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the City's accountability. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets and deferred outflows of resources, and liabilities and deferred inflows of resources, 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 is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, city services and facilities, community development, human services, libraries and recreation, and interest. The business-type activities include the activities of the water and sewer fund and the Everett community television 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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** 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 year.

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 City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** The City maintains two types of propriety funds.

*Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer activities and its community television activities.

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to employees' health insurance, workers compensation insurance and other insurance.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for propriety funds. A legally separate public employee retirement system for which the City of Everett is financially accountable is a *component unit* and reported within the fiduciary fund statements. The City established the other postemployment benefits trust fund that is reported as a fiduciary fund.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$139.4 million at the close of 2022 (net position), an increase of \$12.5 million from the prior year.

Net position of \$163.4 million reflects its net investment in capital assets (e.g., land, land improvements, buildings and building improvements, machinery and equipment, vehicles and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the governmental net position, \$7.7 million, represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position* has a year-end deficit of \$310.5 million. The primary reason for this deficit balance is the recognition of the net other postemployment benefits liability and the net pension liability totaling \$293.7 million and \$47.2 million, respectively.



## Governmental Activities

The City's liabilities and deferred inflows exceeded assets and deferred outflows or resources for governmental activities by \$190.8 million at the close of 2022.

	2022	2021
<b>Assets:</b>		
Current assets.....	\$ 195,382,584	\$ 179,439,830
Capital assets, nondepreciable.....	10,755,597	10,755,597
Capital assets, net of accumulated depreciation....	177,755,205	171,799,591
<b>Total assets.....</b>	<b>383,893,386</b>	<b>361,995,018</b>
<b>Deferred outflows of resources.....</b>	<b>60,720,563</b>	<b>71,979,422</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	85,273,430	76,828,739
Noncurrent liabilities (excluding debt).....	344,270,444	425,677,911
Current debt.....	11,040,824	20,570,083
Noncurrent debt.....	90,712,129	76,014,249
<b>Total liabilities.....</b>	<b>531,296,827</b>	<b>599,090,982</b>
<b>Deferred inflows of resources.....</b>	<b>104,087,223</b>	<b>36,175,288</b>
<b>Net position:</b>		
Net investment in capital assets.....	114,503,355	111,708,092
Restricted.....	7,682,362	8,197,497
Unrestricted.....	(312,955,818)	(321,197,419)
<b>Total net position.....</b>	<b>\$ (190,770,101)</b>	<b>\$ (201,291,830)</b>

	2022	2021
<b>Program Revenues:</b>		
Charges for services.....	\$ 13,632,204	\$ 11,707,834
Operating grants and contributions.....	125,915,614	125,883,635
Capital grants and contributions.....	1,112,529	1,071,359
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	94,529,705	92,546,236
Tax liens.....	645,540	249,441
Motor vehicle excise taxes.....	4,129,602	4,389,002
Chapter 121A excise payments in lieu of taxes.....	21,012,500	20,500,000
Community impact fee.....	5,253,124	5,125,000
Hotel/motel tax.....	784,679	24,363
Meals tax.....	1,236,866	669,333
Penalties and interest on taxes.....	3,536,876	637,495
Payments in lieu of taxes.....	14,112	14,112
Grants and contributions not restricted to specific programs.....	8,078,038	7,951,587
Unrestricted investment income.....	783,626	359,584
<b>Total revenues.....</b>	<b>280,665,015</b>	<b>271,128,981</b>

	2022	2021
<b>Expenses:</b>		
General government.....	15,034,737	14,052,730
Public safety.....	54,898,821	55,780,910
Education.....	164,840,570	165,564,038
City services and facilities.....	19,327,923	19,738,412
Community development.....	1,776,477	642,411
Human services.....	9,016,209	12,323,126
Libraries and recreation.....	3,079,829	2,804,070
Interest.....	2,168,720	2,287,686
<b>Total expenses.....</b>	<b>270,143,286</b>	<b>273,193,383</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>10,521,729</b>	<b>(2,064,402)</b>
<b>Transfers.....</b>	<b>-</b>	<b>(57,600)</b>
<b>Change in net position.....</b>	<b>10,521,729</b>	<b>(2,122,002)</b>
<b>Net position, beginning of year.....</b>	<b>(201,291,830)</b>	<b>(199,169,828)</b>
<b>Net position, end of year.....</b>	<b>\$ (190,770,101)</b>	<b>\$ (201,291,830)</b>

The governmental expenses totaled \$270.1 million of which \$140.7 million (52%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$140 million, primarily coming from property taxes, Chapter 121A excise payments in lieu taxes and non-restricted state aid.

The governmental net position increased by \$10.5 million during the current year. The primary elements of this increase include \$1.1 million in capital grants, a general fund operating surplus of \$3.3 million related to better than anticipated budgetary results, a \$1.5 million increase in the internal service fund, and a \$15.6 million increase from the net change in the net pension liability and related deferred outflows and inflows of resources. These increases were offset by the \$13.7 million decrease from the net change in the net OPEB liability and related deferred outflows and inflows of resources.

The City's charges for services increased \$1.9 million over the prior year as educational programs reopened, after the COVID-19 pandemic related closures. Operating grants and contributions, and capital grants and contributions stayed consistent with the prior year.

The hotel/motel and meals taxes reported a combined increase of \$1.3 million from the prior year, as a result of services and travel reopening post COVID-19 pandemic.

Overall expenditures decreased \$3.1 million, or 1% over the prior year. Human services reported the largest decrease of \$3.3 million due to one-time COVID-19 grant expenditures during fiscal year 2021.

## Business-type Activities

For the City's business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$51.3 million at the close of 2022.

	2022	2021
<b>Assets:</b>		
Current assets.....	\$ 15,159,724	\$ 16,056,695
Capital assets, net of accumulated depreciation....	59,103,304	55,019,083
<b>Total assets.....</b>	<b>74,263,028</b>	<b>71,075,778</b>
<b>Deferred outflows of resources.....</b>	<b>884,103</b>	<b>1,049,768</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	2,508,442	826,985
Noncurrent liabilities (excluding debt).....	5,038,200	6,797,790
Current debt.....	2,080,857	2,117,621
Noncurrent debt.....	12,489,901	12,433,208
<b>Total liabilities.....</b>	<b>22,117,400</b>	<b>22,175,604</b>
<b>Deferred inflows of resources.....</b>	<b>1,685,454</b>	<b>664,558</b>
<b>Net position:</b>		
Net investment in capital assets.....	48,882,594	46,810,710
Unrestricted.....	2,461,683	2,474,674
<b>Total net position.....</b>	<b>\$ 51,344,277</b>	<b>\$ 49,285,384</b>
	2022	2021
<b>Program Revenues:</b>		
Charges for services.....	\$ 20,432,278	\$ 20,474,633
Operating grants and contributions.....	26,330	11,004
<b>Total revenues.....</b>	<b>20,458,608</b>	<b>20,485,637</b>
<b>Expenses:</b>		
Water and sewer.....	19,935,954	22,871,038
Everett community television.....	446,255	306,937
<b>Total expenses.....</b>	<b>20,382,209</b>	<b>23,177,975</b>
<b>Excess (Deficiency) before transfers and capital contributions.....</b>	<b>76,399</b>	<b>(2,692,338)</b>
<b>Transfers.....</b>	<b>-</b>	<b>57,600</b>
<b>Capital contributions.....</b>	<b>1,982,494</b>	<b>2,338,260</b>
<b>Change in net position.....</b>	<b>2,058,893</b>	<b>(296,478)</b>
<b>Net position, beginning of year.....</b>	<b>49,285,384</b>	<b>49,581,862</b>
<b>Net position, end of year.....</b>	<b>\$ 51,344,277</b>	<b>\$ 49,285,384</b>

Business-type net position of \$48.9 million (95%) represents the net investment in capital assets while \$2.5 million (5%) was unrestricted. The City's business-type activities net position increased by \$2.1 million in the current year.

The \$2.1 million increase in water and sewer net position is primarily due to the \$2.0 million capital contribution from Massachusetts Water Resource Authority (MWRA) for the Paris Street sewer separation project. The grant was received along with a \$638,000, 0% interest loan.

The \$58,000 decrease in the ECTV net position is primarily due to the use of retained earnings to balance the operating budget.

### ***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 financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of \$98.5 million; of which, \$49.3 million was the general fund, a deficit of \$1.0 million was the City federal and state grants fund, \$26.2 million was the City capital projects fund and \$24.0 million was the nonmajor governmental funds. Cumulatively there was an increase of \$20.3 million in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$31.4 million, while total fund balance was \$49.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represented 13% of the total general fund expenditures, while total fund balance represented 20% of that same amount. Fund balance of \$1.1 million was committed for continuing appropriations and \$16.9 million of fund balance was assigned for encumbrances to be carried forward to the next year, and the use of fund balance to fund the subsequent years' operating budget.

In 2022, the City's general fund increased by \$3.3 million. This increase is primarily due to a \$6.5 million budgetary basis operating surplus and a \$642,000 increase in the stabilization funds which are reported as a component of the general fund on the GAAP basis financial statements. The increases were net of a \$3.3 million increase in the estimated tax refunds payable liability and a \$627,000 increase in accrued payroll.

General fund revenues increased \$12.6 million over the prior year primarily due to real estate and personal property taxes increasing by \$7.1 million in accordance with State law that allows for the assessment to increase by 2.5%, plus new growth, and strong collections of past due levies. The City saw an increase of \$2.9 million in penalties and interest on taxes which was related to the associated increased collections of past due accounts. Additionally state aid increased by \$11.2 million with the primary purpose of the additional funds being education, while the teachers' retirement revenue, paid on behalf of the City by the State, decreased \$12.7 million due to the special funding situation for teachers' pensions.

General fund expenditures increased by \$14.7 million over the prior year, primarily related to the education increase of \$15.1 million. Education expenditures were able to increase due to the associated state aid increase, as noted above. Further, public safety expenditures increased \$6.9 million over the prior year, mainly related to

salary increases from contract negotiations. As discussed above, there was a \$12.7 million decrease in the teachers' retirement on behalf expenditure. All other revenues and expenditures are in line with expectations and the budgeted amount for the current fiscal year.

The City federal and state grants fund is used to account for non-school related activity financed by grants. At the end of the current year fund balance totaled a deficit of \$1.0 million, which represents a \$2.9 million decrease from the prior year. This decrease is primarily related to additional costs associated with COVID-19 that the City intends to submit to the federal emergency management agency for reimbursement. The fund reported \$39.1 million of unearned revenue related to unobligated American Rescue Plan Act (ARPA) funds received from the State and Federal government.

The City capital projects fund is used to account for the City's capital projects as identified in the City's capital plan, which includes yearly expenditures for infrastructure and other project activities. At the end of the current year, fund balance totaled \$26.2 million, an increase of \$11.9 million from the prior year. The increase is due to timing differences between the receipt and expenditure of proceeds from long-term term borrowings as \$23.9 million of bond proceeds were received in fiscal year 2022.

The internal service fund experienced an increase of \$1.5 million that is primarily due to a decrease in claims experience. Ending net position was \$12.6 million at June 30, 2022.

### ***General Fund Budgetary Highlights***

The original 2022 budget authorized \$257.0 million of appropriations, other amounts to be raised, and amounts carried forward from the prior year. During 2022, the City Council approved supplemental appropriations from free cash of \$7.3 million for fire salaries, contributions to the OPEB trust fund, and contributions to the capital improvement and general stabilization funds.

Actual revenues exceeded budgeted revenues by \$12.9 million, while actual expenditures, including carry forwards, were less than budgeted amounts by \$6.8 million. For revenues, real estate and personal property taxes exceeded the budget by \$4.3 million while penalties and interest on taxes exceeded the budget by \$3 million, both surpluses related to strong collections of prior year unpaid bills. For expenditures, the most significant turn backs relate to public safety and City services and facilities.

### ***Capital Asset and Debt Administration***

**Capital Assets.** In conjunction with the annual operating budget, the City annually prepares a capital budget for the upcoming year and a five-year Capital Improvement Plan (CIP) that is used as a guide for future capital expenditures.

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounted to \$247.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, machinery and equipment, and infrastructure.

The total additions to the governmental activity's investment in capital assets for the current year were \$18.9 million. Major capital asset acquisitions during the current year included roadway improvements, building improvements, technology and other machinery and equipment purchases.

The \$5.7 million in additions to the business-type activities is mainly attributable to water and sewer main improvements and inflow infiltration projects.

**Debt Administration.** The City's bond rating was maintained at AA+ by Standard & Poor's Investors Service. The City continues to maintain strong market access for both note and bond sales.

Outstanding long-term debt for governmental activities, as of June 30, 2022, totaled \$101.8 million, of which \$7.3 million relates to unamortized debt premiums. Proceeds from general obligation bonds totaled \$25.7 million and includes \$1.8 million of premiums on the related debt. Of the new debt, \$10.5 million related to the Pope John property and land acquisition.

At year end, the water and sewer enterprise fund had \$14.6 million of outstanding long-term debt, which funded various water and sewer infrastructure projects and is fully supported by rates and does not rely on a general fund subsidy. The enterprise fund issued \$2.1 million of long-term debt in 2022 through the Massachusetts Water Resource Authority (MWRA).

Please refer to notes 4, 6, and 7 to the basic financial statements for further discussion of the major capital and debt activity.

### ***Requests for Information***

This financial report is designed to provide a general overview of the City of Everett's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer/City Auditor, City Hall, 484 Broadway, Everett, Massachusetts, 02149.

## ***Basic Financial Statements***

## STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 171,490,382	\$ 13,452,261	\$ 184,942,643
Investments.....	8,987,454	-	8,987,454
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	822,416	-	822,416
Tax liens.....	2,854,497	-	2,854,497
Motor vehicle excise taxes.....	670,094	-	670,094
User charges.....	-	1,689,950	1,689,950
Departmental and other.....	2,983,771	-	2,983,771
Intergovernmental.....	5,261,970	-	5,261,970
Working capital deposit.....	2,309,000	-	2,309,000
Other assets.....	3,000	17,513	20,513
Total current assets.....	195,382,584	15,159,724	210,542,308
<b>NONCURRENT:</b>			
Capital assets, nondepreciable.....	10,755,597	-	10,755,597
Capital assets, net of accumulated depreciation.....	177,755,205	59,103,304	236,858,509
Total noncurrent assets.....	188,510,802	59,103,304	247,614,106
TOTAL ASSETS.....	383,893,386	74,263,028	458,156,414
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows for refunding debt.....	78,287	-	78,287
Deferred outflows related to pensions.....	6,748,000	157,000	6,905,000
Deferred outflows related to other postemployment benefits.....	53,894,276	727,103	54,621,379
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	60,720,563	884,103	61,604,666
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	8,138,799	2,393,864	10,532,663
Accrued payroll.....	12,702,596	16,294	12,718,890
Health claims payable.....	1,455,000	-	1,455,000
Tax refunds payable.....	7,079,000	-	7,079,000
Accrued interest.....	872,160	43,479	915,639
Other liabilities.....	726,070	-	726,070
Unearned revenue.....	48,817,980	-	48,817,980
Compensated absences.....	5,435,725	51,205	5,486,930
Workers' compensation.....	46,100	3,600	49,700
Bonds payable.....	11,040,824	2,080,857	13,121,681
Total current liabilities.....	96,314,254	4,589,299	100,903,553
<b>NONCURRENT:</b>			
Compensated absences.....	7,949,556	26,250	7,975,806
Workers' compensation.....	414,500	32,100	446,600
Net pension liability.....	46,101,000	1,070,000	47,171,000
Net other postemployment benefits liability.....	289,805,388	3,909,850	293,715,238
Bonds payable.....	90,712,129	12,489,901	103,202,030
Total noncurrent liabilities.....	434,982,573	17,528,101	452,510,674
TOTAL LIABILITIES.....	531,296,827	22,117,400	553,414,227
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	28,894,000	671,000	29,565,000
Deferred inflows related to other postemployment benefits.....	75,193,223	1,014,454	76,207,677
TOTAL DEFERRED INFLOWS OF RESOURCES.....	104,087,223	1,685,454	105,772,677
<b>NET POSITION</b>			
Net investment in capital assets.....	114,503,355	48,882,594	163,385,949
Restricted for:			
Permanent funds:			
Expendable.....	340,776	-	340,776
Nonexpendable.....	1,048,919	-	1,048,919
Gifts and grants.....	6,292,667	-	6,292,667
Unrestricted.....	(312,955,818)	2,461,683	(310,494,135)
TOTAL NET POSITION.....	\$ (190,770,101)	\$ 51,344,277	\$ (139,425,824)

See notes to basic financial statements.



# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

		Program Revenues				
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
<b>Primary Government:</b>						
<i>Governmental Activities:</i>						
General government.....	\$ 15,034,737	\$ 930,741	\$ 1,529,507	\$ -	\$ (12,574,489)	
Public safety.....	54,898,821	10,688,865	1,785,249	-	(42,424,707)	
Education.....	164,840,570	1,304,820	120,375,751	-	(43,159,999)	
City services and facilities.....	19,327,923	173,950	-	946,852	(18,207,121)	
Community development.....	1,776,477	-	1,395,022	-	(381,455)	
Human services.....	9,016,209	362,659	341,124	165,677	(8,146,749)	
Libraries and recreation.....	3,079,829	171,169	488,961	-	(2,419,699)	
Interest.....	2,168,720	-	-	-	(2,168,720)	
Total Governmental Activities.....	270,143,286	13,632,204	125,915,614	1,112,529	(129,482,939)	
<i>Business-Type Activities:</i>						
Water and sewer.....	19,935,954	20,044,228	26,330	1,982,494	2,117,098	
Everett community television.....	446,255	388,050	-	-	(58,205)	
Total Business-Type Activities.....	20,382,209	20,432,278	26,330	1,982,494	2,058,893	
Total Primary Government.....	\$ 290,525,495	\$ 34,064,482	\$ 125,941,944	\$ 3,095,023	\$ (127,424,046)	

(Continued)

See notes to basic financial statements.

# STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page.....	\$ <u>(129,482,939)</u>	\$ <u>2,058,893</u>	\$ <u>(127,424,046)</u>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	94,529,705	-	94,529,705
Tax liens.....	645,540	-	645,540
Motor vehicle excise taxes.....	4,129,602	-	4,129,602
Chapter 121A excise payments in lieu of taxes.....	21,012,500	-	21,012,500
Community impact fee.....	5,253,124	-	5,253,124
Hotel/motel tax.....	784,679	-	784,679
Meals tax.....	1,236,866	-	1,236,866
Penalties and interest on taxes.....	3,536,876	-	3,536,876
Payments in lieu of taxes.....	14,112	-	14,112
Grants and contributions not restricted to specific programs.....	8,078,038	-	8,078,038
Unrestricted investment income.....	<u>783,626</u>	<u>-</u>	<u>783,626</u>
Total general revenues.....	<u>140,004,668</u>	<u>-</u>	<u>140,004,668</u>
Change in net position.....	10,521,729	2,058,893	12,580,622
<i>Net position:</i>			
Beginning of year.....	<u>(201,291,830)</u>	<u>49,285,384</u>	<u>(152,006,446)</u>
End of year.....	\$ <u><u>(190,770,101)</u></u>	\$ <u><u>51,344,277</u></u>	\$ <u><u>(139,425,824)</u></u>

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2022

	General	City Federal & State Grants	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 76,695,560	\$ 36,775,347	\$ 28,112,554	\$ 23,377,377	\$ 164,960,838
Investments.....	2,823,155	-	-	958,441	3,781,596
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	822,416	-	-	-	822,416
Tax liens.....	2,854,497	-	-	-	2,854,497
Motor vehicle excise taxes.....	670,094	-	-	-	670,094
Departmental and other.....	195	-	-	2,983,576	2,983,771
Intergovernmental.....	30,814	1,583,371	-	3,647,785	5,261,970
Due from other funds.....	1,963,609	-	-	-	1,963,609
Other assets.....	3,000	-	-	-	3,000
<b>TOTAL ASSETS.....</b>	<b>\$ 85,863,340</b>	<b>\$ 38,358,718</b>	<b>\$ 28,112,554</b>	<b>\$ 30,967,179</b>	<b>\$ 183,301,791</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 4,477,909	\$ 225,753	\$ 1,922,990	\$ 1,508,491	\$ 8,135,143
Accrued payroll.....	12,702,596	-	-	-	12,702,596
Tax refunds payable.....	7,079,000	-	-	-	7,079,000
Due to other funds.....	-	-	-	1,963,609	1,963,609
Other liabilities.....	357,700	-	-	368,370	726,070
Unearned revenue.....	7,832,067	39,144,444	-	1,841,469	48,817,980
<b>TOTAL LIABILITIES.....</b>	<b>32,449,272</b>	<b>39,370,197</b>	<b>1,922,990</b>	<b>5,681,939</b>	<b>79,424,398</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue.....	4,070,414	-	-	1,317,451	5,387,865
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	1,048,919	1,048,919
Restricted.....	-	2,528,422	26,189,564	22,918,870	51,636,856
Committed.....	1,097,754	-	-	-	1,097,754
Assigned.....	16,873,021	-	-	-	16,873,021
Unassigned.....	31,372,879	(3,539,901)	-	-	27,832,978
<b>TOTAL FUND BALANCES.....</b>	<b>49,343,654</b>	<b>(1,011,479)</b>	<b>26,189,564</b>	<b>23,967,789</b>	<b>98,489,528</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 85,863,340</b>	<b>\$ 38,358,718</b>	<b>\$ 28,112,554</b>	<b>\$ 30,967,179</b>	<b>\$ 183,301,791</b>

See notes to basic financial statements.

