

CITY OF BROCKTON, MASSACHUSETTS
BASIC FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTARY INFORMATION
AND ADDITIONAL INFORMATION
JUNE 30, 2024



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**CITY OF BROCKTON, MASSACHUSETTS
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JUNE 30, 2024**

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Brockton, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brockton, Massachusetts (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2024, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

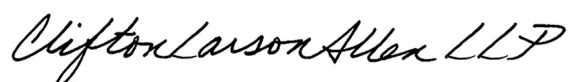
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison of the general fund and certain pension and other postemployment benefits information be presented to supplement the basic financial statements. Such information 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The water and sewer funds' budget to actual schedules 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 GAAS. In our opinion, the water and sewer funds' budget to actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, 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's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
April 10, 2026

**CITY OF BROCKTON, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024
(UNAUDITED)**

As management of the City of Brockton (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024.

Brockton is a City located in Plymouth County, 20 miles southwest of Boston. The City has a population of approximately 104,713 (Federal census) and occupies a land area of 21.4 square miles. Brockton is the population center of a primary metropolitan statistical area of approximately 170,000 persons. Government is by an elected mayor and 11-member City council.

The City provides general governmental services for the territory within its boundaries, including police and fire protection, public education, water and sewer maintenance, trash disposal and parks and recreational facilities. Residential trash disposal and operation of the water filtration and wastewater treatment plant facilities are contracted out to private parties.

Financial Highlights

The liabilities and deferred inflows of the City exceeded its assets and deferred outflows at the close of fiscal year 2024 by approximately \$772.2 million (net position).

- The City's total net position increased in fiscal year 2024 by approximately \$13.0 million, or 1.7%. This is primarily due to the increase in the property taxes and intergovernmental revenues received by the City.
- At the end of fiscal year 2024, unassigned fund balance for the general fund was approximately \$41.0 million, or 7.8%, of total general fund expenditures.
- The City's total bonded debt decreased by approximately \$26.6 million, or 5.0%, during fiscal year 2024. This decrease was due to the scheduled debt repayments.

Overview of the Financial Statements

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

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City 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 of the City include general administration, public safety, education, public works, human services, and cultural development. The business-type activities of the City include water and sewer systems and stormwater, recreational, refuse, parking and renewable energy activities.

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains several governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund, which is the City's major governmental fund. Data from the other nonmajor governmental funds are combined into a single, aggregated presentation.

Proprietary Funds – Enterprise funds (one type of proprietary fund) 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 systems and its refuse, recreational, renewable energy, stormwater, and parking activities.

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(UNAUDITED)**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer systems, both of which are considered to be major funds of the City. Refuse, recreational, renewable energy, stormwater, and parking activities are combined into a single nonmajor fund.

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 statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: the pension and OPEB trust funds and the custodial funds.

The City is the trustee, or fiduciary, for its employees' pension plan. The City's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

Notes to 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.

Required Supplementary and Additional Information – In addition to the basic financial statements and accompanying notes, these financial statements also present certain required supplementary information (RSI).

The City adopts an annual appropriated budget for the general fund and for its enterprise funds. A budgetary comparison schedule has been provided for the general fund as RSI to demonstrate compliance with this budget. Also provided, as RSI, is the information concerning the pension fund and progress in funding its obligation to provide post-employment health benefits to its employees.

The City has also included the budget to actual results of its water and sewer enterprise funds as additional information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, liabilities and deferred inflows exceeded assets and deferred outflows by approximately \$772.2 million at the close of the most recent fiscal year.

A significant portion of the City's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. This amount increased by approximately \$13.8 million, or 4.6 % from the prior fiscal year. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

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Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt are generally provided from other sources, since the capital assets themselves typically are not used to liquidate these liabilities.

An additional portion of the City's net position, \$75.9 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of a negative \$1.2 billion represents an unrestricted net deficit.