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

JUNE 30, 2022

Total governmental fund balances.....	\$	98,489,528
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		188,510,802
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		5,387,865
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		(43,366,660)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		12,585,746
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(872,160)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(101,752,953)	
Net pension liability.....	(46,101,000)	
Net other postemployment benefits liability.....	(289,805,388)	
Workers' compensation.....	(460,600)	
Compensated absences.....	(13,385,281)	
Net effect of reporting long-term liabilities.....		(451,505,222)
Net position of governmental activities.....	\$	(190,770,101)

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2022

	General	City Federal & State Grants	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 99,163,532	\$ -	\$ -	\$ -	\$ 99,163,532
Tax liens.....	179,443	-	-	-	179,443
Motor vehicle excise taxes.....	4,662,553	-	-	-	4,662,553
Chapter 121A excise payments in lieu of taxes.....	21,012,500	-	-	-	21,012,500
Community impact fee.....	5,253,124	-	-	-	5,253,124
Hotel/motel tax.....	784,679	-	-	-	784,679
Meals tax.....	1,236,866	-	-	-	1,236,866
Charges for services.....	-	-	-	697,625	697,625
Penalties and interest on taxes.....	3,536,876	-	-	-	3,536,876
Payments in lieu of taxes.....	14,112	-	-	-	14,112
Licenses and permits.....	4,034,315	-	-	-	4,034,315
Fines and forfeitures.....	1,780,496	-	-	-	1,780,496
Intergovernmental - state aid.....	94,455,299	-	-	-	94,455,299
Intergovernmental - Teachers Retirement.....	13,433,085	-	-	-	13,433,085
Intergovernmental.....	-	4,865,988	-	19,821,756	24,687,744
Departmental and other.....	2,890,658	-	-	5,356,644	8,247,302
Contributions and donations.....	-	-	-	789,555	789,555
Investment income.....	528,499	-	-	25,755	554,254
<b>TOTAL REVENUES.....</b>	<b>252,966,037</b>	<b>4,865,988</b>	<b>-</b>	<b>26,691,335</b>	<b>284,523,360</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	8,295,920	207,869	91,533	803,978	9,399,300
Public safety.....	36,688,831	1,446,979	1,427,945	4,617,384	44,181,139
Education.....	100,062,664	-	-	14,165,888	114,228,552
City services and facilities.....	12,804,605	76,193	8,009,966	29,887	20,920,651
Community development.....	-	926,680	2,682,626	783,985	4,393,291
Human services.....	2,777,211	4,999,006	-	313,992	8,090,209
Libraries and recreation.....	1,086,884	142,308	450,279	383,001	2,062,472
Pension benefits.....	17,599,547	-	-	-	17,599,547
Pension benefits - Teachers Retirement.....	13,433,085	-	-	-	13,433,085
Property and liability insurance.....	3,216,109	-	-	-	3,216,109
Employee benefits.....	23,863,006	-	-	-	23,863,006
State and county charges.....	16,097,533	-	-	-	16,097,533
Debt service:					
Principal.....	8,934,417	-	-	-	8,934,417
Interest.....	3,497,555	-	-	-	3,497,555
<b>TOTAL EXPENDITURES.....</b>	<b>248,357,367</b>	<b>7,799,035</b>	<b>12,662,349</b>	<b>21,098,115</b>	<b>289,916,866</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>4,608,670</b>	<b>(2,933,047)</b>	<b>(12,662,349)</b>	<b>5,593,220</b>	<b>(5,393,506)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds.....	-	-	23,905,000	-	23,905,000
Premium from issuance of bonds.....	-	-	-	1,833,700	1,833,700
Transfers in.....	-	-	686,354	637,345	1,323,699
Transfers out.....	(1,323,699)	-	-	-	(1,323,699)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(1,323,699)</b>	<b>-</b>	<b>24,591,354</b>	<b>2,471,045</b>	<b>25,738,700</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>3,284,971</b>	<b>(2,933,047)</b>	<b>11,929,005</b>	<b>8,064,265</b>	<b>20,345,194</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>46,058,683</b>	<b>1,921,568</b>	<b>14,260,559</b>	<b>15,903,524</b>	<b>78,144,334</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 49,343,654</b>	<b>\$ (1,011,479)</b>	<b>\$ 26,189,564</b>	<b>\$ 23,967,789</b>	<b>\$ 98,489,528</b>

See notes to basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds.....	\$ 20,345,194
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay.....	18,876,118
Depreciation expense.....	<u>(12,920,504)</u>
Net effect of reporting capital assets.....	5,955,614
Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....	
	(4,087,717)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.	
Issuance of bonds.....	(23,905,000)
Premium from issuance of notes.....	(1,833,700)
Net amortization of premium from issuance of bonds.....	1,135,662
Net change in deferred charge on refunding.....	(42,746)
Debt service principal payments.....	<u>8,934,417</u>
Net effect of reporting long-term debt.....	(15,711,367)
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.	
Net change in compensated absences accrual.....	(171,779)
Net change in accrued interest on long-term debt.....	235,919
Net change in deferred outflow/(inflow) of resources related to pensions.....	(14,085,000)
Net change in net pension liability.....	29,722,000
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits....	(65,043,048)
Net change in net other postemployment benefits liability.....	51,323,530
Net change in workers' compensation liability.....	<u>519,500</u>
Net effect of recording long-term liabilities.....	2,501,122
The net activity of internal service funds is reported with Governmental Activities.....	<u>1,518,883</u>
Change in net position of governmental activities.....	<u>\$ 10,521,729</u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF NET POSITION

JUNE 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Everett Community Television	Total	
<b>ASSETS</b>				
<b>CURRENT:</b>				
Cash and cash equivalents.....	\$ 12,439,846	\$ 1,012,415	\$ 13,452,261	\$ 6,529,544
Investments.....	-	-	-	5,205,858
Receivables, net of allowance for uncollectibles:				
User charges.....	1,689,950	-	1,689,950	-
Working capital deposit.....	-	-	-	2,309,000
Other assets.....	-	17,513	17,513	-
<b>Total current assets.....</b>	<b>14,129,796</b>	<b>1,029,928</b>	<b>15,159,724</b>	<b>14,044,402</b>
<b>NONCURRENT:</b>				
Capital assets, net of accumulated depreciation.....	59,103,304	-	59,103,304	-
<b>TOTAL ASSETS.....</b>	<b>73,233,100</b>	<b>1,029,928</b>	<b>74,263,028</b>	<b>14,044,402</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions.....	109,000	48,000	157,000	-
Deferred outflows related to other postemployment benefits.....	633,514	93,589	727,103	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>742,514</b>	<b>141,589</b>	<b>884,103</b>	<b>-</b>
<b>LIABILITIES</b>				
<b>CURRENT:</b>				
Warrants payable.....	2,389,008	4,856	2,393,864	3,656
Accrued payroll.....	16,294	-	16,294	-
Health claims payable.....	-	-	-	1,455,000
Accrued interest.....	43,479	-	43,479	-
Compensated absences.....	51,205	-	51,205	-
Workers' compensation.....	3,600	-	3,600	-
Bonds payable.....	2,080,857	-	2,080,857	-
<b>Total current liabilities.....</b>	<b>4,584,443</b>	<b>4,856</b>	<b>4,589,299</b>	<b>1,458,656</b>
<b>NONCURRENT:</b>				
Compensated absences.....	26,250	-	26,250	-
Workers' compensation.....	32,100	-	32,100	-
Net pension liability.....	745,000	325,000	1,070,000	-
Net other postemployment benefits liability.....	3,406,593	503,257	3,909,850	-
Bonds payable.....	12,489,901	-	12,489,901	-
<b>Total noncurrent liabilities.....</b>	<b>16,699,844</b>	<b>828,257</b>	<b>17,528,101</b>	<b>-</b>
<b>TOTAL LIABILITIES.....</b>	<b>21,284,287</b>	<b>833,113</b>	<b>22,117,400</b>	<b>1,458,656</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions.....	467,000	204,000	671,000	-
Deferred inflows related to other postemployment benefits.....	883,878	130,576	1,014,454	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>1,350,878</b>	<b>334,576</b>	<b>1,685,454</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets.....	48,882,594	-	48,882,594	-
Unrestricted.....	2,457,855	3,828	2,461,683	12,585,746
<b>TOTAL NET POSITION.....</b>	<b>\$ 51,340,449</b>	<b>\$ 3,828</b>	<b>\$ 51,344,277</b>	<b>\$ 12,585,746</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Everett Community Television	Total	
<b>OPERATING REVENUES:</b>				
Employee contributions.....	\$ -	\$ -	\$ -	\$ 5,961,750
Employer contributions.....	-	-	-	22,019,835
Charges for services - water.....	5,752,059	-	5,752,059	-
Charges for services - sewer.....	13,711,982	-	13,711,982	-
Charges for services - ECTV.....	-	388,050	388,050	-
Liens - charges for services.....	580,187	-	580,187	-
<b>TOTAL OPERATING REVENUES .....</b>	<b>20,044,228</b>	<b>388,050</b>	<b>20,432,278</b>	<b>27,981,585</b>
<b>OPERATING EXPENSES:</b>				
Cost of services and administration.....	2,310,529	446,255	2,756,784	-
MWRA assessment - water.....	6,272,641	-	6,272,641	-
MWRA assessment - sewer.....	9,618,364	-	9,618,364	-
Depreciation.....	1,603,140	-	1,603,140	-
Employee benefits.....	-	-	-	26,692,074
<b>TOTAL OPERATING EXPENSES.....</b>	<b>19,804,674</b>	<b>446,255</b>	<b>20,250,929</b>	<b>26,692,074</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>239,554</b>	<b>(58,205)</b>	<b>181,349</b>	<b>1,289,511</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>				
Investment income (loss).....	26,330	-	26,330	229,372
Interest expense.....	(131,280)	-	(131,280)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(104,950)</b>	<b>-</b>	<b>(104,950)</b>	<b>229,372</b>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....</b>	<b>134,604</b>	<b>(58,205)</b>	<b>76,399</b>	<b>1,518,883</b>
<b>CAPITAL CONTRIBUTIONS.....</b>	<b>1,982,494</b>	<b>-</b>	<b>1,982,494</b>	<b>-</b>
<b>CHANGE IN NET POSITION.....</b>	<b>2,117,098</b>	<b>(58,205)</b>	<b>2,058,893</b>	<b>1,518,883</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>49,223,351</b>	<b>62,033</b>	<b>49,285,384</b>	<b>11,066,863</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 51,340,449</b>	<b>\$ 3,828</b>	<b>\$ 51,344,277</b>	<b>\$ 12,585,746</b>

See notes to basic financial statements.



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

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Everett Community Television	Total	
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
Receipts from customers and users.....	\$ 20,062,367	\$ 388,050	\$ 20,450,417	\$ -
Receipts from interfund services provided.....	-	-	-	27,981,585
Payments to vendors.....	(17,425,810)	(214,723)	(17,640,533)	-
Payments to employees.....	(1,060,855)	(341,120)	(1,401,975)	-
Payments for interfund services used.....	-	-	-	(29,031,897)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>1,575,702</b>	<b>(167,793)</b>	<b>1,407,909</b>	<b>(1,050,312)</b>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>				
Proceeds from the issuance of bonds.....	2,137,550	-	2,137,550	-
Capital contributions.....	1,982,494	-	1,982,494	-
Acquisition and construction of capital assets.....	(4,193,936)	-	(4,193,936)	-
Principal payments on bonds and notes.....	(2,105,266)	-	(2,105,266)	-
Interest expense.....	(151,426)	-	(151,426)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(2,330,584)</b>	<b>-</b>	<b>(2,330,584)</b>	<b>-</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>				
Sales and (purchases) of investments, net.....	-	-	-	(2,248,931)
Investment income (loss).....	26,330	-	26,330	229,372
<b>NET CASH FROM INVESTING ACTIVITIES.....</b>	<b>26,330</b>	<b>-</b>	<b>26,330</b>	<b>(2,019,559)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(728,552)</b>	<b>(167,793)</b>	<b>(896,345)</b>	<b>(3,069,871)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>13,168,398</b>	<b>1,180,208</b>	<b>14,348,606</b>	<b>9,599,415</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 12,439,846</b>	<b>\$ 1,012,415</b>	<b>\$ 13,452,261</b>	<b>\$ 6,529,544</b>
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u></b>				
Operating income (loss).....	\$ 239,554	\$ (58,205)	\$ 181,349	\$ 1,289,511
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation.....	1,603,140	-	1,603,140	-
Deferred (outflows)/inflows related to pensions.....	204,000	99,000	303,000	-
Deferred (outflows)/inflows related to other postemployment benefits.....	770,219	113,342	883,561	-
Changes in assets and liabilities:				
User charges.....	18,139	-	18,139	-
Working capital deposit.....	-	-	-	(50,600)
Other assets.....	-	(17,513)	(17,513)	-
Warrants payable.....	206,239	(237)	206,002	(980,223)
Accrued payroll.....	(9,267)	-	(9,267)	-
Health claims payable.....	-	-	-	(1,309,000)
Compensated absences.....	11,659	-	11,659	-
Workers' compensation.....	(118,600)	-	(118,600)	-
Net pension liability.....	(702,000)	(212,000)	(914,000)	-
Net other postemployment benefits liability.....	(647,381)	(92,180)	(739,561)	-
<b>Total adjustments.....</b>	<b>1,336,148</b>	<b>(109,588)</b>	<b>1,226,560</b>	<b>(2,339,823)</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 1,575,702</b>	<b>\$ (167,793)</b>	<b>\$ 1,407,909</b>	<b>\$ (1,050,312)</b>
<b><u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u></b>				
Acquisition of capital assets on account.....	\$ (1,493,425)	\$ -	\$ (1,493,425)	\$ -

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

	Pension and Other Employee Benefit Trust Funds (1)
<b>ASSETS</b>	
Cash and cash equivalents.....	\$ 455,699
Investments:	
Investments in Pension Reserve Investment Trust.....	265,181,581
Government sponsored enterprises.....	555,742
Corporate bonds.....	5,219,902
U.S. Government securities.....	1,161,912
Equity securities.....	1,125,850
Bond mutual funds.....	1,307,345
Receivables, net of allowance for uncollectibles:	
Departmental and other.....	72,011
<b>TOTAL ASSETS</b> .....	<b>275,080,042</b>
<b>NET POSITION</b>	
Restricted for pensions.....	265,588,672
Restricted for other postemployment benefits.....	9,491,370
<b>TOTAL NET POSITION</b> .....	<b>\$ 275,080,042</b>

(1) The Pension Trust Fund is as of December 31, 2021.

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2022

	Pension and Other Employee Benefit Trust Funds (1)
<b>ADDITIONS:</b>	
Contributions:	
Employer contributions.....	\$ 18,856,262
Employer contributions for other postemployment benefit payments.....	8,780,853
Member contributions.....	5,029,797
Transfers from other systems.....	980,966
Retirement benefits - 3(8)c contributions from other systems.....	369,735
Workers compensation settlements.....	3,916
Member makeup payments and redeposits.....	59,932
Interest not refunded.....	837
Retirement benefits - Intergovernmental.....	180,129
	<u>34,262,427</u>
Total contributions.....	<u>34,262,427</u>
Net investment income (loss):	
Investment income (loss).....	43,754,093
Less: investment expense.....	<u>(1,188,572)</u>
Net investment income (loss).....	<u>42,565,521</u>
TOTAL ADDITIONS.....	<u>76,827,948</u>
<b>DEDUCTIONS:</b>	
Administration.....	263,923
Transfers to other systems.....	471,632
Retirement benefits - 3(8)c transfer to other systems.....	506,099
Retirement benefits and refunds.....	16,804,063
Other postemployment benefit payments.....	<u>8,780,853</u>
TOTAL DEDUCTIONS.....	<u>26,826,570</u>
NET INCREASE (DECREASE) IN NET POSITION.....	50,001,378
NET POSITION AT BEGINNING OF YEAR.....	<u>225,078,664</u>
NET POSITION AT END OF YEAR.....	<u>\$ 275,080,042</u>

(1) The Pension Trust Fund is as of December 31, 2021.

See notes to basic financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the City of Everett, Massachusetts (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

**A. Reporting Entity**

The City is a municipal corporation that is governed by an elected Mayor and an elected City Council.

For financial reporting purposes, the City has included all funds, organizations, agencies, boards, commissions and institutions. The City has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the City (the primary government) and its component units. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and/or financial relationship.

*Component Unit Presented as a Fiduciary Fund* – The following component unit is presented as a Fiduciary Fund of the primary government due to the nature and significance of the relationship between the City and the component unit.

The Everett Contributory Retirement System (System) was established to provide retirement benefits to City employees, the City Housing Authority employees, and their beneficiaries. The System is governed by a five-member board comprised of the City Auditor (ex-officio), two members elected by the System's participants, one member appointed by the Mayor and one member appointed by the Board members. The System is presented using the accrual basis of accounting and is reported as a pension and other employee benefit trust fund in the fiduciary fund financial statements.

The System did not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 484 Broadway, Everett, MA 02149.

**B. Government-Wide and Fund Financial Statements*****Government-Wide Financial Statements***

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

***Fund Financial Statements***

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

*Major Fund Criteria*

Major funds must be reported if the following criteria are met:

- If total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows or resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Internal service funds and fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

*Fund Financial Statements*

**Governmental** fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *City federal and state grants fund* is used to account for non-school related activity specifically financed by federal and state grants which are designated for specific programs.

The *City capital projects fund* is used to account for financial activities associated with City capital acquisitions and improvements that have been authorized and approved by City Council. These projects will be funded through the issuance of long-term bonds and notes, state grants and other available funds.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements.

The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principle ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

The *water and sewer enterprise fund* is used to account for water and sewer activities.

The *Everett community television enterprise fund* is used to account for the community television operations.

Additionally, the following proprietary fund type is reported:

The *internal service funds* are used to account for the financing of services provided by one department to other departments or governmental units. These funds are used to account for risk financing activities related to employees' health insurance, workers' compensation claims, and property and liability insurance.

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

The following fiduciary fund type is reported:

The *pension and other employee benefit trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries and to accumulate resources to provide funding for future OPEB liabilities.

#### D. Cash and Investments

##### *Government-Wide and Fund Financial Statements*

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

#### E. Fair Value Measurements

The City reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the City to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the City's financial instruments, see Note 2 – Cash and Investments.

#### F. Accounts Receivable

##### *Government-Wide and Fund Financial Statements*

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

##### ***Real Estate, Personal Property Taxes and Tax Liens***

Real estate and personal property taxes are levied and based on values assessed on January 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessors for 100% of the estimated fair value. Taxes are due on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed during the fourth quarter of every year on delinquent properties and are recorded as receivables in the year they are processed.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

##### ***Motor Vehicle Excise Taxes***

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.



***Water and Sewer User Charges***

User charges are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Unbilled user charges are estimated at year-end and are recorded as revenue in the current period. Water and Sewer liens are processed in December of every year and included as a lien on the property owner's tax bill. Water and Sewer charges and liens are recorded as receivables in the year of the levy.

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

***Departmental and Other***

Departmental and other receivables consist primarily of police details, various penalties, fees and fines and are recorded as receivables in the year accrued. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

***Intergovernmental***

Various federal and state grants for operating and capital purposes are applied for and received annually. For non-expenditure driven grants, receivables are recorded as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, receivables are recorded when the qualifying expenditures are incurred and all other grant requirements are met.

These receivables are considered 100% collectible and therefore do not report an allowance for uncollectibles.

**G. Inventories and Prepaid Items*****Government-Wide and Fund Financial Statements***

Inventories are recorded as expenditures at the time of purchase. Such inventories are not material in total to the government-wide and fund financial statements, and therefore are not reported.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of the prepaid item is recorded as expenditures/expenses when consumed, rather than when purchased.

**H. Capital Assets*****Government-Wide and Proprietary Fund Financial Statements***

Capital assets, which include land, land improvements, buildings, machinery and equipment, vehicles, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets; donated works of art, historical treasures and similar assets; and capital assets received in service concession arrangements are recorded at acquisition value.

All purchases and construction costs in excess of \$25,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

Capital assets (excluding land and construction in progress) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and improvements.....	5 - 40
Machinery and equipment.....	5 - 10
Infrastructure.....	10 - 40

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are treated as expenses when incurred. Improvements are capitalized.

#### *Governmental Fund Financial Statements*

Capital asset costs are recorded as expenditures in the acquiring fund in the year of the purchase.

#### I. Deferred Outflows/Inflows of Resources

##### *Government-Wide Financial Statements (Net Position)*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has reported deferred charges on refunding and deferred outflows of resources related to pensions and OPEB in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has reported deferred inflows of resources related to pensions and OPEB in this category.

##### *Governmental Fund Financial Statements*

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents assets that have been recorded in the governmental fund financial statements, but the revenue is not available and so will *not* be recognized as an inflow of resources (revenue) until it becomes available. The City has reported unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

#### J. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

##### *Government-Wide Financial Statements*

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding

between the governmental activities and business-type activities are reported in the statement of net position as “internal balances.”

#### *Fund Financial Statements*

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as “Due from other funds” or “Due to other funds” on the balance sheet.

#### K. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

#### *Government-Wide Financial Statements*

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

#### *Fund Financial Statements*

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

#### L. Unavailable Revenue

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

#### M. Net Position and Fund Equity

##### *Government-Wide Financial Statements (Net Position)*

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 assets. Outstanding debt related to future reimbursements from the state’s school building program is 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 future use.

Net position has been “restricted for” the following:

“Permanent funds - expendable” represents the amount of realized and unrealized investment earnings on donor restricted trusts. The restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings.

“Permanent funds - nonexpendable” represents the endowment portion of donor restricted trusts that support governmental programs.

“Gifts and grants” represents assets that have restrictions placed on them from outside parties.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

#### *Fund Financial Statements (Fund Balances)*

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority. The passage of a City Council Order is the highest level of decision-making authority that can commit funds for a specific purpose. Once passed, the limitation imposed by the order remains in place until the funds are used for their intended purpose or a Council Order is passed to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. The City Council has by resolution authorized the City Auditor to assign fund balance. Funds are assigned when the City has an obligation to purchase goods or services from the current years’ appropriation. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Sometimes the City will fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the City’s policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

## N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Everett Contributory Retirement System and the Massachusetts Teachers Retirement System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## O. Long-term debt

### *Government-Wide and Proprietary Fund Financial Statements*

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

### *Governmental Fund Financial Statements*

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

## P. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL).

Investment income earned by proprietary funds is retained by those funds.

## Q. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

### *Government-Wide and Proprietary Fund Financial Statements*

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

### *Governmental Fund Financial Statements*

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities only if they have matured.

## R. Use of Estimates

### *Government-Wide and Fund Financial Statements*

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets

and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

#### S. Total Column

##### *Government-Wide Financial Statements*

The total column presented on the government-wide financial statements represents consolidated financial information.

##### *Fund Financial Statements*

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

## **NOTE 2 – CASH AND INVESTMENTS**

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

The City Treasurer is the custodian of funds held in the OPEB trust fund. As of June 30, 2022, \$9,491,370 from the OPEB trust fund is included within the City's cash and investments balances in the following disclosures.

The System participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board (PRIM), which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

#### Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy allows unlimited deposits in bank accounts or CD's (up to one-year maturity) that are fully collateralized through a third-party agreement and up to the coverage limit for insured accounts. For unsecured bank deposits and CD's, these deposits are limited to no more than 25% of the City's cash. This percentage may be increased for not more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the City in the near future. Their credit worthiness will be tracked by Veribanc, or other bank credit worthiness reporting systems. They will be diversified as much as possible. The City's policy also allows unlimited investments in money market mutual funds that are registered with the Securities and Exchange Commission that

have received the highest possible rating from at least one nationally recognized statistical rating organization and as otherwise referenced in the Massachusetts General Law Chapter 44, Section 55.

At year-end, the carrying amount of deposits totaled \$164,391,547 and the bank balance totaled \$176,363,541. Of the bank balance, \$2,003,429 was covered by Federal Depository Insurance, \$89,577,824 was covered by the Depository Insurance Fund, \$4,647,821 was collateralized, and \$80,134,467 was uncollateralized.

At December 31, 2021, the carrying amount of deposits for the System totaled \$335,080 and the bank balance of \$476,929 was covered by Federal Depository Insurance. The System does not have a deposit policy for custodial credit risk.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City will manage interest rate risk by managing the duration in the account. The System follows PRIM policies for interest rate risk.

The City participates in MMDT, which maintains a cash portfolio with a weighted average maturity of 27 days.

As of June 30, 2022, the City had the following investments:

Investment Type	Fair value	Maturities		
		Under 1 Year	1-5 Years	6-10 Years
Debt securities:				
U.S. Government securities.....	\$ 3,162,985	\$ 795,303	\$ 2,089,105	\$ 278,577
Government sponsored enterprises.....	993,896	270,035	546,552	177,309
Corporate bonds.....	5,275,273	291,768	4,772,968	210,537
Bond mutual funds.....	2,087,604	434,039	1,525,892	127,673
Total debt securities.....	11,519,758	\$ 1,791,145	\$ 8,934,517	\$ 794,096
Other investments:				
Equity securities.....	6,838,447			
Money market mutual funds.....	370,923			
Total other investments.....	7,209,370			
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	20,300,792			
Total investments.....	\$ 39,029,920			

The System participates in PRIT. As of December 31, 2021, the Retirement System had investments in PRIT totaling \$265,181,581. The effective weighted duration rate for PRIT investments ranged from 1.33 to 15.12 years.

### Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the City will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The City will review the financial institution's financial statements and the background of the Advisor. The intent of this

qualification is to limit the City's exposure to only those institutions with a proven financial strength, Capital adequacy of the firm, and overall affirmative reputation in the municipal industry. Further, all securities not held directly by the City, will be held in the City's name and tax identification number by a third-party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

The City's investments in U.S. government securities, government sponsored enterprises, corporate bonds and equity securities are subject to custodial credit; however, the custodial credit risk has been minimized through the City's investment policy as previously stated.

At December 31, 2021, the System did not have investments that were subject to custodial credit risk. The System follows PRIM policies for custodial credit risk.

### Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. The City will manage credit risk several ways. There will be no limit to the amount of United States Treasury and United States Government Custodial obligations. In regard to other investments, the City will only purchase investment grade securities with a high concentration in securities rated A or better. The City may invest in the Massachusetts Municipal Depository Trust (MMDT) with no limit to the amount of funds placed in the fund. The City's investments are rated as follows by Standard & Poor's Investors Service:

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>	<u>Bond Mutual Funds</u>
AAA.....	\$ 696,593	\$ 512,795	\$ 612,023
AA+.....	297,303	49,711	-
AA.....	-	64,636	363,817
AA-.....	-	209,700	-
A+.....	-	1,712,205	-
A.....	-	399,872	130,885
A-.....	-	392,296	-
BBB+.....	-	847,225	-
BBB.....	-	1,038,026	529,487
BB+.....	-	48,807	-
B+.....	-	-	322,652
B.....	-	-	128,740
Total.....	\$ <u>993,896</u>	\$ <u>5,275,273</u>	\$ <u>2,087,604</u>

The City's investments in MMDT were unrated.

The System's investments of \$265,181,581 in PRIT shares were also unrated.

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The City did not have any investments in anyone issuer exceeding 5 percent of the total investments.



The System follows PRIM policies for concentration of credit risk. The System did not have any investments that were subject to concentration of credit risk.

### Fair Value of Investments

The City holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the City's mission, the City determines that the disclosures related to these investments only need to be disaggregated by major type. The City chooses a tabular format for disclosing the levels within the fair value hierarchy.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2022:

Investment Type	June 30, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments measured at fair value:</b>				
<u>Debt securities:</u>				
U.S. Government securities.....	\$ 3,162,985	\$ 3,162,985	\$ -	\$ -
Government sponsored enterprises.....	993,896	993,896	-	-
Corporate Bonds.....	5,275,273	-	5,275,273	-
Bond mutual funds.....	2,087,604	2,087,604	-	-
Total debt securities.....	11,519,758	6,244,485	5,275,273	-
<u>Other investments:</u>				
Equity securities.....	6,838,447	6,838,447	-	-
Money market mutual funds.....	370,923	370,923	-	-
Total other investments.....	7,209,370	7,209,370	-	-
Total investments measured at fair value.....	18,729,128	\$ 13,453,855	\$ 5,275,273	\$ -
<b>Investments measured at amortized cost:</b>				
MMDT - Cash portfolio.....	20,300,792			
Total investments.....	\$ 39,029,920			

U.S. government securities, government sponsored enterprises, bond mutual funds, equity securities and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active

markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

At December 31, 2021, the System's investments in PRIT totaled \$265,181,581, and are valued using the net asset value (NAV) method. The fair value of the positions in each investment Pool are the same as the value of each Pool's shares.

### NOTE 3 – RECEIVABLES

At June 30, 2022, receivables for the individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.... \$	1,402,316	\$ (579,900)	\$ 822,416
Tax liens.....	2,854,497	-	2,854,497
Motor vehicle excise taxes.....	2,724,794	(2,054,700)	670,094
Departmental and other.....	2,983,771	-	2,983,771
Intergovernmental.....	5,261,970	-	5,261,970
Total..... \$	<u>15,227,348</u>	<u>\$ (2,634,600)</u>	<u>\$ 12,592,748</u>

At June 30, 2022, the water and sewer enterprise fund reported \$1,689,950 of user charges receivable.

Governmental funds report *unavailable revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the various components of *unavailable revenue* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes..... \$	545,628	\$ -	\$ 545,628
Tax liens.....	2,854,497	-	2,854,497
Motor vehicle excise taxes.....	670,094	-	670,094
Departmental and other.....	195	-	195
Intergovernmental - highway improvements....	-	1,317,451	1,317,451
Total..... \$	<u>4,070,414</u>	<u>\$ 1,317,451</u>	<u>\$ 5,387,865</u>

**NOTE 4 – CAPITAL ASSETS**

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

<b>Governmental Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 10,755,597	\$ -	\$ -	\$ 10,755,597
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	150,491,551	3,872,902	-	154,364,453
Machinery and equipment.....	28,977,414	5,164,206	(2,002,668)	32,138,952
Infrastructure.....	122,288,761	9,839,010	(9,957)	132,117,814
Total capital assets being depreciated.....	301,757,726	18,876,118	(2,012,625)	318,621,219
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(74,771,311)	(4,835,343)	-	(79,606,654)
Machinery and equipment.....	(13,243,400)	(3,943,977)	2,002,668	(15,184,709)
Infrastructure.....	(41,943,424)	(4,141,184)	9,957	(46,074,651)
Total accumulated depreciation.....	(129,958,135)	(12,920,504)	2,012,625	(140,866,014)
Total capital assets being depreciated, net.....	171,799,591	5,955,614	-	177,755,205
Total governmental activities capital assets, net.....	\$ 182,555,188	\$ 5,955,614	\$ -	\$ 188,510,802
<b>Water and Sewer Activities:</b>	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 653,465	\$ 69,565	\$ -	\$ 723,030
Infrastructure.....	79,724,895	5,617,796	(152,438)	85,190,253
Total capital assets being depreciated.....	80,378,360	5,687,361	(152,438)	85,913,283
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(295,038)	(98,094)	-	(393,132)
Infrastructure.....	(25,064,239)	(1,505,046)	152,438	(26,416,847)
Total accumulated depreciation.....	(25,359,277)	(1,603,140)	152,438	(26,809,979)
Total water and sewer activities capital assets, net....	\$ 55,019,083	\$ 4,084,221	\$ -	\$ 59,103,304

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

<b>Governmental Activities:</b>	
General government.....	\$ 276,759
Public safety.....	855,599
Education.....	5,986,721
City services and facilities.....	4,156,971
Community development.....	637,506
Libraries and recreation.....	1,006,948
Total depreciation expense - governmental activities.....	\$ 12,920,504
<b>Business-Type Activities:</b>	
Water and sewer.....	\$ 1,603,140

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables totaled \$1,963,609 and represent funding by the general fund for temporary cash deficits in the other special revenue fund and highway improvements capital project fund of \$1,813,402 and \$150,207, respectively.

On a budgetary basis, the general fund “transfers in” totaled \$1,171,627, which represents a transfer from the water and sewer enterprise fund for indirect costs and a transfer from the capital improvements stabilization fund totaling \$771,627 and \$400,000, respectively. The transfer from the water and sewer enterprise fund was for health insurance costs and is reported as such for the GAAP basis financial statements.

On a budgetary basis, the general fund “transfers out” totaled \$2,303,680 and included \$714,144 to the general stabilization account, \$952,191 to the capital improvement stabilization account, and \$637,345 to the nonmajor school capital projects fund. The transfers between the general fund and stabilization fund are eliminated on a GAAP basis since the stabilization accounts are reported as component of the general fund.

Additionally, the general fund reported transfers out of \$686,354 to the City Capital Projects fund to fund capital projects with stabilization funds.

**NOTE 6 – SHORT-TERM FINANCING**

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and each applicable enterprise fund.

The City had the following outstanding short-term debt activity for the year ended June 30, 2022:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2021	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2022
<b>Governmental Funds:</b>							
BAN	General obligation.....	2.00%	02/11/22	\$ 10,500,000	\$ -	\$ (10,500,000)	\$ -

**NOTE 7 – LONG-TERM DEBT**

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit." In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit."

Details related to the outstanding indebtedness at June 30, 2022, and the debt service requirements are as follows:

**Bonds Payable Schedule – Governmental Funds**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
<b>General Obligation Bonds Payable:</b>				
General Obligation Bonds of 2008.....	2033	\$ 11,235,383	1.99	\$ 4,943,570
General Obligation Bonds of 2014.....	2034	7,636,000	2.00-3.00	2,985,000
General Obligation Bonds of 2014.....	2029	5,325,000	3.00-3.50	1,855,000
General Obligation Refunding Bonds of 2015.....	2026	6,190,000	2.00-4.00	2,720,000
General Obligation Bonds of 2015.....	2035	6,025,000	2.00-4.00	3,015,000
General Obligation Bonds of 2016.....	2036	17,857,000	2.00-4.00	8,485,000
General Obligation Bonds of 2017.....	2037	12,417,000	3.00-5.00	7,920,000
General Obligation Bonds of 2018.....	2038	13,525,450	3.00-5.00	7,810,000
General Obligation Bonds of 2019.....	2039	17,613,000	3.00-5.00	12,090,000
General Obligation Bonds of 2020.....	2041	17,136,000	2.00-5.00	16,080,000
General Obligation Refunding Bonds of 2020.....	2030	759,000	5.00	680,000
General Obligation Energy Improvement Bonds.....	2031	1,570,000	5.00	1,410,000
General Obligation Municipal Loan of 2022.....	2042	13,450,000	2.00-5.00	13,450,000
General Obligation Property Acquisition Bonds.....	2042	10,455,000	2.00-3.00	10,455,000
Subtotal General Obligation Bonds Payable.....				<u>93,898,570</u>
<b>Direct Borrowings Payable:</b>				
Section 108 HUD Loan.....	2028	1,000,000	0.00	<u>573,000</u>
Add: Unamortized premium on bonds.....				<u>7,281,383</u>
Total Bonds Payable, net.....				<u>\$ 101,752,953</u>

Debt service requirements for principal and interest for governmental general obligation bonds and direct borrowings payable in future years are as follows:

Year	General Obligation Bonds Payable:		
	Principal	Interest	Total
2023.....	\$ 9,769,415	\$ 3,414,422	\$ 13,183,837
2024.....	8,874,415	3,009,661	11,884,076
2025.....	7,489,415	2,630,193	10,119,608
2026.....	7,389,415	2,307,771	9,697,186
2027.....	6,589,415	2,003,985	8,593,400
2028.....	6,454,415	1,720,538	8,174,953
2029.....	6,279,415	1,467,442	7,746,857
2030.....	5,994,415	1,221,988	7,216,403
2031.....	5,654,415	994,297	6,648,712
2032.....	4,899,415	792,079	5,691,494
2033.....	4,669,420	633,864	5,303,284
2034.....	4,025,000	495,537	4,520,537
2035.....	3,605,000	396,907	4,001,907
2036.....	3,240,000	311,828	3,551,828
2037.....	2,795,000	233,309	3,028,309
2038.....	1,725,000	160,102	1,885,102
2039.....	1,455,000	112,720	1,567,720
2040.....	1,110,000	74,297	1,184,297
2041.....	1,130,000	45,856	1,175,856
2042.....	750,000	21,050	771,050
Total.....	\$ 93,898,570	\$ 22,047,846	\$ 115,946,416

Year	Direct Borrowings Payable:		
	Principal	Interest	Total
2023.....	\$ 84,000	\$ -	\$ 84,000
2024.....	88,000	-	88,000
2025.....	93,000	-	93,000
2026.....	97,000	-	97,000
2027.....	102,000	-	102,000
2028.....	109,000	-	109,000
Total.....	\$ 573,000	\$ -	\$ 573,000

**Bonds Payable Schedule – Water and Sewer Enterprise Fund**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
<b>General Obligation Bonds Payable:</b>				
General Obligation Bonds of 2014.....	2024	\$ 1,930,000	3.00	\$ 295,000
General Obligation Bonds of 2014.....	2029	3,050,000	3.00	1,035,000
General Obligation Bonds of 2016.....	2026	325,000	4.00	120,000
General Obligation Bonds of 2018.....	2023	364,550	3.00-5.00	65,000
General Obligation Bonds of 2019.....	2029	397,000	3.00-5.00	280,000
Subtotal General Obligation Bonds Payable.....				<u>1,795,000</u>
<b>Direct Borrowings Payable:</b>				
MWRA Loans.....	2033	14,668,563	0.00	9,990,599
MCWT Loans.....	2037	4,615,501	2.00	<u>2,754,370</u>
Subtotal Direct Borrowings Payable.....				<u>12,744,969</u>
Add: Unamortized premium on bonds.....				<u>30,789</u>
Total Bonds Payable, net.....				<u>\$ 14,570,758</u>

Debt service requirements for principal and interest for enterprise general obligation bonds and direct borrowings payable in future years are as follows:

Year	General Obligation Bonds Payable:		
	Principal	Interest	Total
2023.....	\$ 605,000	\$ 59,350	\$ 664,350
2024.....	430,000	40,526	470,526
2025.....	170,000	27,876	197,876
2026.....	170,000	21,676	191,676
2027.....	140,000	15,476	155,476
2028.....	140,000	10,350	150,350
2029.....	140,000	5,100	145,100
Total.....	<u>\$ 1,795,000</u>	<u>\$ 180,354</u>	<u>\$ 1,975,354</u>

Year	Direct Borrowings Payable:		
	Principal	Interest	Total
2023.....	\$ 1,466,800	\$ 54,406	\$ 1,521,206
2024.....	1,519,680	48,790	1,568,470
2025.....	1,494,247	44,668	1,538,915
2026.....	1,398,912	40,460	1,439,372
2027.....	1,403,678	36,158	1,439,836
2028.....	1,273,021	31,766	1,304,787
2029.....	1,183,897	27,274	1,211,171
2030.....	1,088,977	22,693	1,111,670
2031.....	817,232	18,004	835,236
2032.....	447,910	13,420	461,330
2033.....	452,999	8,739	461,738
2034.....	67,962	3,952	71,914
2035.....	69,439	2,593	72,032
2036.....	29,784	1,204	30,988
2037.....	30,431	613	31,044
Total.....	\$ 12,744,969	\$ 354,740	\$ 13,099,709

The City is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2022, the City had the following authorized and unissued debt:

Purpose	Amount
Water main replacements.....	\$ 8,158,800
Sewer system inflow & infiltration.....	3,483,386
Schools.....	1,150,000
Shute library construction.....	223,650
Snow-ops software.....	40,000
Park construction.....	500
Total.....	\$ 13,056,336



Changes in Long-term Liabilities

During the year ended June 30, 2022, the following changes occurred in long-term liabilities:

	Beginning Balance	Long-term Debt Issued	Long-term Debt Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
Long-term general obligation bonds payable..	\$ 78,847,987	\$ 23,905,000	\$ (8,854,417)	\$ -	\$ -	\$ 93,898,570	\$ 9,769,415
Long-term direct borrowing payable.....	653,000	-	(80,000)	-	-	573,000	84,000
Add: Unamortized premium on bonds.....	6,583,345	1,833,700	(1,135,662)	-	-	7,281,383	1,187,409
Total bonds payable.....	86,084,332	25,738,700	(10,070,079)	-	-	101,752,953	11,040,824
Compensated absences.....	13,213,502	-	-	5,541,288	(5,369,509)	13,385,281	5,435,725
Workers' compensation.....	980,100	-	-	239,258	(758,758)	460,600	46,100
Net pension liability.....	75,823,000	-	-	35,631,000	(65,353,000)	46,101,000	-
Net OPEB liability.....	341,128,918	-	-	26,135,568	(77,459,098)	289,805,388	-
Total governmental activity long-term liabilities.....	\$ 517,229,852	\$ 25,738,700	\$ (10,070,079)	\$ 67,547,114	\$ (148,940,365)	\$ 451,505,222	\$ 16,522,649
<b>Business-Type Activities:</b>							
Long-term general obligation bonds payable..	\$ 2,420,000	\$ -	\$ (625,000)	\$ -	\$ -	\$ 1,795,000	\$ 605,000
Long-term direct borrowing payable.....	12,087,685	2,137,550	(1,480,266)	-	-	12,744,969	1,466,800
Add: Unamortized premium on bonds.....	43,144	-	(12,355)	-	-	30,789	9,057
Total bonds payable.....	14,550,829	2,137,550	(2,117,621)	-	-	14,570,758	2,080,857
Compensated absences.....	65,796	-	-	51,976	(40,317)	77,455	51,205
Workers' compensation.....	154,300	-	-	18,544	(137,144)	35,700	3,600
Net pension liability.....	1,984,000	-	-	603,000	(1,517,000)	1,070,000	-
Net OPEB liability.....	4,649,411	-	-	305,463	(1,045,024)	3,909,850	-
Total business-type activity long-term liabilities.....	\$ 21,404,336	\$ 2,137,550	\$ (2,117,621)	\$ 978,983	\$ (2,739,485)	\$ 19,663,763	\$ 2,135,662

The long-term liabilities will be liquidated in the future by the general fund and enterprise funds.

**NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the City from its highest level of decision-making authority, City Council Order.
- Assigned: fund balances that contain self-imposed constraints of the City to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

The City's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization accounts for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year-end, the balances of the general, capital improvement and employee leave buyback stabilization accounts totaled \$5,607,681, \$5,934,434, and \$7,874, respectively and are reported as unassigned fund balance within the general fund.