	Condensed Statements of Net Position (In Thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 271,436	\$ 310,810	\$ 56,651	\$ 57,204	\$ 328,087	\$ 368,014
Capital and Right-to-Use Assets	242,050	208,587	190,826	185,504	432,876	394,091
Total Assets	<u>\$ 513,486</u>	<u>\$ 519,397</u>	<u>\$ 247,477</u>	<u>\$ 242,708</u>	<u>\$ 760,963</u>	<u>\$ 762,105</u>
Deferred Outflows of Resources	<u>\$ 133,688</u>	<u>\$ 147,292</u>	<u>\$ 7,837</u>	<u>\$ 8,951</u>	<u>\$ 141,525</u>	<u>\$ 156,243</u>
Long-Term Debt Outstanding	\$ 452,559	\$ 471,267	\$ 58,279	\$ 63,895	\$ 510,838	\$ 535,162
Other Liabilities	840,691	823,303	41,560	39,360	882,251	862,663
Total Liabilities	<u>\$ 1,293,250</u>	<u>\$ 1,294,570</u>	<u>\$ 99,839</u>	<u>\$ 103,255</u>	<u>\$ 1,393,089</u>	<u>\$ 1,397,825</u>
Deferred Outflows of Resources	<u>\$ 275,837</u>	<u>\$ 296,422</u>	<u>\$ 5,758</u>	<u>\$ 9,274</u>	<u>\$ 281,595</u>	<u>\$ 305,696</u>
Net Position:						
Invested in Capital Assets	\$ 182,532	\$ 179,714	\$ 132,545	\$ 121,552	\$ 315,077	\$ 301,266
Restricted	75,912	82,881	-	-	75,912	82,881
Unrestricted	<u>(1,180,357)</u>	<u>(1,186,898)</u>	<u>17,172</u>	<u>17,578</u>	<u>(1,163,185)</u>	<u>(1,169,320)</u>
Total Net Position	<u>\$ (921,913)</u>	<u>\$ (924,303)</u>	<u>\$ 149,717</u>	<u>\$ 139,130</u>	<u>\$ (772,196)</u>	<u>\$ (785,173)</u>

Total Net Position

The City's total net position increased in fiscal year 2024 by approximately \$13.0 million, or 1.7 %. This is primarily due to the increase in the property taxes and intergovernmental revenues received by the City.

Governmental Activities – Assets

For governmental activities, current and other assets decreased by \$39.4 million, coupled with an increase in capital assets of \$33.5 million, resulting in a decrease in total assets of \$5.9 million. The majority of the decrease in current and other assets was the result of a decrease in cash and investments due to a timing difference between the receipt and expenditure of permanently issued debt. The increase in the capital assets was primarily the result of the City purchasing various new assets, including the construction of the new Public Safety Building during fiscal year 2024.

Governmental Activities – Liabilities

Liabilities decreased by \$1.3 million. There was an increase of \$17.3 million in other liabilities and a decrease of \$18.7 million in long-term debt outstanding. The increase in other liabilities was due to the increases of the net pension liabilities of \$29.0 million. The decrease in long-term debt outstanding was due to the scheduled debt repayments.

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Business Type Activities – Assets

Current and other assets decreased by \$0.6 million and capital assets increased by \$5.3 million for a total asset increase of \$4.8 million. The increase in the capital assets was the result of the City purchasing various new assets during fiscal year 2024.

Business Type Activities – Liabilities

Liabilities decreased by \$3.4 million. There was an increase of \$4.5 million in other liabilities coupled with a \$7.9 million decrease in long-term debt outstanding. The increase of the long-term debt was the result of the scheduled debt payments in 2024.

	Condensed Statements of Changes in Net Position (In Thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Charge for Services	\$ 16,539	\$ 20,157	\$ 55,720	\$ 54,834	\$ 72,259	\$ 74,991
Operating Grants	345,465	342,083	107	90	345,572	342,173
Capital Grants	23,748	3,175	1,187	1,291	24,935	4,466
General Revenues:						
Property Taxes	173,131	165,917	-	-	173,131	165,917
Excise Taxes	12,829	11,715	-	-	12,829	11,715
Intergovernmental	25,073	24,300	-	-	25,073	24,300
Other	14,426	10,054	388	-	14,814	10,054
Total Revenues	<u>611,211</u>	<u>577,401</u>	<u>57,402</u>	<u>56,215</u>	<u>668,613</u>	<u>633,616</u>
Expenses:						
General Government	32,566	29,870	-	-	32,566	29,870
Public Safety	99,986	92,990	-	-	99,986	92,990
Education	407,811	394,628	-	-	407,811	394,628
Public Works	12,160	12,288	-	-	12,160	12,288
Economic Development	2,648	4,336	-	-	2,648	4,336
Human Services	4,108	5,343	-	-	4,108	5,343
Culture and Recreation	4,437	4,668	-	-	4,437	4,668
State and County Assessments	35,106	30,909	-	-	35,106	30,909
Court Judgments	1,885	1,337	-	-	1,885	1,337
Interest on Long-Term Debt	10,297	18,011	-	-	10,297	18,011
Enterprise Accounts:						
Water	-	-	13,526	20,734	13,526	20,734
Sewer	-	-	19,885	17,099	19,885	17,099
Other	-	-	11,221	14,740	11,221	14,740
Total Expenses	<u>611,004</u>	<u>594,380</u>	<u>44,632</u>	<u>52,573</u>	<u>655,636</u>	<u>646,953</u>
Excess (Deficiency) before Transfers	207	(16,979)	12,770	3,642	12,977	(13,337)
Transfers	2,183	1,508	(2,183)	(1,508)	-	-
Total Transfers	<u>2,183</u>	<u>1,508</u>	<u>(2,183)</u>	<u>(1,508)</u>	<u>-</u>	<u>-</u>
Change in Net Position	2,390	(15,471)	10,587	2,134	12,977	(13,337)
Net Position - Beginning, As Originally Stated	(924,303)	(897,319)	139,130	125,483	(785,173)	(771,836)
Adjustment	-	(11,513)	-	11,513	-	-
Net Position - Beginning, As Adjusted	<u>(924,303)</u>	<u>(908,832)</u>	<u>139,130</u>	<u>136,996</u>	<u>(785,173)</u>	<u>(771,836)</u>
Net Position - End of Year	<u>\$ (921,913)</u>	<u>\$ (924,303)</u>	<u>\$ 149,717</u>	<u>\$ 139,130</u>	<u>\$ (772,196)</u>	<u>\$ (785,173)</u>