The City has classified its fund balances with the following hierarchy:

	General	City Federal & State Grants	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal..... \$	-	\$	-	\$ 1,048,919	\$ 1,048,919
Restricted for:					
City federal and state grants.....	-	2,528,422	-	-	2,528,422
City capital projects.....	-	-	26,189,564	-	26,189,564
Other City grants and gifts.....	-	-	-	1,450,238	1,450,238
School federal and state grants.....	-	-	-	4,427,140	4,427,140
Other school grants and gifts.....	-	-	-	381,114	381,114
Revolving fund.....	-	-	-	4,704,629	4,704,629
School lunch.....	-	-	-	4,968,069	4,968,069
Receipts reserved for appropriation.....	-	-	-	3,258,174	3,258,174
Community development.....	-	-	-	1,045,654	1,045,654
Other special revenue.....	-	-	-	794,330	794,330
School capital projects.....	-	-	-	1,477,655	1,477,655
Highway improvements.....	-	-	-	71,091	71,091
Permanent trust fund.....	-	-	-	340,776	340,776
Committed to:					
Articles and continuing appropriations:					
General government.....	214,014	-	-	-	214,014
Public safety.....	457,382	-	-	-	457,382
City services and facilities.....	223,194	-	-	-	223,194
Human services.....	192,229	-	-	-	192,229
Libraries and recreation.....	10,935	-	-	-	10,935
Assigned to:					
General government.....	1,751,715	-	-	-	1,751,715
Public safety.....	487,945	-	-	-	487,945
Education.....	5,312,936	-	-	-	5,312,936
City services and facilities.....	1,364,540	-	-	-	1,364,540
Human services.....	688,193	-	-	-	688,193
Libraries and recreation.....	112,656	-	-	-	112,656
Property and liability insurance.....	76,849	-	-	-	76,849
Employee benefits.....	78,187	-	-	-	78,187
Free cash for subsequent year expenditures.....	7,000,000	-	-	-	7,000,000
Unassigned.....	31,372,879	(3,539,901)	-	-	27,832,978
Total Fund Balances..... \$	\$ 49,343,654	\$ (1,011,479)	\$ 26,189,564	\$ 23,967,789	\$ 98,489,528

The details for the committed and assigned amounts in the preceding table are provided on the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual in the *Required Supplementary Information* section of this report. The amounts are listed under the column titled Amounts Carried Forward to

Next Year. The restricted amounts in the preceding table are for funds that are subject to externally imposed constraints relating to grants, contributions, or laws and regulations by other governments.

#### **NOTE 9 – HOST COMMUNITY AGREEMENT**

The City entered into a Host Community Agreement (Agreement) with Wynn MA, LLC (Wynn) a subsidiary of Wynn Resorts, Limited on April 19, 2013, for the development of a luxury hotel and a destination resort casino (the Project), which opened for business in June 2019. Under the agreement, the City is entitled to an annual community impact fee and an annual excise payment in lieu of taxes.

*Annual Community Impact Fee Payment* – Wynn shall pay an annual community impact fee to Everett in the sum of \$5,000,000. The annual community impact fee shall continue for as long as Wynn (or any parent, subsidiary or related entities) owns, controls or operates a commercial gaming facility at the Project site and shall increase by 2.5% per annum. The impact fee is based on the Project substantially as proposed, containing approximately 1.32 million square feet of building area. If total square footage of the Project building area exceeds 1.75 million square feet, then the parties shall renegotiate the impact fee in good faith based on the actual impacts resulting from such additional square footage. However, if, after Wynn commences operations, Wynn undertakes any substantial new construction on property which is not a part of the Project site as of the date Wynn commences operations then the parties shall renegotiate the impact fee or negotiate a separate impact fee in good faith based on the actual impacts resulting from such substantial new construction on such New Property. For the year ended June 30, 2022, the City recognized \$5,253,124 of community impact fee revenue.

*Annual Excise Payment In lieu of Taxes - Chapter 121A* – Wynn shall make an annual payment in lieu of taxes of \$20,000,000 to Everett. Massachusetts General law Chapter 121A authorizes the creation of single-purpose, project-specific, for-profit companies for undertaking commercial projects in areas which are considered to be decadent, substandard, or blighted. Chapter 121A sets forth the procedures for negotiating an alternative tax payment which benefits a municipality by: (1) creating agreed upon tax payments for a period of years, (2) eliminating the uncertainty and expense associated with the property tax assessment process, (3) allowing the municipality to use the full amount of tax prepayments without regard to possible abatement claims, and (4) allowing the municipality to receive advance payments on dates certain during the development and construction of the project. The annual payment shall continue for as long as Wynn (or any parent, subsidiary or related entity) owns, controls or operates a commercial gaming facility at the Project site and shall increase by 2.5% per annum. The payment is based on the Project substantially as proposed, containing approximately 1.32 million square feet of building area. If total square footage of the Project building area exceeds 1.75 million square feet, then the parties shall renegotiate the payment in good faith based on the full amount of additional space above the currently proposed 1.32 million square feet. However, if, after Wynn commences operations, Wynn undertakes any substantial new construction on property which is not a part of the Project site as of the date Wynn commences operations, then the parties shall renegotiate the payment or negotiate a separate real estate tax arrangement in good faith based on such substantial new construction on such New Property. For the year ended June 30, 2022, the City recognized \$21,012,500 of revenue for the payment in lieu of taxes.

#### **NOTE 10 – RISK FINANCING**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. In addition, the City is self-insured for damages not covered by commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The City is self-insured for its workers' compensation and its health insurance activities. The health insurance activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred, and the workers' compensation activities are accounted for in the general fund and the internal service fund.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many factors. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends, and other economic and social factors. The estimate of the claims liability also includes amounts for non-incremental claim adjustment expenses related to specific claims and other claim adjustment expense regardless of whether allocated to specific claims.

*Health Insurance* – The estimate of IBNR claims is based on a historical trend analysis and recent trends. The City purchases individual stop loss insurance for claims in excess of \$110,000. Settled claims have not exceeded this third-party insurance coverage in any of the previous past three years. Changes in the reported liability since July 1, 2020 are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2021.....	\$ 2,250,000	\$ 27,955,000	\$ (27,441,000)	\$ 2,764,000
2022.....	2,764,000	25,383,000	(26,692,000)	1,455,000

*Workers' Compensation* – Workers' compensation claims are administered by the City's Personnel Department and is funded on a pay-as-you-go basis from annual appropriations. The estimated future workers' compensation liability is based on history and injury type. Changes in the reported liability since July 1, 2020, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2021.....	\$ 822,500	\$ 1,083,900	\$ (772,000)	\$ 1,134,400	\$ 113,500
2022.....	1,134,400	257,802	(895,902)	496,300	49,700

#### NOTE 11 – PENSION PLAN

The City is a member of the Everett Contributory Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension and other employee benefit trust fund in the fiduciary fund financial statements. The System does not issue a publicly available financial report.

The City is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is

responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

**Special Funding Situation** – The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the City to the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the City does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2021. The City's portion of the collective pension expense, contributed by the Commonwealth, of \$13,433,085 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the City is \$167,399,158 as of the measurement date.

**Benefits Provided** – Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55 are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

At December 31, 2021, the System's membership consists of the following:

Active members.....	716
Inactive members.....	264
Retirees and beneficiaries currently receiving benefits.....	<u>512</u>
Total.....	<u><u>1,492</u></u>

**Contributions** – Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the System a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2021, was \$18,142,000, or, 35.46% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with

an additional amount to finance any unfunded accrued liability. The City's proportionate share of the required contribution was \$17,599,000, which equaled its actual contribution.

*Pension Liabilities* – The components of the net pension liability of the participating member units at June 30, 2022, were as follows:

Total pension liability.....	\$	314,219,000
Less: pension plan's fiduciary net position.....		<u>(265,589,000)</u>
Total net pension liability.....	\$	<u>48,630,000</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....		84.52%

At June 30, 2022, the City reported a liability of \$47,171,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. Accordingly, procedures were used to roll back the total pension liability to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2021, the City's proportion was 97.00%, which increased from its proportion measured at December 31, 2020, of 96.90%.

*Pension Expense* – For the year ended June 30, 2022, the City recognized pension expense of \$1,351,000. At June 30, 2022, the City reported deferred outflows of resources related to pensions of \$6,905,000 and deferred inflows of resources related to pensions of \$29,565,000.

The balances of deferred outflows and inflows of resources at June 30, 2022, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 2,351,000	\$ (566,000)	\$ 1,785,000
Difference between projected and actual earnings, net.....	-	(28,905,000)	(28,905,000)
Changes of assumptions.....	4,303,000	-	4,303,000
Changes in proportion and proportionate share of contributions...	<u>251,000</u>	<u>(94,000)</u>	<u>157,000</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>6,905,000</u>	\$ <u>(29,565,000)</u>	\$ <u>(22,660,000)</u>

The City's deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023.....	\$ (4,770,000)
2024.....	(7,791,000)
2025.....	(5,965,000)
2026.....	(4,314,000)
2027.....	<u>180,000</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>(22,660,000)</u>

**Actuarial Assumptions** – The total pension liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was rolled back to December 31, 2021:

Valuation date.....	January 1, 2022
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Amortization method.....	Total payments increase 5.00% per year until FY27 with a final amortization payment in FY28.
Remaining amortization period.....	6 years from July 1, 2022.
Asset valuation method.....	Fair value.
Inflation rate.....	2.50% per year.
Investment rate of return/Discount rate.....	7.25% net of pension plan investment expense, including inflation. Previously 7.375%.
Projected salary increases.....	Select and ultimate by job group; ultimate rates of 4.25% for Group 1, and 4.75% for Group 4.
Cost of living adjustments.....	3.0% for the first \$14,000 of retirement income.
Mortality rates.....	Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020, gender distinct.  Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020, gender distinct.  For disabled retirees, rates reflect the RP-2014 Blue Collar Healthy Annuitant table set forward 1 year projected generationally with Scale MP-2020, gender distinct.

**Investment Policy** – The System’s policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the System’s target asset allocation as of December 31, 2021, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	24.00%	6.30%
International equities.....	12.70%	6.40%
Emerging international equities.....	5.00%	8.70%
Core fixed income.....	15.10%	2.48%
Value added fixed income.....	6.50%	6.40%
Private equity.....	16.60%	10.10%
Real estate.....	8.70%	6.00%
Timberland.....	2.90%	6.60%
Hedge funds.....	7.80%	5.70%
Portfolio completion.....	0.70%	5.40%
Total.....	<u>100.00%</u>	

**Rate of Return** – For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 19.70%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Discount Rate** – The discount rate used to measure the total pension liability was 7.25% as of December 31, 2021, and 7.375% as of December 31, 2020. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the 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 of the Net Pension Liability to Changes in the Discount Rate* – The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount (7.25%)	1% Increase (8.25%)
December 31, 2021 Measurement Date			
The City's proportionate share of the net pension liability.....	\$ 81,810,000	\$ 47,171,000	\$ 17,877,000
ECRS total net pension liability.....	\$ 84,340,000	\$ 48,630,000	\$ 18,430,000

#### *Changes of Assumptions*

- The investment rate of return was lowered from 7.375% to 7.25%.
- The mortality assumption scales were updated from MP-2018 to MP-2020.

*Changes in Plan Provisions* – None.

## **NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description* – The City of Everett administers a single-employer defined benefit healthcare plan (Plan). The Plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the City and the unions representing City employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

*Summary of Significant Accounting Policies* – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

*Funding Policy* – Contribution requirements are also negotiated between the City and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The City contributes 85 percent of the cost of current-year medical premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 15 percent of their premium costs. The City contributes 85 to 90 percent of the cost of current-year medical premiums for eligible retired teachers and their spouses. Plan members receiving benefits contribute the remaining 10 to 15 percent of their premium costs. For life insurance, the City contributes 85 percent of the cost of current year premiums and plan members contribute the remaining 15 percent, except for teachers who retired prior to July 1, 1990 where the City contributes 90 percent of premiums and the retirees contribute the remaining 10 percent. Retirees contribute 100% of the premium cost for

dental coverage. For the year ended June 30, 2022, the City's average contribution rate was 10.39% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the City to establish a postemployment benefit trust fund and to enable the City to begin pre-funding its other postemployment benefit (OPEB) liabilities. During 2022, the City pre-funded future OPEB liabilities totaling \$714,144 by contributing funds to the OPEB trust fund in excess of the pay-as-you-go required contribution. These funds are reported within the fiduciary funds' financial statements. As of June 30, 2022, the balance of this fund totaled \$9,491,370.

*Investment Policy* – The City's policy in regard to the allocation of invested assets is established and may be amended by the City Council by a majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the City's investment policy.

*Employees Covered by Benefit Terms* – The following table represents the Plan's membership as of July 1, 2020:

Active members.....	1,663
Inactive members currently receiving benefits.....	<u>964</u>
Total.....	<u><u>2,627</u></u>

*Components of OPEB Liability* – The following table represents the components of the Plan's OPEB liability as of the June 30, 2022 measurement date:

Total OPEB liability.....	\$ 303,206,608
Less: OPEB plan's fiduciary net position.....	<u>(9,491,370)</u>
Net OPEB liability.....	<u><u>\$ 293,715,238</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	3.13%

*Significant Actuarial Methods and Assumptions* – The total OPEB liability in the July 1, 2020, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement that was updated to June 30, 2022:

Valuation date.....	July 1, 2020
Actuarial cost method.....	Individual Entry Age.
Asset valuation method.....	Fair value of assets as of the measurement date, June 30, 2022.
Investment rate of return.....	5.47%, net of OPEB plan investment expense, including inflation. Previously 6.07%.
Municipal bond rate.....	4.09% as of June 30, 2022 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG). Previously 2.18%.

Single equivalent discount rate...	4.61%, net of OPEB plan investment expense, including inflation. Previously 3.25%.
Healthcare cost trend rate.....	Based upon amounts according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans.
General inflation rate.....	2.50% as of June 30, 2022, and for future periods.
Annual salary increases.....	3.00% annually as of June 30, 2022, and for future periods.
Pre-Retirement mortality.....	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.  Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.
Post- Retirement mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.  Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
Disabled mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.  Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

*Rate of Return* – For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -5.94%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Plan's expected future real rate of return of 3.22% is added to the expected inflation of 2.50% to produce the long-term expected nominal rate of return of 5.72%, less investment expense of 0.25% produces the net investment return of 5.47%

Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2022, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap.....	32.25%	4.42%
Domestic Equity - Small/Mid Cap.....	4.75%	4.81%
International Equity - Developed Market....	4.50%	4.91%
International Equity - Emerging Market....	2.25%	5.58%
Domestic Fixed Income.....	39.00%	1.00%
International Fixed Income.....	2.75%	1.04%
Alternatives.....	9.00%	5.98%
Real Estate.....	4.25%	6.25%
Cash.....	1.25%	0.00%
Total.....	100.00%	

**Discount Rate** – The discount rate used to measure the total OPEB liability increased to 4.61% as of June 30, 2022, from 3.25% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to the projected benefit payments which the Plan fiduciary net position is expected to be sufficient to cover and the municipal bond rate was applied thereafter. The municipal bond rate was based on the S&P Municipal Bond 20 – Year High Grade Index (SAPIHG), which was 4.09% as of June 30, 2022. The S&P Municipal Bond 20 – Year High Grade Index is the index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate** – The following table presents the net other postemployment benefit liability, calculated using the discount rate of 4.61%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.61%) or 1-percentage-point higher (5.61%) than the current rate:

	1% Decrease (3.61%)	Current Discount Rate (4.61%)	1% Increase (5.61%)
Net OPEB liability..... \$	\$ 347,234,650	\$ 293,715,238	\$ 251,265,733

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate** – The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate based upon amounts according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans, as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease	Current Trend	1% Increase
Net OPEB liability..... \$	\$ 246,762,780	\$ 293,715,238	\$ 354,815,193

*Changes in the Net OPEB Liability:*

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021.....	\$ 355,113,853	\$ 9,335,524	\$ 345,778,329
Changes for the year:			
Service cost.....	14,027,197	-	14,027,197
Interest.....	11,855,536	-	11,855,536
Changes in assumptions and other inputs.....	(69,009,125)	-	(69,009,125)
Employer contributions.....	-	9,494,997	(9,494,997)
Net investment income/(loss).....	-	(558,298)	558,298
Benefit payments.....	(8,780,853)	(8,780,853)	-
Net change.....	(51,907,245)	155,846	(52,063,091)
Balances at June 30, 2022.....	\$ 303,206,608	\$ 9,491,370	\$ 293,715,238

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB* – For the year ended June 30, 2022, the City recognized OPEB expense of \$23,358,516. At June 30, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (17,056,998)	\$ (17,056,998)
Difference between projected and actual earnings, net.....	390,861	-	390,861
Changes in assumptions.....	54,230,518	(59,150,679)	(4,920,161)
Total deferred outflows/(inflows) of resources.....	\$ 54,621,379	\$ (76,207,677)	\$ (21,586,298)

The City's deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023.....	\$ (1,949,509)
2024.....	(1,930,157)
2025.....	(2,347,858)
2026.....	(2,642,543)
2027.....	(2,857,783)
Thereafter.....	(9,858,448)
Total deferred outflows/(inflows) of resources.....	\$ (21,586,298)

*Changes of Assumptions* – The single equivalent discount rate was increased from 3.25% to 4.61%.

*Changes in Plan Provisions* – None.

### NOTE 13 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

GAAP requires that all Pension and Other Employee Benefit Trust Funds be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements. Provided below are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Employee Benefit Trust Funds.

	Pension Trust Fund (as of December 31, 2021)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 335,080	\$ 120,619	\$ 455,699
Investments:			
Investments in Pension Reserve Investment Trust.....	265,181,581	-	265,181,581
Government sponsored enterprises.....	-	555,742	555,742
Corporate bonds.....	-	5,219,902	5,219,902
U.S. Government securities.....	-	1,161,912	1,161,912
Equity securities.....	-	1,125,850	1,125,850
Bond mutual funds.....	-	1,307,345	1,307,345
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	72,011	-	72,011
<b>TOTAL ASSETS.....</b>	<b>265,588,672</b>	<b>9,491,370</b>	<b>275,080,042</b>
<b>NET POSITION</b>			
Restricted for pensions.....	265,588,672	-	265,588,672
Restricted for other postemployment benefits.....	-	9,491,370	9,491,370
<b>TOTAL NET POSITION.....</b>	<b>\$ 265,588,672</b>	<b>\$ 9,491,370</b>	<b>\$ 275,080,042</b>

	Pension Trust Fund (as of December 31, 2021)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
<b>ADDITIONS:</b>			
Contributions:			
Employer contributions.....	\$ 18,142,118	\$ 714,144	\$ 18,856,262
Employer contributions for other postemployment benefit payments.....	-	8,780,853	8,780,853
Member contributions.....	5,029,797	-	5,029,797
Transfers from other systems.....	980,966	-	980,966
Retirement benefits - 3(8)c contributions from other systems.....	369,735	-	369,735
Workers compensation settlements.....	3,916	-	3,916
Member makeup payments and redeposits.....	59,932	-	59,932
Interest not refunded.....	837	-	837
Retirement benefits - Intergovernmental.....	180,129	-	180,129
Total contributions.....	24,767,430	9,494,997	34,262,427
Net investment income/(loss):			
Investment income/(loss).....	44,312,391	(558,298)	43,754,093
Less: investment expense.....	(1,188,572)	-	(1,188,572)
Net investment income/(loss).....	43,123,819	(558,298)	42,565,521
TOTAL ADDITIONS.....	67,891,249	8,936,699	76,827,948
<b>DEDUCTIONS:</b>			
Administration.....	263,923	-	263,923
Transfers to other systems.....	471,632	-	471,632
Retirement benefits - 3(8)c transfer to other systems.....	506,099	-	506,099
Retirement benefits and refunds.....	16,804,063	-	16,804,063
Other postemployment benefit payments.....	-	8,780,853	8,780,853
TOTAL DEDUCTIONS.....	18,045,717	8,780,853	26,826,570
NET INCREASE IN NET POSITION.....	49,845,532	155,846	50,001,378
NET POSITION AT BEGINNING OF YEAR.....	215,743,140	9,335,524	225,078,664
NET POSITION AT END OF YEAR.....	\$ 265,588,672	\$ 9,491,370	\$ 275,080,042

**NOTE 14 – COMMITMENTS AND CONTINGENCIES**

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial. Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2022,

cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2022.

The City has entered into, or is planning to enter into, contracts totaling approximately: \$11.6 million for water and sewer infrastructure improvements, \$1.2 million for schools, and \$264,000 for other various City-wide projects.

The general fund has various commitments for good and services related to encumbrances and articles of \$20,172,335.

#### **NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 23, 2023, which is the date the financial statements were available to be issued.

The System carries its investments at fair (market) value in accordance with Generally Accepted Accounting Principles (GAAP). Market value adjustments are recorded monthly. The System's investments have declined in value consistent with recent trends in the overall financial securities market.

In accordance with GAAP, the System, has not recorded the losses in its financial statements as the impairments were not known as of December 31, 2021. The System has recorded the losses associated with the investments during 2022.

#### **NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2022, the following GASB pronouncements were implemented:

- GASB Statement #87, *Leases*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #92, *Omnibus 2020*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #93, *Replacement of Interbank Offered Rates*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This pronouncement did not impact the annual comprehensive financial report.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.



- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #99, *Omnibus 2022*, which is required to be implemented in 2023.
- The GASB issued Statement #100, *Accounting Changes and Error Corrections*, which is required to be implemented in 2024.
- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

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## ***Required Supplementary Information***

# ***General Fund Budgetary Comparison Schedule***

The General Fund is the general operating fund of the City. It is used to account for the entire City's financial resources, except those required to be accounted for in another fund.

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Amounts	Variance
	Original	Final	Budgetary	Carried Forward	to Final
	Budget	Budget	Amounts	to Next Year	Budget
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 96,127,807	\$ 98,030,997	\$ 102,365,845	\$ -	\$ 4,334,848
Tax liens.....	-	-	179,443	-	179,443
Motor vehicle excise taxes.....	4,200,000	4,200,000	4,662,553	-	462,553
Chapter 121A excise payments in lieu of taxes.....	21,012,500	21,012,500	21,012,500	-	-
Community impact fee.....	5,253,124	5,253,124	5,253,124	-	-
Hotel/motel tax.....	600,000	600,000	784,679	-	184,679
Meals tax.....	600,000	600,000	1,236,866	-	636,866
Penalties and interest on taxes.....	500,000	500,000	3,536,876	-	3,036,876
Payments in lieu of taxes.....	14,112	14,112	14,112	-	-
Licenses and permits.....	2,000,000	2,000,000	4,034,315	-	2,034,315
Fines and forfeitures.....	1,000,000	1,000,000	1,780,496	-	780,496
Intergovernmental - state aid.....	94,649,537	94,649,537	94,455,299	-	(194,238)
Departmental and other.....	1,695,000	1,695,000	2,890,658	-	1,195,658
Investment income.....	190,000	190,000	466,727	-	276,727
<b>TOTAL REVENUES.....</b>	<b>227,842,080</b>	<b>229,745,270</b>	<b>242,673,493</b>	<b>-</b>	<b>12,928,223</b>
<b>EXPENDITURES:</b>					
Current:					
General government					
City Council:					
Personnel services.....	403,560	403,560	398,621	-	4,939
General expenditures.....	107,914	107,914	59,692	20,309	27,913
Total.....	511,474	511,474	458,313	20,309	32,852
Mayor:					
Personnel services.....	560,454	560,454	551,262	-	9,192
General expenditures.....	621,317	621,317	419,684	145,620	56,013
Capital articles.....	68,185	68,185	-	68,185	-
Total.....	1,249,956	1,249,956	970,946	213,805	65,205
311-Constituents Services:					
Personnel services.....	410,231	410,231	245,028	-	165,203
General expenditures.....	10,000	10,000	3,921	-	6,079
Total.....	420,231	420,231	248,949	-	171,282
City Auditor:					
Personnel services.....	468,929	474,127	473,629	-	498
General expenditures.....	344,312	344,312	202,295	97,747	44,270
Capital articles.....	6,269	6,269	-	6,269	-
Total.....	819,510	824,708	675,924	104,016	44,768
Purchasing:					
Personnel services.....	112,672	112,672	100,434	8,488	3,750
General expenditures.....	18,500	18,500	16,394	-	2,106
Total.....	131,172	131,172	116,828	8,488	5,856
Assessors:					
Personnel services.....	313,221	318,088	282,888	-	35,200
General expenditures.....	597,366	597,366	382,113	213,041	2,212
Capital articles.....	1,300	1,300	-	1,300	-
Total.....	911,887	916,754	665,001	214,341	37,412

(Continued)

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Treasurer/Collector:					
Personnel services.....	907,196	930,296	876,651	-	53,645
General expenditures.....	562,305	562,305	486,738	44,740	30,827
Total.....	1,469,501	1,492,601	1,363,389	44,740	84,472
City Solicitor:					
Personnel services.....	450,319	450,319	450,188	-	131
General expenditures.....	159,180	159,180	82,369	70,551	6,260
Total.....	609,499	609,499	532,557	70,551	6,391
Human resources:					
Personnel services.....	1,397,213	1,397,213	1,275,048	-	122,165
General expenditures.....	152,714	325,630	147,883	71,605	106,142
Total.....	1,549,927	1,722,843	1,422,931	71,605	228,307
Information technology:					
Personnel services.....	246,846	246,846	225,175	-	21,671
General expenditures.....	1,753,341	1,753,341	685,240	1,066,558	1,543
Capital articles.....	114,549	114,549	29,931	84,618	-
Total.....	2,114,736	2,114,736	940,346	1,151,176	23,214
City Clerk:					
Personnel services.....	657,662	663,797	614,363	-	49,434
General expenditures.....	290,994	311,651	192,041	12,856	106,754
Capital articles.....	-	100,000	46,358	53,642	-
Total.....	948,656	1,075,448	852,762	66,498	156,188
Licensing:					
Personnel services.....	7,200	7,200	7,200	-	-
General expenditures.....	500	500	464	-	36
Total.....	7,700	7,700	7,664	-	36
Conservation commission:					
Personnel services.....	15,600	15,600	13,700	-	1,900
General expenditures.....	685	685	-	200	485
Total.....	16,285	16,285	13,700	200	2,385
Planning Board:					
Personnel services.....	14,301	14,301	14,301	-	-
General expenditures.....	99	99	96	-	3
Total.....	14,400	14,400	14,397	-	3
Zoning Board of Appeals:					
Personnel services.....	14,696	14,696	12,125	-	2,571
General expenditures.....	500	500	88	-	412
Total.....	15,196	15,196	12,213	-	2,983
Total General Government.....	10,790,130	11,123,003	8,295,920	1,965,729	861,354
Public safety:					
Police:					
Personnel services.....	16,086,462	16,200,306	16,091,275	-	109,031
General expenditures.....	524,701	524,699	461,779	62,920	-
Capital articles.....	220,539	520,540	63,645	456,895	-
Total.....	16,831,702	17,245,545	16,616,699	519,815	109,031

(Continued)

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Fire:					
Personnel services.....	12,208,814	14,289,578	13,636,752	-	652,826
General expenditures.....	366,486	366,485	353,862	12,623	-
Capital articles.....	36,943	36,943	36,456	487	-
Total.....	12,612,243	14,693,006	14,027,070	13,110	652,826
Inspectional services:					
Personnel services.....	1,884,757	1,914,205	1,703,183	-	211,022
General expenditures.....	3,887,369	3,887,369	3,180,314	370,045	337,010
Capital articles.....	79,678	79,679	79,679	-	-
Total.....	5,851,804	5,881,253	4,963,176	370,045	548,032
Emergency communications center:					
Personnel services.....	1,154,629	1,201,947	1,059,485	-	142,462
General expenditures.....	132,757	132,757	22,401	42,357	67,999
Total.....	1,287,386	1,334,704	1,081,886	42,357	210,461
Total Public Safety.....	36,583,135	39,154,508	36,688,831	945,327	1,520,350
Education.....	112,732,845	113,950,021	99,435,525	14,514,496	-
City services and facilities:					
Executive division:					
Personnel services.....	985,417	1,013,541	876,110	-	137,431
General expenditures.....	1,362,708	1,362,709	1,040,244	192,945	129,520
Capital articles.....	179,576	179,576	25,981	153,595	-
Total.....	2,527,701	2,555,826	1,942,335	346,540	266,951
Facilities/maintenance:					
Personnel services.....	1,647,429	1,681,274	1,574,462	-	106,812
General expenditures.....	1,038,365	1,038,365	697,409	332,989	7,967
Capital articles.....	19,415	19,415	-	19,415	-
Total.....	2,705,209	2,739,054	2,271,871	352,404	114,779
Engineering:					
Personnel services.....	301,404	304,005	267,926	-	36,079
General expenditures.....	478,892	478,892	125,599	345,477	7,816
Capital articles.....	145,099	145,099	94,915	50,184	-
Total.....	925,395	927,996	488,440	395,661	43,895
Parks and cemeteries:					
Personnel services.....	1,385,619	1,434,185	1,143,000	-	291,185
General expenditures.....	958,190	958,190	825,388	124,753	8,049
Total.....	2,343,809	2,392,375	1,968,388	124,753	299,234
Stadium:					
General expenditures.....	49,902	49,902	-	6,160	43,742
Highway:					
Personnel services.....	1,365,350	1,413,856	1,127,940	-	285,916
General expenditures.....	708,975	708,975	428,642	170,952	109,381
Capital articles.....	26,001	26,001	26,001	-	-
Total.....	2,100,326	2,148,832	1,582,583	170,952	395,297

(Continued)

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual	Amounts	Variance
	Original	Final	Budgetary	Carried Forward	to Final
	Budget	Budget	Amounts	to Next Year	Budget
Snow and ice:					
Personnel services.....	70,000	70,000	205,016	-	(135,016)
General expenditures.....	325,000	325,000	550,669	-	(225,669)
Total.....	395,000	395,000	755,685	-	(360,685)
Solid waste:					
General expenditures.....	4,524,760	4,524,760	3,795,303	191,264	538,193
Total City Services and Facilities.....	15,572,102	15,733,745	12,804,605	1,587,734	1,341,406
Human services:					
Health inspection services:					
Personnel services.....	1,522,136	1,557,292	1,240,682	-	316,610
General expenditures.....	215,207	215,207	53,359	2,031	159,817
Total.....	1,737,343	1,772,499	1,294,041	2,031	476,427
Planning and development:					
Personnel services.....	359,134	359,134	99,077	-	260,057
General expenditures.....	753,648	753,649	334,668	410,564	8,417
Capital articles.....	118,720	118,720	-	118,720	-
Total.....	1,231,502	1,231,503	433,745	529,284	268,474
Transportation:					
Personnel services.....	185,100	185,100	119,273	-	65,827
General expenditures.....	305,000	305,000	80,978	209,884	14,138
Total.....	490,100	490,100	200,251	209,884	79,965
Council on aging:					
General expenditures.....	52,207	52,207	25,508	896	25,803
Veterans' services:					
Personnel services.....	111,647	113,035	113,030	-	5
General expenditures.....	500,754	500,754	271,808	36,405	192,541
Total.....	612,401	613,789	384,838	36,405	192,546
Commission on disability:					
Personnel services.....	10,700	10,700	9,200	-	1,500
General expenditures.....	250	250	-	-	250
Total.....	10,950	10,950	9,200	-	1,750
Mayor's office of human services:					
Personnel services.....	433,524	437,763	315,682	-	122,081
General expenditures.....	159,019	159,020	113,946	28,413	16,661
Capital articles.....	73,509	73,509	-	73,509	-
Total.....	666,052	670,292	429,628	101,922	138,742
Total Human Services.....	4,800,555	4,841,340	2,777,211	880,422	1,183,707
Libraries and recreation:					
Library - Parlin and Shute:					
Personnel services.....	940,706	940,706	697,809	-	242,897
General expenditures.....	400,292	400,292	244,094	50,545	105,653
Total.....	1,340,998	1,340,998	941,903	50,545	348,550

(Continued)



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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward to Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Recreation:					
Personnel services.....	344,858	344,858	125,698	-	219,160
General expenditures.....	101,611	101,611	19,283	62,111	20,217
Capital articles.....	10,935	10,935	-	10,935	-
Total.....	457,404	457,404	144,981	73,046	239,377
Total Libraries and Recreation.....	1,798,402	1,798,402	1,086,884	123,591	587,927
Pension Benefits.....	18,142,118	18,142,118	17,599,547	-	542,571
Property and liability insurance:					
Employee injuries.....	1,229,181	1,229,181	1,165,373	40,192	23,616
Property/liability insurance.....	2,142,907	2,142,907	2,050,736	36,657	55,514
Total Property and Liability Insurance.....	3,372,088	3,372,088	3,216,109	76,849	79,130
Employee benefits:					
Unemployment compensation.....	390,809	390,810	151,904	62,095	176,811
Employee insurance:					
Life insurance.....	88,000	88,000	77,556	-	10,444
Health insurance.....	21,913,892	22,628,036	22,611,944	16,092	-
AD&D insurance.....	28,000	28,000	24,516	-	3,484
Medicare tax.....	1,936,012	1,936,012	1,768,713	-	167,299
Total Employee Benefits.....	24,356,713	25,070,858	24,634,633	78,187	358,038
State and county charges.....	16,386,815	16,386,815	16,097,533	-	289,282
Debt service:					
Principal.....	8,934,417	8,934,417	8,934,417	-	-
Interest.....	3,497,555	3,497,555	3,497,555	-	-
Total Debt Service.....	12,431,972	12,431,972	12,431,972	-	-
TOTAL EXPENDITURES.....	256,966,875	262,004,870	235,068,770	20,172,335	6,763,765
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(29,124,795)	(32,259,600)	7,604,723	(20,172,335)	19,691,988
OTHER FINANCING SOURCES (USES):					
Transfers in.....	771,627	1,171,627	1,171,627	-	-
Transfers out.....	-	(2,303,680)	(2,303,680)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	771,627	(1,132,053)	(1,132,053)	-	-
NET CHANGE IN FUND BALANCE.....	(28,353,168)	(33,391,653)	6,472,670	(20,172,335)	19,691,988
BUDGETARY FUND BALANCE, Beginning of year.....	47,324,768	47,324,768	47,324,768	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 18,971,600	\$ 13,933,115	\$ 53,797,438	\$ (20,172,335)	\$ 19,691,988

(Concluded)

See notes to required supplementary information.

# ***Pension Plan Schedules – Retirement System***

The Pension Plan's Schedule of Changes in the Net Pension Liability and Related Ratios presents multi-year trend information on the net pension liability and related ratios.

The Pension Plan's Schedule of Contributions presents multi-year trend information on the required and actual contributions to the pension plan and related ratios.

The Pension Plan's Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on retirement assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY  
AND RELATED RATIOS  
EVERETT CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
<b>Total pension liability:</b>				
Service cost.....	\$ 5,511,000	\$ 5,759,000	\$ 6,346,000	\$ 6,632,000
Interest.....	16,044,000	16,750,000	17,243,000	18,331,000
Differences between expected and actual experience.....	-	-	(4,252,000)	(7,871,000)
Changes of assumptions.....	-	-	8,000,000	6,850,000
Benefit payments.....	(12,592,000)	(12,789,000)	(13,406,000)	(13,304,000)
Net change in total pension liability.....	8,963,000	9,720,000	13,931,000	10,638,000
Total pension liability - beginning.....	207,807,000	216,770,000	226,490,000	240,421,000
Total pension liability - ending (a).....	\$ 216,770,000	\$ 226,490,000	\$ 240,421,000	\$ 251,059,000
<b>Plan fiduciary net position:</b>				
Employer contributions.....	\$ 13,011,000	\$ 13,596,000	\$ 14,208,000	\$ 14,919,000
Member contributions.....	3,642,000	3,277,000	4,358,000	4,740,000
Net investment income (loss).....	7,053,000	551,000	8,492,000	21,664,000
Administrative expenses.....	(219,000)	(208,000)	(226,000)	(233,000)
Retirement benefits and refunds.....	(12,592,000)	(12,789,000)	(13,406,000)	(13,304,000)
Other receipts.....	19,000	13,000	1,000	5,000
Net increase (decrease) in fiduciary net position.....	10,914,000	4,440,000	13,427,000	27,791,000
Fiduciary net position - beginning of year.....	94,899,000	105,813,000	110,253,000	123,680,000
Fiduciary net position - end of year (b).....	\$ 105,813,000	\$ 110,253,000	\$ 123,680,000	\$ 151,471,000
<b>Net pension liability - ending (a)-(b).....</b>	<b>\$ 110,957,000</b>	<b>\$ 116,237,000</b>	<b>\$ 116,741,000</b>	<b>\$ 99,588,000</b>
Plan fiduciary net position as a percentage of the total pension liability.....	48.81%	48.68%	51.44%	60.33%
Covered payroll.....	\$ 36,167,000	\$ 36,981,000	\$ 39,973,000	\$ 45,131,000
Net pension liability as a percentage of covered payroll.....	306.79%	314.32%	292.05%	220.66%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
\$ 7,484,000	\$ 7,821,000	\$ 7,936,000	\$ 8,294,000
18,885,000	19,838,000	20,866,000	21,826,000
-	1,268,000	-	2,320,000
-	4,400,000	-	2,500,000
(13,479,000)	(14,538,000)	(15,501,000)	(16,760,000)
12,890,000	18,789,000	13,301,000	18,180,000
251,059,000	263,949,000	282,738,000	296,039,000
\$ 263,949,000	\$ 282,738,000	\$ 296,039,000	\$ 314,219,000
\$ 15,667,000	\$ 16,452,000	\$ 17,277,000	\$ 18,142,000
4,638,000	4,551,000	4,749,000	5,539,000
(3,772,000)	25,127,000	23,875,000	43,124,000
(249,000)	(283,000)	(260,000)	(264,000)
(13,479,000)	(14,538,000)	(15,501,000)	(16,760,000)
1,000	1,000	16,000	65,000
2,806,000	31,310,000	30,156,000	49,846,000
151,471,000	154,277,000	185,587,000	215,743,000
\$ 154,277,000	\$ 185,587,000	\$ 215,743,000	\$ 265,589,000
\$ 109,672,000	\$ 97,151,000	\$ 80,296,000	\$ 48,630,000
58.45%	65.64%	72.88%	84.52%
\$ 46,034,000	\$ 47,725,000	\$ 48,202,000	\$ 51,163,000
238.24%	203.56%	166.58%	95.05%

**SCHEDULE OF CONTRIBUTIONS**  
**EVERETT CONTRIBUTORY RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2021.....	\$ 18,142,000	\$ (18,142,000)	\$ -	\$ 51,163,000	35.46%
December 31, 2020.....	17,277,000	(17,277,000)	-	48,202,000	35.84%
December 31, 2019.....	16,452,000	(16,452,000)	-	47,725,000	34.47%
December 31, 2018.....	15,667,000	(15,667,000)	-	46,034,000	34.03%
December 31, 2017.....	14,919,000	(14,919,000)	-	45,131,000	33.06%
December 31, 2016.....	14,208,000	(14,208,000)	-	39,973,000	35.54%
December 31, 2015.....	13,596,000	(13,596,000)	-	36,981,000	36.76%
December 31, 2014.....	13,011,000	(13,011,000)	-	36,167,000	35.97%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS**  
**EVERETT CONTRIBUTORY RETIREMENT SYSTEM**

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Year	Annual money-weighted rate of return, net of investment expense
December 31, 2021.....	19.70%
December 31, 2020.....	12.65%
December 31, 2019.....	16.00%
December 31, 2018.....	-2.44%
December 31, 2017.....	17.16%
December 31, 2016.....	7.55%
December 31, 2015.....	0.51%
December 31, 2014.....	7.31%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those  
years for which information is available.

See notes to required supplementary information.

# ***Pension Plan Schedules – City***

The Schedule of the City's Proportionate Share of the Net Pension Liability presents multi-year trend information on the City's net pension liability and related ratios.

The Schedule of the City's Contributions presents multi-year trend information on the City's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers' Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the City along with related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
EVERETT CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2021.....	97.00%	\$ 47,171,000	\$ 49,628,000	95.05%	84.52%
December 31, 2020.....	96.90%	77,807,000	46,785,000	166.31%	72.88%
December 31, 2019.....	97.06%	94,295,000	46,322,000	203.56%	65.64%
December 31, 2018.....	96.89%	106,261,000	44,602,000	238.24%	58.45%
December 31, 2017.....	96.36%	95,963,000	43,488,000	220.67%	60.33%
December 31, 2016.....	96.41%	112,550,000	38,538,000	292.05%	51.44%
December 31, 2015.....	96.38%	112,029,000	35,642,000	314.32%	48.68%
December 31, 2014.....	96.38%	106,940,000	34,858,000	306.79%	48.81%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.