**CITY OF BROCKTON, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Governmental Activities – Statement of Activities

Gross expenses for governmental activities were \$611 million for fiscal year 2024. This reflected an increase of \$16.6 million, or 2.8%. The majority of the increase related to increases in school spending in fiscal year 2024.

Total general revenues for governmental activities of \$225.5 million offset total net expenses of \$224 million in 2024. Major ongoing general revenue factors for 2024 were the net property tax of \$173.1 million, which experienced an increase of \$7.2 million over the prior fiscal year. The remaining categories in general revenues: excise taxes of \$12.8 million increased by \$1.1 million over the prior fiscal year; intergovernmental of \$25.0 million (exclusive of Chapter 70 Funds) increased by \$0.8 million over the prior fiscal year; and other of \$14.4 million increased by \$4.4 million from the prior fiscal year.

In addition, program revenues of \$385.8 million in 2024 assisted in offsetting total governmental expenses of \$611 million to arrive at the total net expenses of \$207 million in 2024. Charges for services of \$16.5 million and capital grants of \$23.7 million in 2024 experienced a \$3.6 million decrease and \$20.6 million increase, respectively, from the prior year. More notably, operating grants of \$345.5 million in 2024 increased by \$3.4 million from the prior fiscal year.

In assessing the City's revenue adequacy to finance governmental activities, it is important to acknowledge the criticality of payments from outside agencies, especially from state and federal programs. Total revenues, excluding transfers for governmental activities were \$611.2 million. Of this total almost \$385.8 million, or 63.1%, is from operating and capital grants contributions as well as charges for services, which is mainly from state and federal aid. Further, the City received \$25.1 million in intergovernmental aid which is classified as general revenue. An additional 28.3% of the total is derived from the City's property tax. The severe constraints on the City's revenue flexibility to pay for governmental activities is demonstrated by the fact that almost 92.6% of its revenues are obtained from either intergovernmental sources over which the City has no control, or from the property tax, a source whose growth is limited by state law.

A statewide tax limitation statute known as "Proposition 2½" limits the property tax levy to an amount equal to 2½% of the fair market assessed value of all taxable property in the City. This limit is called the levy ceiling. A secondary limitation is that no levy in a fiscal year may exceed the preceding year's allowable tax levy by more than 2½%, plus taxes levied on certain property newly added to the tax rolls. This restriction is called the levy limit. The levy limit can be overridden by a citywide referendum vote, but the levy ceiling is an absolute limit.

For fiscal year 2024, the City levied a total of \$173.2 million in gross real estate property taxes against an aggregate fair market assessed value of \$12.2 billion. This levy left only a small amount in unused levy capacity without the approval of the voters. However, the levy comprised only 1.4% of the City's aggregate assessed value. With voter approval, the City could levy an additional \$141.8 million and still remain under the levy ceiling. Accordingly, the taxing capacity exists to substantially improve the City's revenues for financing governmental activities but converting this potential capacity to real revenues would require voter approval.

**CITY OF BROCKTON, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Business Type Activities – Statement of Activities

The business-type activities increased the City's net position by approximately \$10.6 million, or 7.6%. The water fund contributed a \$8.3 million increase, the sewer fund decreased by \$0.6 million, and the combination of the nonmajor recreation, refuse, parking, renewable energy, and stormwater funds increased \$2.8 million.

The operations of the water fund and sewer fund are intended to be self-sufficient, but achieving this objective requires the mayor and City council to establish a rate structure adequate to meet the task. The water and sewer funds are designed to recover the costs of operations of those funds. In the water fund, cash flow from operations was \$6.7 million and in the sewer fund, cash flow from operations was \$6.9 million. In both of these funds, major upgrades to the wastewater and water treatment plants are ongoing and require a major contribution of resources to finance both the construction itself and the impact of construction in increased plant operating costs.

Financial Analysis of the City's Governmental Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds – The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the fiscal year 2024, the City's governmental funds reported combined fund balances of approximately \$174.5 million, a decrease of approximately \$32.2 million, or 15.6% decrease, in comparison with the prior year balance. The general fund balance increased by \$3.5 million, from \$86.1 million to \$89.7 million; and the combined fund balances for all the other governmental funds decreased by \$35.8 million, from \$120.7 million to \$84.9 million.

In assessing these balances, it is important to note that the "Balance Sheet – Governmental Funds" does not include capital assets or bonded indebtedness. Please refer to the "Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities" and the "Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position." These reconciliations will demonstrate that essentially the City's decrease in fund balances of \$32.2 million, compared to its increase in net position of \$2.4 million, a difference of \$34.7 million, is explained largely by the following factors:

1. \$33.5 million: the positive effect of the amount by which capital asset depreciation expense exceeded additions.
2. \$24.7 million: the negative effect of increases in other liabilities, primarily net pension liability, which did not require the use of current resources.
3. \$18.7 million: the positive effect of the amount by which the repayment of bond principal exceeded the issuance of new debt in the governmental funds.

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Of the total of ending fund balances of \$174.5 million, \$9.8 million constitutes “nonspendable” fund balance, which is not available for spending by the City because fund balance amounts cannot be spent because they are either not in spendable form or they are legally or contractually required to remain intact. \$124.2 million constitutes restricted fund balance, which are amounts the use of which is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments, or imposed by City Charter or enabling legislation. \$10.0 million constitutes “committed to” fund balance, amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. For the City, this formal action takes the form of City Council action and approval by the Mayor. \$0.9 million constitutes “assigned to” fund balance, amounts that are constrained by the City’s intent for use for specific purposes, but are considered neither restricted nor committed. \$29.6 million constitutes “unassigned” fund balance, amounts in the general fund that are not otherwise constrained for a specific purpose more narrow than the general operations of the City.

For General Fund Balance

Fund balance is a term commonly used to describe the net position of a governmental fund (the value of assets after deducting liabilities) and serves as a measure of financial resources.

Restricted Fund Balance – This category represents the amounts constrained to a “specific” purpose. The restrictions would be either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions, City Charter or enabling legislation. Some limitations are externally enforceable and lie beyond the power of the government to change unilaterally.

The total fund balance of \$40.5 million consists of the following:

The FY 2024 General Fund Restricted Fund balance in the amount of \$8.7 million represents the Health Insurance Trust fund. The City of Brockton is self-insured. This Health Insurance Trust Fund is restricted to the payment of health insurance claims by the enabling legislation, as well as for administrative fees to insurers and for the administrative costs in the personnel department for benefit management. The City establishes reserves for claims/events that have transpired but have not yet been reported to the insurance companies (Incurred but not Reported).

The FY 2024 General Fund Restricted Fund balance in the amount of \$23.8 million, represents the pension contingency reserve fund (CRF). The purpose of the CRF is to ensure funds are dedicated to managing the City’s unfunded pension liability and maintaining funding ratio. This reserve may only be used for shortfalls in pension funding and will be funded on an annual basis until reserve requirement has been met.

The FY 2024 General Fund Restricted Fund balance in the amount of \$7.9 million, represents the Chapter 324 Supplemental Reserve. The purpose of the Supplemental Reserve is to ensure fiscal stability as required by Chapter 324 of the Acts of 1990. The value of the reserve must at least equal 1.5% of the “Gross Amount Raised” as reported to the state on the prior year property tax approval filing. This reserve may only be used for unforeseen and extraordinary expenditures.

CITY OF BROCKTON, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Committed Fund Balance – This category represents amounts that are constrained to specific purposes by a government itself, using its highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint. For the City, this formal action takes the form of City Council action and approval by the Mayor.

The term committed fund balance will be used to describe the portion of fund balance that represents resources whose use is constrained by limitations that the government imposes upon itself at its highest level of decision making (normally the governing body) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation would need to occur no later than the close of the reporting period.

Assigned Fund Balance – This category represents amounts that a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The assigned fund balance category will cover the portion of fund balance that reflects a government's intended use of resources. Such intent would have to be established at either the highest level of decision-making, or by a body (e.g., City council) or an official designated for that purpose.

The total fund balance of \$0.9 million consists of the following:

The FY 2024 General Fund Assigned Fund Balance amount represents year-end encumbrances in the amount of \$0.9 million for the general fund departments. Encumbrances are committed funds that are not yet expended. Encumbrances are budgetary amounts that are reserved in the next budget year for on-going projects.

Unassigned Fund Balance – This category represents amounts that are available for any purpose; these amounts are reported only in the general fund. The category includes amounts in the general fund that are not otherwise constrained for a specific purpose.

Of course, the general fund, as the principal operating fund of a government may have net resources in excess of what is properly categorized in one of the four categories just already described. If so, the surplus will be presented as unassigned fund balance. A positive amount of unassigned fund balance, however, will never be reported in a governmental fund other than the general fund, because GASB Statement No. 54 prohibits reporting resources in another fund unless they are at least assigned to the purpose of that fund. All the same, funds other than the general fund could report a negative amount of unassigned fund balance should the total of nonspendable fund balance, restricted fund balance, and committed fund balance exceed the total net resources of the fund.