**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**EVERETT CONTRIBUTORY RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2022.....	\$ 17,599,000	\$ (17,599,000)	\$ -	\$ 50,868,700	34.60%
June 30, 2021.....	16,744,000	(16,744,000)	-	47,954,625	34.92%
June 30, 2020.....	15,970,000	(15,970,000)	-	47,480,050	33.64%
June 30, 2019.....	15,183,000	(15,183,000)	-	45,717,050	33.21%
June 30, 2018.....	14,381,000	(14,381,000)	-	44,575,200	32.26%
June 30, 2017.....	13,703,000	(13,703,000)	-	39,501,450	34.69%
June 30, 2016.....	13,109,000	(13,109,000)	-	36,533,050	35.88%
June 30, 2015.....	12,526,000	(12,526,000)	-	35,729,450	35.06%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS  
OF THE NET PENSION LIABILITY  
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

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The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

<u>Year</u>	<u>Commonwealth's 100% Share of the Associated Net Pension Liability</u>	<u>Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2022.....	\$ 167,399,158	\$ 13,433,085	62.03%
2021.....	211,761,561	26,155,587	50.67%
2020.....	177,653,405	21,543,559	53.95%
2019.....	177,867,088	18,024,254	54.84%
2018.....	167,397,590	17,471,774	54.25%
2017.....	174,774,212	17,828,115	52.73%
2016.....	149,836,518	12,153,075	55.38%
2015.....	108,435,522	7,533,536	61.64%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

# ***Other Postemployment Benefit Plan Schedules***

The Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

The Schedule of the City's Contributions presents multi-year trend information on the City's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

**SCHEDULE OF CHANGES IN THE  
CITY'S NET OPEB LIABILITY AND RELATED RATIOS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
<b>Total OPEB Liability</b>						
Service cost.....	\$ 9,824,677	\$ 11,048,063	\$ 9,493,779	\$ 10,142,202	\$ 13,319,286	\$ 14,027,197
Interest.....	9,068,465	9,551,582	9,977,532	10,640,472	11,216,753	11,855,536
Differences between expected and actual experience....	(1,651)	-	(21,935,653)	(164,021)	(11,770,244)	-
Changes of assumptions.....	-	-	27,725,897	-	60,774,915	(69,009,125)
Benefit payments.....	(7,065,440)	(7,401,157)	(7,977,564)	(8,490,326)	(8,364,989)	(8,780,853)
Net change in total OPEB liability.....	11,826,051	13,198,488	17,283,991	12,128,327	65,175,721	(51,907,245)
Total OPEB liability - beginning.....	235,501,275	247,327,326	260,525,814	277,809,805	289,938,132	355,113,853
Total OPEB liability - ending (a).....	<u>\$ 247,327,326</u>	<u>\$ 260,525,814</u>	<u>\$ 277,809,805</u>	<u>\$ 289,938,132</u>	<u>\$ 355,113,853</u>	<u>\$ 303,206,608</u>
<b>Plan fiduciary net position</b>						
Employer contributions.....	\$ 1,005,784	\$ 986,484	\$ 899,295	\$ 1,096,904	\$ 545,554	\$ 714,144
Employer contributions for OPEB payments.....	7,065,440	7,401,157	7,977,564	8,490,326	8,364,989	8,780,853
Net investment income.....	108,337	160,822	403,699	260,244	1,407,450	(558,298)
Benefit payments.....	(7,065,440)	(7,401,157)	(7,977,564)	(8,490,326)	(8,364,989)	(8,780,853)
Net change in plan fiduciary net position.....	1,114,121	1,147,306	1,302,994	1,357,148	1,953,004	155,846
Plan fiduciary net position - beginning of year.....	2,460,951	3,575,072	4,722,378	6,025,372	7,382,520	9,335,524
Plan fiduciary net position - end of year (b).....	<u>\$ 3,575,072</u>	<u>\$ 4,722,378</u>	<u>\$ 6,025,372</u>	<u>\$ 7,382,520</u>	<u>\$ 9,335,524</u>	<u>\$ 9,491,370</u>
<b>Net OPEB liability - ending (a)-(b).....</b>	<u><b>\$ 243,752,254</b></u>	<u><b>\$ 255,803,436</b></u>	<u><b>\$ 271,784,433</b></u>	<u><b>\$ 282,555,612</b></u>	<u><b>\$ 345,778,329</b></u>	<u><b>\$ 293,715,238</b></u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.45%	1.81%	2.17%	2.55%	2.63%	3.13%
Covered-employee payroll.....	\$ 101,415,481	\$ 104,457,946	\$ 106,547,105	\$ 97,075,106	\$ 88,712,664	\$ 91,374,044
Net OPEB liability as a percentage of covered-employee payroll.....	240.35%	244.89%	255.08%	291.07%	389.77%	321.44%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those years for  
which information is available.

See notes to required supplementary information.

**SCHEDULE OF THE CITY'S CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2022.....	\$ 26,177,034	\$ (9,494,997)	\$ 16,682,037	\$ 91,374,044	10.39%
June 30, 2021.....	25,254,962	(8,910,543)	16,344,419	88,712,664	10.04%
June 30, 2020.....	25,417,260	(9,587,230)	15,830,030	97,075,106	9.88%
June 30, 2019.....	24,186,543	(8,876,859)	15,309,684	106,547,105	8.33%
June 30, 2018.....	24,225,398	(8,387,641)	15,837,757	104,457,946	8.03%
June 30, 2017.....	22,422,832	(8,071,224)	14,351,608	101,415,481	7.96%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

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<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2022.....	-5.94%
June 30, 2021.....	19.06%
June 30, 2020.....	4.32%
June 30, 2019.....	8.05%
June 30, 2018.....	4.21%
June 30, 2017.....	3.77%

Note: this schedule is intended to present information for 10 years.  
Until a 10-year trend is compiled, information is presented for those  
years for which information is available.

See notes to required supplementary information.

**NOTE A – BUDGETARY BASIS OF ACCOUNTING**Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Mayor and the City Council (the Council). The Mayor presents an annual budget to the Council, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Expenditures are budgeted by categories that are broken down by personnel services, general expenditures, debt service and capital outlay, which are mandated by Municipal Law. The Council, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between departments subsequent to the approval of the annual budget, requires majority Council approval via a supplemental appropriation or Council order.

The majority of the City's appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the City Auditor has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending authorized (functional level). However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Council.

The City adopts an annual budget for the General Fund in conformity with the guidelines described above. The original 2022 budget authorized \$257.0 million in appropriations and other amounts to be raised, which includes \$21.6 million of amounts carried forward from the prior year. During 2022, the Council also approved supplemental appropriations totaling \$7.3 million for fire department salaries, contributions to the OPEB trust fund, and contributions to the capital improvement and general stabilization accounts. The Office of the City Auditor has the responsibility to ensure that budgetary control is maintained on an individual line-item appropriation basis. Budgetary control is exercised through the City's accounting system.

Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2022, is presented below:

Net change in fund balance - budgetary basis.....	\$ 6,472,670
<u>Perspective differences:</u>	
Activity of the stabilization funds recorded in the general fund for GAAP.....	641,753
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(3,279,000)
Net change in recording 60 day receipts.....	76,687
Net change in recording accrued payroll.....	(627,139)
Recognition of revenue for on-behalf payments.....	13,433,085
Recognition of expenditures for on-behalf payments....	<u>(13,433,085)</u>
Net change in fund balance - GAAP basis.....	\$ <u>3,284,971</u>

Appropriation Deficits

During 2022, actual expenditures and encumbrances exceeded budgeted appropriations for snow and ice. These over-expenditures will be funded by the subsequent years' tax levy.

**NOTE B – PENSION PLAN*****Pension Plan Schedules – Retirement System***Schedule of Changes in the Net Pension Liability and Related Ratios

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the systems total pension liability, changes in the systems net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

Schedule of Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the "total appropriation." The pension fund appropriations are allocated amongst employers based on covered payroll.

Schedule of Investment Returns

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

***Pension Plan Schedules – City***Schedule of the City's Proportionate Share of the Net Pension Liability

The Schedule of the City's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

Schedule of City's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The City may choose to pay the entire appropriation in July at a discounted



rate. Accordingly, actual contributions may be less than the “total appropriation”. The pension fund appropriation is allocated to the City based on covered payroll.

#### Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the City does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the City; the portion of the collective pension expense as both revenue and pension expense recognized by the City; and the Plan's fiduciary net position as a percentage of the total liability.

#### Changes of Assumptions

- The investment rate of return was lowered from 7.375% to 7.25%.
- The mortality assumption scales were updated from MP-2018 to MP-2020.

Changes in Plan Provisions – None.

### **NOTE C – OTHER POSTEMPLOYMENT BENEFITS**

The City administers a single employer defined benefit healthcare plan (Plan). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the City's health insurance plan, which covers both active and retired members, including teachers.

#### **The Other Postemployment Benefit Plan**

#### The Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

#### Schedule of the City's Contributions

The Schedule of the City's Contributions includes the City's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The City is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

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

Valuation date.....	July 1, 2020
Actuarial cost method.....	Individual Entry Age.
Asset valuation method.....	Fair value of assets as of the measurement date, June 30, 2022.
Investment rate of return.....	5.47%, net of OPEB plan investment expense, including inflation. Previously 6.07%.
Municipal bond rate.....	4.09% as of June 30, 2022 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG). Previously 2.18%.
Single equivalent discount rate...	4.61%, net of OPEB plan investment expense, including inflation. Previously 3.25%.
Healthcare cost trend rate.....	Based upon amounts according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans.
General inflation rate.....	2.50% as of June 30, 2022, and for future periods.
Annual salary increases.....	3.00% annually as of June 30, 2022, and for future periods.
Pre-Retirement mortality.....	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females.  Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.
Post-Retirement mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females.  Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
Disabled mortality.....	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year.  Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

### Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

### Changes of Assumptions

The single equivalent discount rate has been increased from 3.25% to 4.61%.

Changes in Provisions – None.

## ***Combining Statements***

# ***Nonmajor Governmental Funds***

## ***Special Revenue Funds***

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

*Other City Grants & Gifts Fund* – This fund is used to account for non-school related activity specifically financed by other grants and gifts which are designated for specific programs.

*School Federal & State Grants Fund* – This fund is used to account for the educational programs specifically financed by federal and state grants which are designated for specific programs.

*Other School Grants & Gifts Fund* – This fund is used to account for the educational programs specifically financed by other grants and gifts which are designated for specific programs.

*Revolving Fund* – This fund is used to account for revolving funds specifically allowed by the laws of the Commonwealth of Massachusetts. These funds are expended for purposes specified by the enabling statutes.

*School Lunch Fund* – This fund is used to account for all cafeteria activities and is funded by user charges, federal and state grants and commodities received.

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

*Community Development Fund* – This fund is used to account for community development activity specifically financed by federal, state, and other grants which are designated for specific programs.

*Other Special Revenue* – This fund accounts for all other legally established special revenues where the funds are spent on governmental purposes.

## ***Capital Project Funds***

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

*School Capital Projects Fund* – The school capital projects fund is used to account for school capital projects as identified in the City's capital plan, which includes yearly expenditures for infrastructure and other project activities.

*Highway Improvements Fund* – This fund is used to account for construction, reconstruction and improvements to roadways, streets and sidewalks. Funding is provided primarily by grants.

## ***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.

*Trust Fund* – This fund is used to account for various contributions associated with educational, cemetery and library operations.

**NONMAJOR GOVERNMENTAL FUNDS**  
COMBINING BALANCE SHEET

YEAR ENDED JUNE 30, 2022

	Special Revenue Funds					
	Other City Grants & Gifts	School Federal & State Grants	Other School Grants & Gifts	Revolving Fund	School Lunch	Receipts Reserved
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 1,475,618	\$ 5,952,704	\$ 449,523	\$ 4,794,806	\$ 4,635,381	\$ 3,258,174
Investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	-	-	-	-
Intergovernmental.....	53,333	1,432,667	-	-	341,892	-
<b>TOTAL ASSETS.....</b>	<b>\$ 1,528,951</b>	<b>\$ 7,385,371</b>	<b>\$ 449,523</b>	<b>\$ 4,794,806</b>	<b>\$ 4,977,273</b>	<b>\$ 3,258,174</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 78,713	\$ 1,116,762	\$ 68,409	\$ 90,177	\$ 9,204	\$ -
Due to other funds.....	-	-	-	-	-	-
Other liabilities.....	-	-	-	-	-	-
Unearned revenue.....	-	1,841,469	-	-	-	-
<b>TOTAL LIABILITIES.....</b>	<b>78,713</b>	<b>2,958,231</b>	<b>68,409</b>	<b>90,177</b>	<b>9,204</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue.....	-	-	-	-	-	-
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	1,450,238	4,427,140	381,114	4,704,629	4,968,069	3,258,174
<b>TOTAL FUND BALANCES.....</b>	<b>1,450,238</b>	<b>4,427,140</b>	<b>381,114</b>	<b>4,704,629</b>	<b>4,968,069</b>	<b>3,258,174</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 1,528,951</b>	<b>\$ 7,385,371</b>	<b>\$ 449,523</b>	<b>\$ 4,794,806</b>	<b>\$ 4,977,273</b>	<b>\$ 3,258,174</b>

Special Revenue Funds			Capital Project Funds			Permanent Funds	Total Nonmajor Governmental Funds
Community Development	Other Special Revenue	Subtotal	School Capital Projects	Highway Improvements	Subtotal	Trust Fund	
\$ 887,112	\$ -	\$ 21,453,318	\$ 1,492,805	\$ -	\$ 1,492,805	\$ 431,254	\$ 23,377,377
-	-	-	-	-	-	958,441	958,441
-	2,983,576	2,983,576	-	-	-	-	2,983,576
281,144	-	2,109,036	-	1,538,749	1,538,749	-	3,647,785
<u>\$ 1,168,256</u>	<u>\$ 2,983,576</u>	<u>\$ 26,545,930</u>	<u>\$ 1,492,805</u>	<u>\$ 1,538,749</u>	<u>\$ 3,031,554</u>	<u>\$ 1,389,695</u>	<u>\$ 30,967,179</u>
\$ 122,602	\$ 7,474	\$ 1,493,341	\$ 15,150	\$ -	\$ 15,150	\$ -	\$ 1,508,491
-	1,813,402	1,813,402	-	150,207	150,207	-	1,963,609
-	368,370	368,370	-	-	-	-	368,370
-	-	1,841,469	-	-	-	-	1,841,469
122,602	2,189,246	5,516,582	15,150	150,207	165,357	-	5,681,939
-	-	-	-	1,317,451	1,317,451	-	1,317,451
-	-	-	-	-	-	1,048,919	1,048,919
1,045,654	794,330	21,029,348	1,477,655	71,091	1,548,746	340,776	22,918,870
1,045,654	794,330	21,029,348	1,477,655	71,091	1,548,746	1,389,695	23,967,789
<u>\$ 1,168,256</u>	<u>\$ 2,983,576</u>	<u>\$ 26,545,930</u>	<u>\$ 1,492,805</u>	<u>\$ 1,538,749</u>	<u>\$ 3,031,554</u>	<u>\$ 1,389,695</u>	<u>\$ 30,967,179</u>

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

YEAR ENDED JUNE 30, 2022

	Special Revenue Funds					
	Other City Grants & Gifts	School Federal & State Grants	Other School Grants & Gifts	Revolving Fund	School Lunch	Receipts Reserved
<b>REVENUES:</b>						
Charges for services.....	\$ -	\$ -	\$ -	\$ 401,630	\$ -	\$ 295,995
Intergovernmental.....	-	12,629,586	-	166,414	6,270,372	-
Departmental and other.....	-	-	-	883,401	-	-
Contributions and donations.....	394,643	-	394,802	-	-	-
Investment income.....	-	-	-	-	-	-
<b>TOTAL REVENUES.....</b>	<b>394,643</b>	<b>12,629,586</b>	<b>394,802</b>	<b>1,451,445</b>	<b>6,270,372</b>	<b>295,995</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	303,635	-	-	20,094	-	480,249
Public safety.....	12,802	-	-	220,044	-	-
Education.....	-	10,227,300	270,285	45,133	3,549,743	-
City services and facilities.....	-	-	-	29,887	-	-
Community development.....	-	-	-	-	-	-
Human services.....	76,219	-	-	237,773	-	-
Library and recreation.....	37,051	-	-	345,950	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>429,707</b>	<b>10,227,300</b>	<b>270,285</b>	<b>898,881</b>	<b>3,549,743</b>	<b>480,249</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(35,064)	2,402,286	124,517	552,564	2,720,629	(184,254)
<b>OTHER FINANCING SOURCES (USES):</b>						
Premium from issuance of bonds.....	-	-	-	-	-	1,833,700
Transfers in.....	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,833,700</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(35,064)</b>	<b>2,402,286</b>	<b>124,517</b>	<b>552,564</b>	<b>2,720,629</b>	<b>1,649,446</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>1,485,302</b>	<b>2,024,854</b>	<b>256,597</b>	<b>4,152,065</b>	<b>2,247,440</b>	<b>1,608,728</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 1,450,238</b>	<b>\$ 4,427,140</b>	<b>\$ 381,114</b>	<b>\$ 4,704,629</b>	<b>\$ 4,968,069</b>	<b>\$ 3,258,174</b>

Special Revenue Funds			Capital Project Funds			Permanent Funds	Total Nonmajor Governmental Funds
Community Development	Other Special Revenue	Subtotal	School Capital Projects	Highway Improvements	Subtotal	Trust Fund	
\$ -	\$ -	\$ 697,625	\$ -	\$ -	\$ -	\$ -	\$ 697,625
684,293	-	19,750,665	-	71,091	71,091	-	19,821,756
-	4,473,243	5,356,644	-	-	-	-	5,356,644
-	-	789,445	-	-	-	110	789,555
14,622	-	14,622	-	-	-	11,133	25,755
698,915	4,473,243	26,609,001	-	71,091	71,091	11,243	26,691,335
-	-	803,978	-	-	-	-	803,978
-	4,384,538	4,617,384	-	-	-	-	4,617,384
-	58,093	14,150,554	15,334	-	15,334	-	14,165,888
-	-	29,887	-	-	-	-	29,887
783,985	-	783,985	-	-	-	-	783,985
-	-	313,992	-	-	-	-	313,992
-	-	383,001	-	-	-	-	383,001
783,985	4,442,631	21,082,781	15,334	-	15,334	-	21,098,115
(85,070)	30,612	5,526,220	(15,334)	71,091	55,757	11,243	5,593,220
-	-	1,833,700	-	-	-	-	1,833,700
-	-	-	637,345	-	637,345	-	637,345
-	-	1,833,700	637,345	-	637,345	-	2,471,045
(85,070)	30,612	7,359,920	622,011	71,091	693,102	11,243	8,064,265
1,130,724	763,718	13,669,428	855,644	-	855,644	1,378,452	15,903,524
\$ 1,045,654	\$ 794,330	\$ 21,029,348	\$ 1,477,655	\$ 71,091	\$ 1,548,746	\$ 1,389,695	\$ 23,967,789



# ***Internal Service Funds***

Internal service funds are used to account for the financing of goods or services provided by one department or custodial to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

*Health Insurance Fund* – This fund is used to account for the accumulation of costs, and employer and employee contributions associated with health insurance.

*Workers' Compensation & Other Insurance Fund* – This fund is used to account for the accumulation of costs, and employer contributions associated with worker's compensation and property and liability insurance.

**INTERNAL SERVICE FUNDS**  
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2022

	Health Insurance	Workers' Compensation & Other Insurance	Total Internal Service Funds
<b>ASSETS</b>			
CURRENT:			
Cash and cash equivalents.....	\$ 6,136,103	\$ 393,441	\$ 6,529,544
Investments.....	5,205,858	-	5,205,858
Working capital deposit.....	2,309,000	-	2,309,000
<b>TOTAL ASSETS.....</b>	<b>13,650,961</b>	<b>393,441</b>	<b>14,044,402</b>
<b>LIABILITIES</b>			
CURRENT:			
Warrants payable.....	3,656	-	3,656
Health claims payable.....	1,455,000	-	1,455,000
<b>TOTAL LIABILITIES.....</b>	<b>1,458,656</b>	<b>-</b>	<b>1,458,656</b>
<b>NET POSITION</b>			
Unrestricted.....	\$ 12,192,305	\$ 393,441	\$ 12,585,746

**INTERNAL SERVICE FUNDS**  
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2022

	Health Insurance	Workers' Compensation & Other Insurance	Total Internal Service Funds
<b>OPERATING REVENUES:</b>			
Employee contributions.....	\$ 5,961,750	\$ -	\$ 5,961,750
Employer contributions.....	21,927,011	92,824	22,019,835
<b>TOTAL OPERATING REVENUES .....</b>	<b>27,888,761</b>	<b>92,824</b>	<b>27,981,585</b>
<b>OPERATING EXPENSES:</b>			
Employee benefits.....	26,692,074	-	26,692,074
<b>OPERATING INCOME.....</b>	<b>1,196,687</b>	<b>92,824</b>	<b>1,289,511</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>			
Investment income (loss).....	229,356	16	229,372
<b>CHANGE IN NET POSITION.....</b>	<b>1,426,043</b>	<b>92,840</b>	<b>1,518,883</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>10,766,262</b>	<b>300,601</b>	<b>11,066,863</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 12,192,305</b>	<b>\$ 393,441</b>	<b>\$ 12,585,746</b>

**INTERNAL SERVICE FUNDS**  
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

	Health Insurance	Workers' Compensation & Other Insurance	Total
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Receipts from interfund services provided.....	\$ 27,888,761	\$ 92,824	\$ 27,981,585
Payments for interfund services used.....	(29,031,897)	-	(29,031,897)
NET CASH FROM OPERATING ACTIVITIES.....	(1,143,136)	92,824	(1,050,312)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Sales and (purchases) of investments, net.....	(2,248,931)	-	(2,248,931)
Investment income (loss).....	229,356	16	229,372
NET CASH FROM INVESTING ACTIVITIES.....	(2,019,575)	16	(2,019,559)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(3,162,711)	92,840	(3,069,871)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	9,298,814	300,601	9,599,415
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 6,136,103	\$ 393,441	\$ 6,529,544
<b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</u></b>			
<b><u>FROM OPERATING ACTIVITIES:</u></b>			
Operating income (loss).....	\$ 1,196,687	\$ 92,824	\$ 1,289,511
Adjustments to reconcile operating income to net cash from operating activities:			
Changes in assets and liabilities:			
Working capital deposit.....	(50,600)	-	(50,600)
Warrants payable.....	(980,223)	-	(980,223)
Health claims payable.....	(1,309,000)	-	(1,309,000)
Total adjustments.....	(2,339,823)	-	(2,339,823)
NET CASH FROM OPERATING ACTIVITIES.....	\$ (1,143,136)	\$ 92,824	\$ (1,050,312)

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# ***Statistical Section***

**Wehner Park**



# ***Statistical Section***

This part of the Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

## ***Financial Trends***

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

## ***Revenue Capacity***

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

## ***Debt Capacity***

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

## ***Demographic and Economic Information***

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

## ***Operating Information***

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

SOURCES: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

**Net Position By Component**

	Last Ten Years									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 98,104,115	\$ 94,083,135	\$ 93,957,633	\$ 93,319,037	\$ 96,180,570	\$ 98,422,592	\$ 106,096,350	\$ 105,053,162	\$ 111,708,092	\$ 114,503,355
Restricted.....	5,999,017	9,824,106	7,318,742	8,705,756	8,536,461	6,467,283	6,609,591	8,208,875	8,197,497	7,682,362
Unrestricted.....	(13,084,410)	(129,678,355)	(141,164,221)	(121,066,940)	(261,991,447)	(295,012,309)	(314,042,435)	(312,431,865)	(321,197,419)	(312,955,818)
<b>Total governmental activities net position.....</b>	<b>\$ 91,018,722</b>	<b>\$ (25,771,114)</b>	<b>\$ (39,887,846)</b>	<b>\$ (19,042,147)</b>	<b>\$ (157,274,416)</b>	<b>\$ (190,122,434)</b>	<b>\$ (201,336,494)</b>	<b>\$ (199,169,828)</b>	<b>\$ (201,291,830)</b>	<b>\$ (190,770,101)</b>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 42,401,805	\$ 42,882,536	\$ 42,966,905	\$ 43,996,186	\$ 45,184,999	\$ 44,188,170	\$ 44,519,111	\$ 44,363,296	\$ 46,810,710	\$ 48,882,594
Unrestricted.....	3,847,469	2,542,195	3,598,139	5,636,636	4,987,008	6,150,560	4,753,147	5,218,566	2,474,674	2,461,683
<b>Total business-type activities net position.....</b>	<b>\$ 46,249,274</b>	<b>\$ 45,424,731</b>	<b>\$ 46,565,044</b>	<b>\$ 49,632,822</b>	<b>\$ 50,172,007</b>	<b>\$ 50,338,730</b>	<b>\$ 49,272,258</b>	<b>\$ 49,581,862</b>	<b>\$ 49,285,384</b>	<b>\$ 51,344,277</b>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 140,505,920	\$ 136,965,671	\$ 136,924,538	\$ 137,315,223	\$ 141,365,569	\$ 142,610,762	\$ 150,615,461	\$ 149,416,458	\$ 158,518,802	\$ 163,385,949
Restricted.....	5,999,017	9,824,106	7,318,742	8,705,756	8,536,461	6,467,283	6,609,591	8,208,875	8,197,497	7,682,362
Unrestricted.....	(9,236,941)	(127,136,160)	(137,566,082)	(115,430,304)	(257,004,439)	(268,995,316)	(309,289,288)	(307,213,299)	(318,722,745)	(310,494,135)
<b>Total primary government net position.....</b>	<b>\$ 137,267,996</b>	<b>\$ 19,653,617</b>	<b>\$ 6,677,198</b>	<b>\$ 30,590,675</b>	<b>\$ (107,102,409)</b>	<b>\$ (119,917,271)</b>	<b>\$ (152,064,236)</b>	<b>\$ (149,587,966)</b>	<b>\$ (152,006,446)</b>	<b>\$ (139,425,824)</b>
		(A)			(B)		(C)	(D)		

(A) 2014 and subsequent years reflect the implementation of GASB 68.

(B) 2017 and subsequent years reflect the implementation of GASB 75.

(C) 2019 and subsequent years reflect Everett Community Television as an enterprise fund, which was previously accounted for as a governmental fund.

(D) 2020 and subsequent years reflect the implementation of GASB 84.



**Changes in Net Position**

**Last Ten Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
General government.....	\$ 10,218,563	\$ 11,400,759	\$ 12,158,409	\$ 13,394,332	\$ 13,853,866	\$ 14,971,314	\$ 15,445,120	\$ 15,084,350	\$ 14,052,730	\$ 15,034,737
Public safety.....	36,153,436	40,549,515	41,111,224	44,666,520	46,775,869	49,730,241	54,265,497	48,490,141	55,780,910	54,898,821
Education.....	112,715,725	119,938,769	125,762,937	136,204,795	144,909,659	147,363,580	149,917,677	157,602,324	165,564,038	164,840,570
City services and facilities.....	15,097,920	14,296,582	17,490,503	14,639,253	16,120,304	18,197,426	19,954,147	20,342,165	19,738,412	19,327,923
Community development.....	492,590	1,006,713	945,813	57,625	405,349	338,165	1,381,422	593,893	642,411	1,776,477
Human services.....	2,986,073	3,096,636	3,972,247	4,354,088	4,590,737	5,904,607	5,318,314	7,156,255	12,323,126	9,016,209
Libraries and recreation.....	2,389,294	2,634,069	3,143,406	3,080,763	3,993,699	4,189,986	3,696,343	3,859,677	2,804,070	3,079,829
Interest.....	2,601,124	2,306,058	2,129,397	1,916,451	1,747,562	1,842,456	1,918,885	2,154,330	2,287,686	2,168,720
Total government activities expenses.....	182,654,725	195,229,101	206,713,936	218,313,827	232,397,045	242,537,775	251,897,405	255,283,135	273,193,383	270,143,286
Business-type activities:										
Water & Sewer.....	13,942,389	13,150,909	15,656,873	15,920,781	16,922,887	17,671,575	18,264,477	19,995,720	22,871,038	19,935,954
Everett community television (A).....	-	-	-	-	-	-	-	479,675	306,937	446,255
Total business type activities expenses.....	13,942,389	13,150,909	15,656,873	15,920,781	16,922,887	17,671,575	18,264,477	20,475,395	23,177,975	20,382,209
Total primary government expenses.....	\$ 196,597,114	\$ 208,380,010	\$ 222,370,809	\$ 234,234,608	\$ 249,319,932	\$ 260,209,350	\$ 270,161,882	\$ 275,758,530	\$ 296,371,358	\$ 290,525,495
<b>Program Revenues</b>										
Governmental activities:										
Charges for services - general government.....	\$ 934,003	\$ 1,131,393	\$ 1,163,599	\$ 1,530,370	\$ 1,563,901	\$ 1,123,439	\$ 1,348,962	\$ 747,805	\$ 982,258	\$ 930,741
Charges for services - public safety.....	2,850,724	2,353,477	2,548,196	4,111,774	5,488,823	6,844,705	7,272,142	4,679,811	10,135,326	10,688,865
Charges for services - education.....	829,899	1,207,084	777,691	820,905	1,212,679	841,973	1,360,397	953,862	183,974	1,304,820
Charges for services - other.....	373,782	404,817	444,615	704,944	793,374	1,137,413	1,066,886	723,044	406,276	707,778
Operating grants and contributions - public safety.....	881,640	1,372,560	2,249,481	987,308	1,557,869	1,538,943	983,974	1,913,275	1,875,580	1,785,249
Operating grants and contributions - education.....	72,050,490	82,317,733	81,510,620	90,903,891	97,934,307	98,925,306	102,756,728	109,576,987	115,036,461	120,375,751
Operating grants and contributions - other.....	2,153,721	3,004,878	2,171,627	2,737,636	2,396,099	2,159,414	2,596,932	3,096,048	8,971,594	3,754,614
Capital grants and contributions - city services and facilities.....	1,307,829	832,729	420,987	1,014,442	1,323,158	978,476	2,494,563	1,278,505	1,012,545	946,852
Capital grants and contributions - other.....	670,947	1,346,296	256,910	333,540	747,557	567,889	-	486,469	58,814	165,677
Total government activities program revenues.....	82,053,035	93,970,967	91,543,726	103,144,810	113,017,767	114,117,558	119,880,584	123,455,806	138,662,828	140,660,347
Business-type activities:										
Charges for services - Water & Sewer.....	13,891,640	13,946,348	16,767,337	18,005,313	17,579,874	17,496,741	17,199,879	18,369,190	20,039,434	20,044,228
Charges for services - Everett community television (A)...	-	-	-	-	-	-	-	600,353	435,199	388,050
Operating grants and contributions - Water & Sewer.....	8,636	21,018	29,849	43,646	90,731	142,235	185,033	56,884	11,004	26,330
Capital grants and contributions - Water & Sewer.....	-	-	-	939,600	1,065,750	-	-	-	2,338,260	1,982,494
Total business-type activities program revenues.....	13,900,276	13,967,366	16,797,186	18,988,559	18,736,355	17,638,976	17,384,912	19,026,427	22,823,897	22,441,102
Total primary government program revenues.....	\$ 95,953,311	\$ 107,938,333	\$ 108,340,912	\$ 122,133,369	\$ 131,754,122	\$ 131,756,534	\$ 137,265,496	\$ 142,482,233	\$ 161,486,725	\$ 163,101,449
<b>Net (Expense)/Revenue</b>										
Governmental activities.....	\$ (100,601,690)	\$ (101,258,134)	\$ (115,170,210)	\$ (115,169,017)	\$ (119,379,278)	\$ (128,420,217)	\$ (132,016,821)	\$ (131,827,329)	\$ (134,530,555)	\$ (129,482,939)
Business-type activities.....	(42,113)	816,457	1,140,313	3,067,778	1,813,468	(32,599)	(879,565)	(1,448,968)	(354,078)	2,058,893
Total primary government net expense.....	\$ (100,643,803)	\$ (100,441,677)	\$ (114,029,897)	\$ (112,101,239)	\$ (117,565,810)	\$ (128,452,816)	\$ (132,896,386)	\$ (133,276,297)	\$ (134,884,633)	\$ (127,424,046)

(Continued)

**Changes in Net Position**

**Last Ten Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Revenues and other Changes in Net Position</b>										
Governmental activities:										
Real estate and personal property taxes,										
net of tax refunds payable (B).....	\$ 88,633,872	\$ 82,487,277	\$ 89,490,142	\$ 92,942,432	\$ 95,349,960	\$ 101,613,763	\$ 105,329,207	\$ 90,680,955	\$ 92,546,236	\$ 94,529,705
Tax liens.....	1,387,186	1,217,971	676,286	779,186	197,134	613,280	220,384	788,037	249,441	645,540
Motor vehicle excise taxes.....	2,940,909	3,180,085	3,724,538	4,205,358	4,382,417	4,587,473	4,520,275	4,686,984	4,389,002	4,129,602
Chapter 121A excise payments in lieu of taxes (B).....	-	-	-	-	-	-	438,356	20,000,000	20,500,000	21,012,500
Community impact fee (B).....	-	-	-	-	-	-	109,589	5,000,000	5,125,000	5,253,124
Hotel/motel tax.....	-	-	-	-	-	-	237,109	3,295,972	24,363	784,679
Meals tax.....	457,561	488,112	501,327	550,625	545,969	622,963	712,076	1,090,679	669,333	1,236,866
Penalties and interest on taxes.....	932,498	878,084	582,610	513,731	351,992	389,436	410,658	367,259	637,495	3,536,876
Payments in lieu of taxes.....	-	-	-	-	-	-	14,112	14,112	14,112	14,112
Grants and contributions not restricted to										
specific programs.....	5,958,553	6,505,939	5,882,015	6,752,028	6,760,390	7,234,348	7,551,355	8,479,582	7,951,587	8,078,038
Unrestricted investment income.....	87,761	118,278	109,028	223,517	216,416	348,974	1,072,733	806,559	359,584	783,626
Miscellaneous.....	23,521	22,449	87,532	47,839	173,572	227,717	-	-	-	-
Transfers, net.....	-	-	-	-	-	-	-	-	(57,600)	-
Capital transfers, net.....	-	-	-	-	-	-	-	(1,758,572)	-	-
Special item.....	-	-	-	30,000,000	-	-	-	-	-	-
Total governmental activities.....	<u>100,421,861</u>	<u>94,898,195</u>	<u>101,053,478</u>	<u>136,014,716</u>	<u>107,977,850</u>	<u>115,637,954</u>	<u>120,615,854</u>	<u>133,451,567</u>	<u>132,408,553</u>	<u>140,004,668</u>
Business-type activities:										
Transfers, net.....	-	-	-	-	-	-	-	-	57,600	-
Capital transfers, net.....	-	-	-	-	-	-	-	1,758,572	-	-
Total primary government.....	<u>\$ 100,421,861</u>	<u>\$ 94,898,195</u>	<u>\$ 101,053,478</u>	<u>\$ 136,014,716</u>	<u>\$ 107,977,850</u>	<u>\$ 115,637,954</u>	<u>\$ 120,615,854</u>	<u>\$ 135,210,139</u>	<u>\$ 132,466,153</u>	<u>\$ 140,004,668</u>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ (179,829)	\$ (6,359,939)	\$ (14,116,732)	\$ 20,845,699	\$ (11,401,428)	\$ (12,782,263)	\$ (11,400,967)	\$ 1,624,238	\$ (2,122,002)	\$ 10,521,729
Business-type activities.....	(42,113)	816,457	1,140,313	3,067,778	1,813,468	(32,599)	(879,565)	309,604	(296,478)	2,058,893
Total primary government.....	<u>\$ (221,942)</u>	<u>\$ (5,543,482)</u>	<u>\$ (12,976,419)</u>	<u>\$ 23,913,477</u>	<u>\$ (9,587,960)</u>	<u>\$ (12,814,862)</u>	<u>\$ (12,280,532)</u>	<u>\$ 1,933,842</u>	<u>\$ (2,418,480)</u>	<u>\$ 12,580,622</u>

(A) 2020 and subsequent years reflect Everett Community Television as an enterprise fund, which was previously accounted for as a governmental fund.

(B) 2020 reflects a decrease in real estate and personal property taxes and an increase in Chapter 121A excise payments in lieu of taxes and community impact fees due to the new casino.

(Concluded)

**Fund Balances, Governmental Funds**

**Last Ten Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,599,547	\$ -
Committed.....	2,000,446	2,397,168	2,750,852	2,792,988	1,376,311	1,506,076	1,299,067	1,282,728	952,573	1,097,754
Assigned.....	7,532,724	7,577,487	1,121,815	2,307,963	5,262,019	6,103,838	8,416,361	9,790,334	12,008,455	16,873,021
Unassigned.....	14,141,312	17,324,226	21,595,795	29,069,013	36,217,588	37,286,163	26,329,053	28,320,183	15,498,108	31,372,879
Total general fund.....	\$ 23,674,482	\$ 27,298,881	\$ 25,468,462	\$ 34,169,964	\$ 42,855,918	\$ 44,896,077	\$ 36,044,481	\$ 39,393,245	\$ 46,058,683	\$ 49,343,654
All Other Governmental Funds										
Nonspendable.....	\$ 1,180,193	\$ 1,232,351	\$ 1,228,489	\$ 1,228,569	\$ 1,228,999	\$ 1,048,919	\$ 1,048,919	\$ 1,049,074	\$ 1,048,919	\$ 1,048,919
Restricted.....	10,790,455	14,321,721	10,412,616	20,528,449	26,666,806	31,412,478	44,832,001	22,297,429	31,036,732	51,636,856
Unassigned.....	(311,932)	-	-	-	-	-	-	-	-	(3,539,901)
Total all other governmental funds.....	\$ 11,658,716	\$ 15,554,072	\$ 11,641,105	\$ 21,757,018	\$ 27,895,805	\$ 32,461,397	\$ 45,880,920	\$ 23,346,503	\$ 32,085,651	\$ 49,145,874

\* Prior to 2020 Everett Community Television activities were accounted for in governmental funds.

\* 2020 and subsequent years reflect the implementation of GASB 84.

\* In 2021, the City reported a \$17.6 million prepaid expenditure; which was required to be reported as nonspendable fund balance.

**Changes in Fund Balances, Governmental Funds**

**Last Ten Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds (C).....	\$ 85,418,506	\$ 86,690,275	\$ 88,644,890	\$ 92,604,668	\$ 94,687,299	\$ 102,010,368	\$ 102,815,956	\$ 91,230,752	\$ 92,067,808	\$ 99,163,532
Tax liens.....	1,387,186	1,217,971	676,286	670,234	329,151	533,003	315,595	446,224	414,853	179,443
Motor vehicle excise taxes.....	2,751,895	3,397,069	3,556,578	4,013,283	4,352,191	4,529,689	4,441,258	4,248,629	4,693,384	4,662,553
Chapter 121A excise payments in lieu of taxes (C).....	-	-	-	-	-	-	438,356	20,000,000	20,500,000	21,012,500
Community impact fee (C).....	-	-	-	-	-	-	109,589	5,000,000	5,125,000	5,253,124
Hotel/motel tax (B).....	-	-	-	-	-	-	237,109	3,295,972	24,363	784,679
Meals tax.....	457,561	488,112	501,327	550,625	545,969	622,963	712,076	1,090,679	669,333	1,236,866
Charges for services.....	2,562,994	2,519,813	1,156,783	1,106,605	1,079,426	983,777	1,477,614	465,192	398,642	697,625
Penalties and interest on taxes.....	918,384	878,084	582,610	513,731	351,992	389,436	424,770	367,259	637,495	3,536,876
Payments in lieu of taxes.....	-	-	-	-	-	-	14,112	14,112	14,112	14,112
Licenses and permits.....	1,128,765	1,030,195	1,112,065	1,212,658	1,337,627	1,897,721	1,810,445	1,866,483	3,010,071	4,034,315
Fines and forfeitures.....	1,062,118	880,428	1,232,782	1,666,292	1,697,985	1,412,090	1,472,863	1,211,590	1,353,414	1,780,496
Intergovernmental.....	83,012,265	94,679,962	94,055,129	103,168,643	111,436,766	111,487,686	115,965,283	124,261,597	133,158,641	132,576,128
Departmental and other.....	414,673	1,204,203	1,359,930	2,919,528	4,817,578	5,327,744	8,071,478	5,300,341	8,292,834	8,247,302
Contributions and donations.....	407,191	692,386	592,185	856,519	1,211,266	1,542,796	1,136,571	928,383	484,565	789,555
Investment income.....	90,054	119,077	110,716	231,004	217,212	358,925	890,554	705,616	277,354	554,254
Other.....	-	22,449	87,532	47,839	173,572	227,717	-	-	-	-
<b>Total Revenue.....</b>	<b>179,611,592</b>	<b>193,820,024</b>	<b>193,668,813</b>	<b>209,561,629</b>	<b>222,238,034</b>	<b>231,323,915</b>	<b>240,333,629</b>	<b>260,432,829</b>	<b>271,121,869</b>	<b>284,523,360</b>
<b>Expenditures:</b>										
General government (A).....	5,023,161	5,996,564	6,174,501	6,787,720	7,115,698	8,330,929	8,625,168	7,969,097	7,471,979	9,277,483
Public safety.....	21,315,481	24,348,018	23,872,516	26,789,543	29,019,813	31,568,496	33,665,616	31,453,461	36,255,576	42,465,022
Education.....	71,755,593	79,314,365	85,539,733	86,202,875	87,439,945	93,081,107	91,305,307	95,949,699	92,113,441	108,866,443
City services and facilities.....	9,214,646	10,365,574	12,199,957	9,234,697	10,462,577	12,251,705	14,010,989	13,036,086	13,325,162	12,930,484
Community development.....	492,590	1,006,713	840,934	50,171	450,076	274,621	1,110,215	401,008	221,683	1,130,128
Human services.....	2,027,407	2,157,424	2,767,966	2,932,500	3,066,086	4,323,053	3,629,780	5,436,032	10,832,601	8,090,209
Libraries and recreation.....	1,165,247	1,336,851	1,653,802	1,670,395	2,294,619	2,415,950	2,067,490	1,975,796	1,060,258	1,639,727
Pension benefits.....	22,257,469	22,973,735	20,093,090	25,272,172	31,555,542	31,878,906	33,206,827	37,513,845	42,898,910	31,032,632
Property and liability insurance.....	1,729,712	1,996,230	2,043,298	1,924,506	2,176,093	2,331,885	2,990,592	2,948,925	3,129,546	3,216,109
Employee benefits.....	18,334,278	19,452,261	20,544,717	21,218,548	22,630,843	23,146,974	23,714,096	23,993,817	23,144,643	23,863,006
Claims and judgments.....	-	-	-	-	251,692	14,465	-	-	-	-
State and county charges.....	10,211,682	10,418,587	11,194,008	11,599,413	13,511,625	14,222,816	15,170,707	14,214,449	14,117,639	16,097,533
Capital outlay.....	5,560,342	8,565,559	10,328,505	12,862,827	12,598,174	15,489,547	11,260,115	26,296,454	21,253,510	18,876,118
Debt service:										
Principal.....	5,279,415	5,414,415	6,445,416	7,159,415	8,544,416	10,062,416	11,618,866	13,185,415	8,610,414	8,934,417
Interest.....	2,423,492	2,186,221	2,176,841	1,736,113	2,285,758	2,491,194	2,755,934	3,087,997	2,859,616	3,497,555
<b>Total Expenditures.....</b>	<b>176,790,515</b>	<b>195,532,517</b>	<b>205,875,284</b>	<b>215,440,895</b>	<b>233,402,957</b>	<b>251,884,064</b>	<b>255,131,702</b>	<b>277,462,081</b>	<b>277,294,978</b>	<b>289,916,866</b>
Excess of revenues over (under) expenditures.....	2,821,077	(1,712,493)	(12,206,471)	(5,879,266)	(11,164,923)	(20,560,149)	(14,798,073)	(17,029,252)	(6,173,109)	(5,393,506)

(Continued)

**Changes in Fund Balances, Governmental Funds**

**Last Ten Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Other Financing Sources (Uses):</b>										
Issuance of bonds.....	4,370,000	8,591,000	6,025,000	17,857,000	12,417,000	13,525,450	17,613,000	-	18,706,000	23,905,000
Issuance of refunding bonds.....	2,445,000	-	6,190,000	13,805,000	-	-	-	-	759,000	-
Premium from issuance of bonds and notes.....	104,024	641,248	342,114	1,719,490	1,072,664	1,140,450	1,753,000	92,466	2,932,079	1,833,700
Premium from issuance of refunding bonds.....	-	-	716,132	938,681	-	-	-	-	138,216	-
Payments to refunded bond escrow agent.....	(2,464,779)	-	(6,810,161)	(14,623,490)	-	-	-	-	900,000	-
Transfers in.....	360,493	1,178,544	650,000	740,100	881,761	1,040,605	-	-	(57,600)	1,323,699
Transfers out.....	(360,493)	(1,178,544)	(650,000)	(740,100)	(881,761)	(1,040,605)	-	(1,758,572)	-	(1,323,699)
<b>Total other financing sources (uses).....</b>	<b>4,454,245</b>	<b>9,232,248</b>	<b>6,463,085</b>	<b>19,696,681</b>	<b>13,489,664</b>	<b>14,665,900</b>	<b>19,366,000</b>	<b>(1,666,106)</b>	<b>23,377,695</b>	<b>25,738,700</b>
<b>Net change in fund balance before special item.....</b>	<b>7,275,322</b>	<b>7,519,755</b>	<b>(5,743,386)</b>	<b>13,817,415</b>	<b>2,324,741</b>	<b>(5,894,249)</b>	<b>4,567,927</b>	<b>(18,695,358)</b>	<b>17,204,586</b>	<b>20,345,194</b>
<b>Special Item.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000,000</b>	<b>12,500,000</b>	<b>12,500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balance..... \$</b>	<b>7,275,322</b>	<b>7,519,755</b>	<b>(5,743,386)</b>	<b>18,817,415</b>	<b>14,824,741</b>	<b>6,605,751</b>	<b>4,567,927</b>	<b>(18,695,358)</b>	<b>17,204,586</b>	<b>20,345,194</b>
<b>Debt service as a percentage of noncapital expenditures.....</b>	<b>4.50%</b>	<b>4.07%</b>	<b>4.41%</b>	<b>4.39%</b>	<b>4.90%</b>	<b>4.89%</b>	<b>5.89%</b>	<b>6.48%</b>	<b>4.48%</b>	<b>4.59%</b>

(A) Prior to 2020, Everett Community Television activities were accounted for as general government expenditures in the governmental funds.