The total fund balance of \$41.0 million consists of the following:

This grouping includes the City's Stabilization fund in the amount of \$3.9 million and the City's undesignated fund balance in the amount of \$37.1 million.

Governments often establish "rainy day funds" or "contingency funds" to provide a financial cushion against unanticipated adverse financial or economic circumstances. The appropriate classification of such resources within fund balance depends on the specific nature of the arrangement. Stabilization funds may be created to save monies and minimize borrowing for capital projects, or other lawful spending purposes.

CITY OF BROCKTON, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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The City maintains a stabilization account in accordance with MGL Chapter 40 Section 5B that is reported as unassigned fund balance in the general fund. The City may appropriate in any year an amount not exceeding 10% of the amount raised in the preceding fiscal year from real and personal property taxes, or a larger amount as approved by the Department of Revenue. Further, the stabilization account may not exceed 10% of the City's equalized valuation as defined in MGL Chapter 44 Section 1. Funds can be appropriated from by a 2/3 vote but may be appropriated to a majority vote.

This is the residual category that includes resources whose use is limited, but not for a purpose narrower than the purpose of the fund. It represents the remaining surplus of net resources after funds have been identified in the four categories above. Under GASB Statement No. 54, there is no requirement that a limitation be narrower than the purpose of the fund. This residual amount would be the source of the next years free cash amount. This government balances its budget by appropriating a portion of existing fund balance to bridge the gap between appropriations and estimated revenues. Free cash is an unrestricted available fund that indicates positive operating results in relation to the budget. This amount would represent the positive operating results used for the next year's budget to bridge the gap between appropriations and estimated revenues.

The general fund is the chief operating fund of the City. Total fund balance was approximately \$89.7 million, an increase of \$3.5 million. This increase in fund balance was driven by favorable budgetary results of operations.

As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 7.8% of total general fund expenditures, while total fund balance represents 17.1% of that same amount.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the business-type activities financial statements, but in more detail.

The net position of the proprietary funds at the end of the current fiscal year totaled \$149.7 million. Changes in net position of the proprietary funds at the end of the current fiscal year totaled an increase of approximately \$10.6 million, or 7.6%.

The Proprietary Funds of the City are comprised of seven (7) enterprise funds: water, sewer, recreation, refuse, parking, stormwater, and renewable energy. The results for the water and sewer funds are reported separately; the results for the recreation, refuse, parking, stormwater and renewable energy funds are combined.

For the water fund, the fiscal year 2024 operating income was \$9.3 million, or approximately 41.5% of operating revenues. Nonoperating revenues (expenses) and transfers netted to a negative \$1.0 million and so net position increased by \$8.3 million. Cash flow from operations was an increase of \$6.3 million.

For the sewer fund, the operating income was \$1.9 million, or 8.9% of operating revenues. Nonoperating (expenses) and transfers netted to a negative \$1.8 million, and so net position decreased by \$0.5 million. Cash flow from operations was an increase of \$8.9 million.

**CITY OF BROCKTON, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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For the combined results of the other enterprise funds, the value of net position increased by \$2.8 million. Operating income for combined other enterprise funds was \$1.2 million in fiscal year 2024 or 10.1% of operating revenues. With the benefit of net transfers in (general fund subsidy), nonoperating revenue of \$1.8 million, and so net position increased by \$2.8 million.

Budgetary Highlights

In fiscal year 2024, the original called for \$494.1 million in spending. Of this amount \$235.9 million was for Education spending, \$68.8 million was for Public Safety spending, \$79.5 million was for Fringe Benefit spending and \$109.9 million for all other categories.

Resources totaled \$483.3 million, creating a planned deficit of approximately \$10.8 million. Offsetting this deficit was a contribution from "Free Cash" of \$21.1 million. The remaining deficit of approximately \$7.9 million was contributed from Chapter 324 Reserve. Additionally, the City raised prior year deficits of \$18.3 million.

In the final budget, a total of \$495.7 million in spending was authorized, an increase of \$1.6 million. The significant budget changes that made up this amount was an additional \$1.2 in court judgements.

On an actual basis, resources were higher than the final budget by \$5.5 million. The majority of revenue categories resulted in a positive variance with the exception of real and personal property taxes, user charges and other revenue, fees, licenses and permits and fines. The City's revenue estimates normally are conservative and actual results typically exceed budget by 1.5% to 2.0%. For fiscal year 2024, the positive variance was largely driven by the motor vehicle and other excise taxes, intergovernmental, transfers, and investment income.

On the expenditure side, a favorable variance of \$11.3 million was achieved. The City has typically achieved 1% to 2% positive variance on spending. For fiscal year 2024, this variance was driven by actual budgetary expenditures less than budgeted expenditures in the general government, education offset by over expenditures of \$2.8 million in transfers.