(Concluded)

(B) Prior to 2019, hotel/motel tax were combined with meals tax.

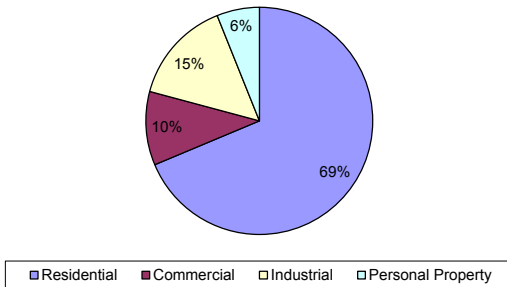
(C) 2020 reflects a decrease in real estate and personal property taxes and an increase in Chapter 121A excise payments in lieu of taxes and community impact fees due to the new casino.

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

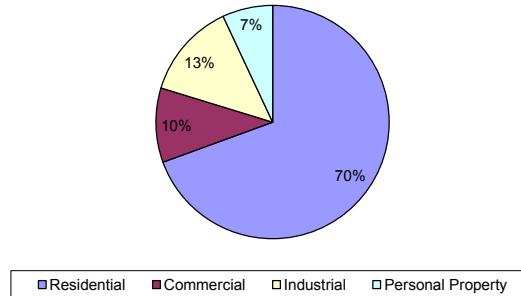
Last Ten Years

Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate (1)	Total City Value
2013	\$ 2,260,825,559	\$ 15.64	\$ 407,665,811	\$ 616,972,410	\$ 262,526,300	\$ 1,287,164,521	\$ 43.04	\$ 25.58	\$ 3,547,990,080
2014	2,309,644,676	15.04	409,935,794	616,975,000	278,875,000	1,305,785,794	40.95	24.40	3,615,430,470
2015	2,584,829,341	14.61	418,981,469	644,761,387	360,687,000	1,424,429,856	39.45	23.44	4,009,259,197
2016	2,811,506,692	14.45	485,609,578	672,925,060	344,726,450	1,503,261,088	37.98	22.65	4,314,767,780
2017	3,162,161,321	14.44	503,718,289	723,295,700	363,009,200	1,590,023,189	35.69	21.55	4,752,184,510
2018	3,560,495,901	13.78	543,308,499	771,961,270	409,072,700	1,724,342,469	33.74	20.29	5,284,838,370
2019	4,055,191,542	12.38	641,746,948	793,306,865	424,125,900	1,859,179,713	35.27	19.58	5,914,371,255
2020	4,554,332,521	10.64	629,929,429	1,016,425,467	391,592,700	2,037,947,596	24.72	14.99	6,592,280,117
2021	4,764,415,799	9.87	726,729,191	1,025,699,462	419,604,100	2,172,032,753	23.20	14.04	6,936,448,552
2022	5,054,546,645	10.36	753,235,855	969,160,550	506,075,700	2,228,472,105	24.04	14.55	7,283,018,750

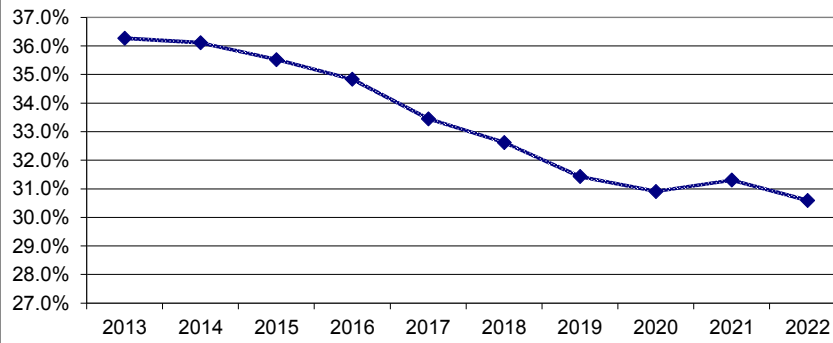
Total Assessed Value by Classification Year Ended June 30, 2021



Total Assessed Value by Classification Year Ended June 30, 2022



Commercial Value as % of Total Value



(1) The direct rate is the weighted average of the residential and commercial tax rates.  
Source: Assessor's Department  
All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the City. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

**Principal Taxpayers**  
**Current Year and Nine Years Ago**

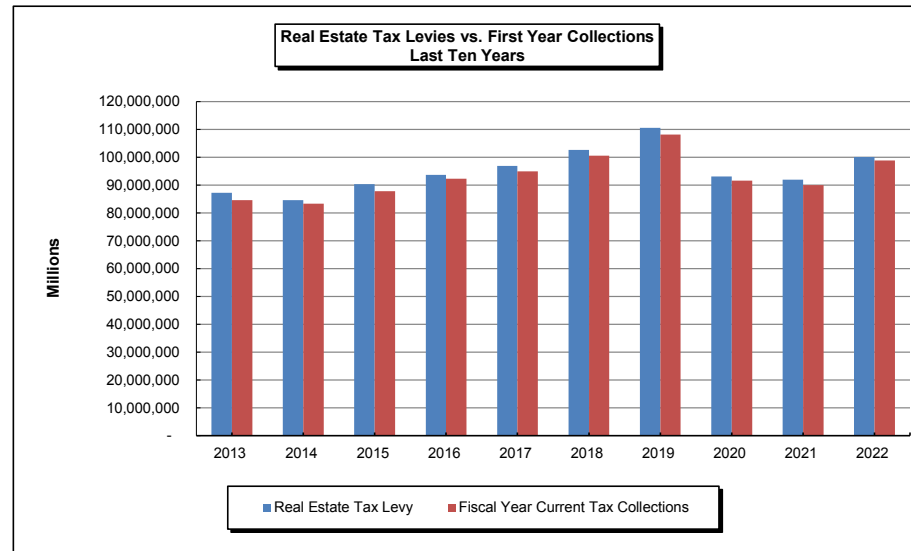
Name	Nature of Business	2022		Percentage of Total Taxable Assessed Value	2013		Percentage of Total Taxable Assessed Value
		Assessed Valuation	Rank		Assessed Valuation	Rank	
Constellation Mystic Power LLC (Exelon)	Power Plant	\$ 546,116,500	1	7.5%	\$ 348,513,010	1	9.8%
NSTAR Electric Company	Utility	175,768,200	2	2.4%	54,582,100	4	1.5%
Distrigas of Massachusetts Corp. (Exelon)	LNG Terminal (Personal)	136,651,700	3	1.9%	110,337,800	2	3.1%
MFRREVF II - Batch Yard LLC	Class A Apartments	128,686,100	4	1.8%	-	-	-
Pioneer Owner LLC	Office Building	120,819,800	5	1.7%	-	-	-
DDRC Gateway LLC	Gateway Mall	114,289,900	6	1.6%	73,554,100	3	2.1%
Massachusetts Electric Company	Utility	112,082,700	7	1.5%	32,228,300	6	0.9%
Boston Gas Co./DBA National Grid	Utility	108,548,800	8	1.5%	16,974,300	10	0.5%
Encore Boston Harbor & Affiliates	Casino Resort	71,220,100	9	1.0%	-	-	-
Exxon/Mobil Corporation	Fuel Distribution	67,326,100	10	0.9%	25,219,200	8	0.7%
Distrigas of Mass Corp.	Utility	-	-	-	35,742,700	5	1.0%
GP Portland Investment Company	Invesment	-	-	-	26,878,600	7	0.8%
Prolerized New England Company	Scrap Exporter	-	-	-	17,248,900	9	0.5%
<b>Totals</b>		<u>\$ 1,581,509,900</u>		<u>21.7%</u>	<u>\$ 741,279,010</u>		<u>20.9%</u>

Source: Official Statement

**Property Tax Levies and Collections**

**Last Ten Years**

Year	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2013	\$ 87,262,044	\$ 778,690	\$ 86,483,354	\$ 84,532,449	97.7%	\$ 1,950,905	\$ 86,483,354	100.0%
2014	84,594,327	512,673	84,081,654	83,311,626	99.1%	770,028	84,081,654	100.0%
2015	90,369,956	2,052,689	88,317,267	87,778,714	99.4%	538,553	88,317,267	100.0%
2016	93,653,216	1,065,864	92,587,352	92,246,027	99.6%	251,493	92,497,520	99.9%
2017	96,907,071	875,121	96,031,950	94,871,830	98.8%	1,160,120	96,031,950	100.0%
2018	102,566,340	1,745,836	100,820,504	100,569,895	99.8%	19,383	100,589,278	99.8%
2019	110,566,340	1,490,664	109,075,676	108,086,682	99.1%	988,994	109,075,676	100.0%
2020	93,125,938	68,497	93,057,441	91,575,396	98.4%	1,482,045	93,057,441	100.0%
2021	91,966,655	576,754	91,389,901	89,959,328	98.4%	1,430,573	91,389,901	100.0%
2022	100,040,824	1,259,653	98,781,171	98,781,171	100.0%	-	98,781,171	100.0%



Source: Massachusetts Department of Revenue; Board of Assessors

\* 2020 reflects a decrease in real estate and personal property taxes and an increase in Chapter 121A excise payments in lieu of taxes and community impact fees due to the new casino.



## Ratios of Outstanding Debt by Type

### Last Ten Years

Year	Governmental Activities		Business-type Activities		Total Debt Outstanding	Percentage of Personal Income	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (1)	Direct Borrowings	General Obligation Bonds (1)	Direct Borrowings				
2013	\$ 56,698,306	\$ -	\$ 1,130,000	\$ 6,917,251	\$ 64,745,557	6.44%	\$ 41,667	\$ 1,554
2014	60,503,144	-	4,980,000	6,885,834	72,368,978	7.06%	41,667	1,737
2015	60,900,676	-	4,530,000	7,200,626	72,631,302	6.95%	41,667	1,743
2016	72,190,859	1,000,000	4,395,000	7,595,693	85,181,552	7.45%	46,050	1,850
2017	76,435,565	937,000	4,015,000	8,575,657	89,963,222	7.97%	46,340	1,941
2018	80,315,570	871,000	3,881,053	8,417,005	93,484,628	8.12%	46,340	2,017
2019	87,313,495	802,000	3,740,189	8,249,626	100,105,310	8.43%	46,340	2,160
2020	73,287,120	729,000	3,098,920	9,848,593	86,963,633	7.18%	46,340	1,877
2021	85,431,332	653,000	2,463,144	12,087,685	100,635,161	6.49%	49,075	2,051
2022	101,179,953	573,000	1,825,789	12,744,969	116,323,711	7.35%	49,075	2,370

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

Source: Audited Financial Statements, U. S. Census

## Ratios of Outstanding Debt and General Bonded Debt

### Last Ten Years

Year		General Obligation Bonds (1)	Percentage of Estimated Actual Taxable Value of Property		Per Capita
2013	\$	57,828,306	1.82%	\$	1,388
2014		65,483,144	2.00%		1,572
2015		65,430,676	1.81%		1,570
2016		76,585,859	1.97%		1,663
2017		80,450,565	1.89%		1,736
2018		84,196,623	1.59%		1,817
2019		91,053,684	1.54%		1,965
2020		76,386,040	1.16%		1,648
2021		87,894,476	1.27%		1,791
2022		103,005,742	1.41%		2,099

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

Source: Audited Financial Statements, U. S. Census

## Direct and Overlapping Governmental Activities Debt

As of June 30, 2022

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Massachusetts Bay Transportation Authority.....	\$ 5,149,356,000	1.795%	\$ <u>92,430,940</u>
City debt:			
General obligations bonds payable.....			101,179,953
Direct borrowings payable.....			<u>573,000</u>
City total direct debt.....			<u>101,752,953</u>
Total direct and overlapping debt.....			\$ <u><u>194,183,893</u></u>

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of the overlapping governments that is borne by the taxpayers of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage applicable for the Massachusetts Bay Transportation Authority (MBTA) is based on a weighted percentage of the cities and towns in the MBTA.

Source: Official Statement for Sale of Bonds

# Computation of Legal Debt Margin

## Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Equalized Valuation.....	\$ 3,653,316,400	\$ 3,794,616,400	\$ 3,794,616,400	\$ 4,584,699,100	\$ 4,584,699,100	\$ 5,767,100,400	\$ 5,767,100,400	\$ 7,029,819,300	\$ 7,029,819,300	\$ 7,029,819,300
Debt Limit - 5% of Equalized Valuation.....	\$ 182,665,820	\$ 189,730,820	\$ 189,730,820	\$ 229,234,955	\$ 229,234,955	\$ 288,355,020	\$ 288,355,020	\$ 351,490,965	\$ 351,490,965	\$ 351,490,965
Less:										
Outstanding debt applicable to limit.....	16,923,690	28,562,042	32,887,556	49,163,015	58,246,371	66,003,112	76,000,825	66,977,778	77,532,388	92,614,246
Authorized and unissued debt.....	17,765,907	4,066,597	23,941,150	7,985,750	8,625,786	10,831,036	12,676,886	39,307,636	24,385,903	13,056,336
Legal debt margin.....	\$ 147,976,223	\$ 157,102,181	\$ 132,902,114	\$ 172,086,190	\$ 162,362,798	\$ 211,520,872	\$ 199,677,309	\$ 245,205,551	\$ 249,572,674	\$ 245,820,383
Total debt applicable to the limit as a percentage of debt limit.....	18.99%	17.20%	29.95%	24.93%	29.17%	26.65%	30.75%	30.24%	29.00%	30.06%

Source: Audited Financial Statements; Statement of Indebtedness; and the Massachusetts Department of Revenue, Bureau of Local Assessment.

## Demographic and Economic Statistics

### Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2013	42,935	\$ 1,005,108,350	\$ 23,410	35.6	6,796	6.5%
2014	42,935	1,025,210,517	23,878	35.6	7,008	5.2%
2015	42,935	1,045,714,727	24,356	35.6	7,071	4.4%
2016	46,050	1,121,582,932	24,356	35.6	7,125	4.1%
2017	46,340	1,128,657,040	24,356	35.6	7,078	3.9%
2018	46,340	1,151,230,181	24,843	34.9	7,068	2.8%
2019	46,880	1,187,938,375	25,340	34.9	7,107	2.8%
2020	46,880	1,211,697,142	25,847	34.9	7,057	23.0%
2021	49,075	1,550,720,925	31,599	35.9	6,883	5.7%
2022	49,075	1,581,735,344	32,231	35.9	6,813	3.2%

Note: Per Capita Personal Income based on 2020 U.S Census

Source: Massachusetts Department of Revenue, Division of Local Services; U.S. Census Bureau

**Principal Employers (excluding City)**

**Current Year and Nine Years Ago**

Employer	Nature of Business	2022			2013		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Wynn MA LLC	Resort Casino	4,000	1	18.3%	-	-	-
Mellon Bank	Banking/Financial Institution	1,200	2	5.5%	1,286	1	10.7%
Cambridge Health Alliance	Hospital	800	3	3.7%	825	2	6.9%
MBTA	Transportation	600	4	2.7%	600	3	5.0%
Boston Coach	Transportation	300	5	1.4%	299	4	2.5%
Target	Retail	200	6	0.9%	235	5	2.0%
Alliance Detection	Security	200	6	0.9%	150	9	1.2%
Everett Nursing and Rehab Center	Health Care/Long Term & Rehabilitation	150	7	0.7%	165	7	1.4%
Home Depot	Retail	150	7	0.7%	150	8	1.2%
COSTCO	Wholesale	100	8	0.5%	-	-	-
Best Buy	Retail	100	8	0.5%	-	-	-
Schnitzer Northeaster	Metal Recycling	100	8	0.5%	139	10	1.2%
Texas Roadhouse	Resturant	100	8	0.5%	-	-	-
Dunkin Donuts	Coffee/Fast Food	100	8	0.5%	-	-	-
Resturant Depot	Wholesale	90	9	0.4%	-	-	-
Honda Cars of Boston	Car Dealership	80	10	0.4%	-	-	-
Dunkin Galvanizing	Metal Fabrication	80	10	0.4%	-	-	-
Eagle Bank	Banking	80	10	0.4%	-	-	-
TGIF Friday's	Resturant	80	10	0.4%	-	-	-
Distrigas GDF/SUEZ	LNG Terminal	-	-	-	170	6	1.4%
		<u>7,700</u>		<u>38.9%</u>	<u>4,019</u>		<u>33.4%</u>

Source: Official Statement

# Full-time Equivalent City Employees by Function

## Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function										
General government.....	43	46	49	58	75	55	66	49	56	52
Public safety.....	245	253	256	282	309	292	288	276	298	275
Education.....	635	700	730	813	832	1,020	1,066	843	889	1,353
City services and facilities.....	45	47	52	59	58	60	63	61	62	66
Human services.....	32	28	32	33	37	40	38	32	26	26
Libraries and recreation.....	16	16	19	20	23	20	19	18	5	11
Total .....	<u>1,015</u>	<u>1,090</u>	<u>1,138</u>	<u>1,265</u>	<u>1,334</u>	<u>1,487</u>	<u>1,540</u>	<u>1,279</u>	<u>1,336</u>	<u>1,783</u>

Source: Various City Departments

## Operating Indicators by Function/Program

### Last Ten Years

<b>Function/Program</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
General government										
Marriage recordings.....	384	332	303	395	463	673	536	404	339	440
Birth recordings.....	637	592	478	473	684	608	621	500	446	515
Death recordings.....	423	398	386	438	388	431	430	518	283	453
Police										
Physical arrests.....	752	810	922	801	722	809	784	886	587	684
Motor vehicle violations.....	3,262	3,889	3,307	2,881	2,516	3,190	3,383	1,987	1,388	1,501
Police personnel and officers.....	94	100	106	119	134	141	138	127	138	147
Fire										
Inspections.....	2,988	2,650	3,198	1,625	3,840	3,500	3,369	3,682	3,972	2,602
Emergency responses.....	5,167	5,259	5,752	5,728	5,521	5,599	6,019	6,440	6,279	7,474
Fire personnel and officers.....	95	95	103	105	109	110	98	106	117	98
Education										
Number of students.....	6,796	7,008	7,071	7,125	7,078	7,068	7,107	7,057	6,883	6,813
Number of graduates.....	408	404	490	430	461	492	487	430	415	466
Number of teachers.....	463	485	522	690	659	650	617	565	562	550
Health and human services										
Number of persons using COA transportation.....	212	218	217	200	182	151	148	137	91	104

Source: Various City Departments; Massachusetts Department of Education



## Capital Asset Statistics by Function/Program

### Last Ten Years

<u>Function/Program</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General government										
Number of buildings.....	3	3	3	3	3	3	3	3	3	3
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	3	3	3	3	3	3	3	3	3	3
Education										
Number of elementary schools.....	6	6	6	6	6	6	6	6	6	6
Number of middle schools.....	5	5	5	5	5	5	5	5	5	5
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Cemeteries.....	3	3	3	3	3	3	3	3	3	3

Source: Various City Departments, Manual of the City Government

## Free Cash and Stabilization Account Balances

### Last Ten Years

<u>Year</u>	<u>Free Cash</u>	<u>Stabilization Accounts</u>
2022.....	\$ 18,829,520	\$ 11,549,989
2021.....	11,760,957	10,908,236
2020.....	10,637,026	9,570,397
2019.....	14,312,691	7,145,138
2018.....	9,995,301	17,585,661
2017.....	6,576,560	21,185,739
2016.....	6,705,227	15,378,002
2015.....	5,194,938	12,221,997
2014.....	5,435,464	11,354,748
2013.....	5,156,668	10,941,602

Source: City Records & Annual Report from Hilltop Securities