Capital Assets and Debt Administration

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of June 30, 2024 amounted to approximately \$432.9 million (net of accumulated depreciation and amortization). This investment in capital assets includes land, land improvements, construction-in-progress, buildings, machinery and equipment, infrastructure, and historical works of art, and right-to-use assets. The total increase in the City's investment in capital assets of \$38.8 million for fiscal year 2024 represented an increase of 9.8%. Capital assets for governmental activities increased by \$33.5 million, or 16.0%, while capital assets for business-type activities increased by \$5.3 million, or 2.9%.

**CITY OF BROCKTON, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Major capital assets included the following:

	Capital Assets (In Thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 10,953	\$ 8,499	\$ 3,322	\$ 3,322	\$ 14,275	\$ 11,821
Construction in Progress	48,450	22,869	27,037	16,921	75,487	39,790
Historical Works of Art	1,810	1,810	-	-	1,810	1,810
Buildings	134,794	126,879	115,317	119,699	250,111	246,578
Land Improvements	3,682	3,851	2,308	2,231	5,990	6,082
Machinery and Equipment	14,869	18,170	1,918	2,482	16,787	20,652
Infrastructure	27,492	25,809	40,924	40,849	68,416	66,658
Right-to-Use Assets	-	700	-	-	-	700
Total	<u>\$ 242,050</u>	<u>\$ 208,587</u>	<u>\$ 190,826</u>	<u>\$ 185,504</u>	<u>\$ 432,876</u>	<u>\$ 394,091</u>

Long-Term Debt – At the end of the current fiscal year, the City had total bonded debt outstanding of approximately \$508.5 million. The entire amount is backed by the full faith and credit of the City.

	Long-Term Debt (In Thousands)					
	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Long-Term Debt, Net of Unamortized Premiums	<u>\$ 452,559</u>	<u>\$ 471,267</u>	<u>\$ 58,279</u>	<u>\$ 63,895</u>	<u>\$ 510,838</u>	<u>\$ 535,162</u>

Total long-term debt of the City represents a claim of about 117.5% of the City's total capital assets, and a claim of about 66.8% of the City's total assets.

The City maintained an "AA" rating from Standard and Poor's as of the last bond issuance on August 4, 2022.

Economic Factors and Next Year's Budgets

The City of Brockton is a densely developed, diverse urban community, located twenty-five miles south of Boston covering 21.32 square miles of land with a population of 105,788, an increase of 1.02% from the 2020 census. Household median income is \$77,089 thus reflected over 35,610 total households in the City. The median home value is \$443,100 with a closely even distribution between renter's (43%) and home owner's (57%). The City remains vibrant and growing well into FY25. While maintaining financial stability and monitoring expenditures prudently, the City continues to support growth and utilizes all federal and state resources wisely in order to safeguard our taxpayers. In such, our developed FY25 budget reflects this balance of cultivating economic growth in the City and remaining financially sound.

**CITY OF BROCKTON, MASSACHUSETTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024
(UNAUDITED)**

The adopted FY25 budget is \$585,868,465. This total an increase of \$35,521,243 from last year's budget. With federal funding provided through the American Rescue Plan Act (ARPA), the City has been provided a once in a generation opportunity to invest in both of our critical infrastructure, city buildings, city greenspace, parks and playgrounds and the community/faith-based organizations that are the backbone to providing critical services to our constituents.

Revenues continue to be estimated conservatively to ensure a robust generation of free cash and to remain on a positive financial path. We continue to see a positive trend in local receipts, including increases in excise tax revenue, building permit activity, and meals tax.

While we are moving forward on several important initiatives as a result of the increase in appropriations, we are doing so conservatively. Our budget will remain balanced with several key components enacted to offset costs:

- Dedicating the savings from our pension obligation bond to assist in paying the debt service for the new \$98 million public safety building.
- With our newly converted Parking Authority to an enterprise fund, generating positive reserves to assist in General fund subsidy's.
- Continuing to allocate funds to our reserve and stabilization funds.
- Closing the FY25 fiscal year books with surplus' in the General Fund which will continue to provide a robust free cash figure to help offset unforeseen costs in FY26.

The City of Brockton remains for a fourth year in a row, a recipient of the Distinguished Budget Award from the Government Finance Officers Association (GFOA). This award represents an achievement of our commitment to transparency and good government.

Requests for Information

This information is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this document or requests for additional financial information should be addressed to the Finance Department, City Hall, 45 School Street, Brockton, Massachusetts 02301.

**CITY OF BROCKTON, MASSACHUSETTS
STATEMENT OF NET POSITION
JUNE 30, 2024**

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 222,266,548	\$ 19,759,720	\$ 242,026,268
Receivables, Net:			
Property Taxes, Liens, and Excise Taxes (Net of \$2,707,673 Allowance)	21,133,511	-	21,133,511
Intergovernmental	5,936,349	1,664,632	7,600,981
Customer Receivables	-	31,091,132	31,091,132
Opioid Settlement	3,226,743	-	3,226,743
Departmental and Other	2,414,102	-	2,414,102
Deposits with Health Claims Agent	9,992,300	-	9,992,300
Other Assets	4,789,418	4,135,134	8,924,552
Tax Possessions	1,677,383	-	1,677,383
Capital Assets:			
Capital Assets, Nondepreciable	61,212,251	30,360,142	91,572,393
Capital Assets, Net of Depreciation	180,837,565	160,466,115	341,303,680
Total Assets	<u>513,486,170</u>	<u>247,476,875</u>	<u>760,963,045</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	91,634,315	7,030,758	98,665,073
OPEB	42,053,952	806,164	42,860,116
Total Deferred Outflows of Resources	<u>133,688,267</u>	<u>7,836,922</u>	<u>141,525,189</u>
Total Assets and Deferred Outflows	<u>647,174,437</u>	<u>255,313,797</u>	<u>902,488,234</u>
LIABILITIES			
Accounts Payable	34,221,569	9,268,707	43,490,276
Accrued Liabilities:			
Interest	4,100,150	563,096	4,663,246
Payroll and Related Withholdings	22,985,191	114,844	23,100,035
Tax Abatement Refunds	231,360	-	231,360
Bond Anticipation Notes Payable	2,755,600	1,086,233	3,841,833
Unearned Revenue	3,183,462	-	3,183,462
Other Liabilities	532,039	-	532,039
Noncurrent Liabilities:			
Due Within One Year:			
Compensated Absences and Claims	10,356,496	778,613	11,135,109
Bonds, Note, and Loans Payable	23,333,267	9,183,082	32,516,349
Net OPEB Liability	21,259,461	407,538	21,666,999
Due in More Than One Year:			
Compensated Absences and Claims	22,055,305	3,401,009	25,456,314
Unearned Revenue	-	4,437,968	4,437,968
Landfill Closure and Postclosure Care Costs	2,248,030	1,045,455	3,293,485
Bonds, Note, and Loans Payable	429,225,939	49,096,007	478,321,946
Net Pension Liability	116,687,325	8,952,985	125,640,310
Net OPEB Liability	600,075,802	11,503,302	611,579,104
Total Liabilities	<u>1,293,250,996</u>	<u>99,838,839</u>	<u>1,393,089,835</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	8,165,534	626,509	8,792,043
OPEB	267,671,386	5,131,193	272,802,579
Total Deferred Inflows of Resources	<u>275,836,921</u>	<u>5,757,702</u>	<u>281,594,623</u>
NET POSITION			
Net Investment in Capital Assets	182,532,228	132,545,241	315,077,469
Restricted For:			
Permanent Funds:			
Nonexpendable	9,834,498	-	9,834,498
Expendable	2,325,246	-	2,325,246
Statutory Reserve	7,947,925	-	7,947,925
Pension Benefits	23,813,322	-	23,813,322
Health Claims	8,741,438	-	8,741,438
Federal, State, and Local Grants	23,249,130	-	23,249,130
Unrestricted	(1,180,357,267)	17,172,015	(1,163,185,252)
Total Net Position	<u>\$ (921,913,480)</u>	<u>\$ 149,717,256</u>	<u>\$ (772,196,224)</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF BROCKTON, MASSACHUSETTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Government Activities:							
General Government	\$ 32,564,623	\$ 7,202,481	\$ 2,521,399	\$ 21,109,685	\$ (1,731,058)	\$ -	\$ (1,731,058)
Public Safety	99,985,870	3,998,156	4,584,742	-	(91,402,972)	-	(91,402,972)
Education	366,025,940	4,582,621	293,581,031	-	(67,862,288)	-	(67,862,288)
Education - MTRS	41,785,265	-	41,785,265	-	-	-	-
Public Works	12,160,371	262,640	249,209	2,634,598	(9,013,924)	-	(9,013,924)
Economic Development	2,647,784	-	1,214,001	3,400	(1,430,383)	-	(1,430,383)
Human Services	4,107,769	455,605	1,099,819	-	(2,552,345)	-	(2,552,345)
Culture and Recreation	4,437,414	6,484	429,053	-	(4,001,877)	-	(4,001,877)
State and County Assessments	35,105,598	-	-	-	(35,105,598)	-	(35,105,598)
Court Judgments	1,884,625	-	-	-	(1,884,625)	-	(1,884,625)
Interest on Long-Term Debt	10,297,471	30,619	-	-	(10,266,852)	-	(10,266,852)
Total Governmental Activities	611,002,730	16,538,606	345,464,519	23,747,683	(225,251,922)	-	(225,251,922)
Business-Type Activities:							
Water	13,525,521	22,456,910	-	-	-	8,931,389	8,931,389
Sewer	19,885,389	21,016,628	106,955	539,228	-	1,777,422	1,777,422
Other	11,220,624	12,246,191	-	647,703	-	1,673,270	1,673,270
Total Business-Type Activities	44,631,534	55,719,729	106,955	1,186,931	-	12,382,081	12,382,081
Total Primary Government	\$ 655,634,264	\$ 72,258,335	\$ 345,571,474	\$ 24,934,614	(225,251,922)	12,382,081	(212,869,841)
General Revenues:							
Property Taxes, Levied for General Purpose, Net					173,130,811	-	173,130,811
Excises					12,829,216	-	12,829,216
Payments in Lieu of Taxes					114,360	-	114,360
Penalties and Interest on Taxes					2,369,825	-	2,369,825
Other					2,701,458	-	2,701,458
Unrestricted Grants and Contributions					25,073,335	-	25,073,335
Investment Income					9,239,920	387,969	9,627,889
Transfers, Net					2,182,947	(2,182,947)	-
Total General Revenues and Transfers					227,641,872	(1,794,978)	225,846,894
Change in Net Position					2,389,950	10,587,103	12,977,053
Net Position - Beginning of Year					(924,303,430)	139,130,153	(785,173,277)
Net Position - End of Year					\$ (921,913,480)	\$ 149,717,256	\$ (772,196,224)

See accompanying Notes to Basic Financial Statements.

**CITY OF BROCKTON, MASSACHUSETTS
BALANCE SHEET — GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General	Public Safety Building	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 120,164,710	\$ 64,792,609	\$ 8,636,976	\$ 28,672,253	\$ 222,266,548
Receivables, Net:					
Property Taxes (Net of \$1,378,368 Allowance)	11,341,924	-	-	-	11,341,924
Motor Vehicle Excise (Net of \$1,329,305 Allowance)	2,865,385	-	-	-	2,865,385
Tax Liens	6,926,202	-	-	-	6,926,202
Intergovernmental	-	-	-	5,936,349	5,936,349
Opioid Settlement	-	-	-	3,226,740	3,226,740
Departmental and Other	1,219,745	-	-	1,194,357	2,414,102
Total Receivables	<u>22,353,256</u>	<u>-</u>	<u>-</u>	<u>10,357,446</u>	<u>32,710,702</u>
Tax Possessions	1,677,383	-	-	-	1,677,383
Other Assets	2,955,866	-	-	-	2,955,866
Deposits with Health Claims Agent	9,992,300	-	-	-	9,992,300
Total Assets	<u>\$ 157,143,515</u>	<u>\$ 64,792,609</u>	<u>\$ 8,636,976</u>	<u>\$ 39,029,699</u>	<u>\$ 269,602,799</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 17,108,001	\$ 7,561,408	\$ 5,452,129	\$ 4,100,031	\$ 34,221,569
Accrued Liabilities:					
Tax Abatement Refunds	231,360	-	-	-	231,360
Payroll and Related Withholdings	22,019,758	-	1,385	964,048	22,985,191
Health Claims Payable	6,234,257	-	-	-	6,234,257
Other Liabilities	87	-	-	531,952	532,039
Unearned Revenue	-	-	3,183,462	-	3,183,462
Bond Anticipation Notes Payable	-	-	-	2,755,600	2,755,600
Total Liabilities	<u>45,593,463</u>	<u>7,561,408</u>	<u>8,636,976</u>	<u>8,351,631</u>	<u>70,143,478</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	21,892,248	-	-	3,023,360	24,915,608
FUND BALANCES					
Nonspendable	-	-	-	9,834,498	9,834,498
Restricted	40,502,685	57,231,201	-	26,470,138	124,204,024
Committed	7,229,177	-	-	2,766,099	9,995,276
Assigned	935,628	-	-	-	935,628
Unassigned	40,990,314	-	-	(11,416,027)	29,574,287
Total Fund Balances	<u>89,657,804</u>	<u>57,231,201</u>	<u>-</u>	<u>27,654,708</u>	<u>174,543,713</u>
Total Liabilities, Deferred Inflows of Sources, and Fund Balances	<u>\$ 157,143,515</u>	<u>\$ 64,792,609</u>	<u>\$ 8,636,976</u>	<u>\$ 39,029,699</u>	<u>\$ 269,602,799</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF BROCKTON, MASSACHUSETTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total Fund Balance - Governmental Funds	\$ 174,543,713
Amounts Reported for Governmental Activities in the Statements of Net Position are Different Because:	
Capital Assets and Right-to-Use Assets Used in Governmental Activities Are Not Financial Resources and, Therefore, Are Not Reported in the Funds	242,049,816
Other Assets Are Not Available to Pay for Current Period Expenditures and, Therefore, are Reported as Deferred Inflows of Resources in the Governmental Funds	24,915,608
Prepaid Supplies Capitalized in the Government-Wide Statements as Other Assets	1,833,554
Deferred Outflows of Resources - Pension	91,634,315
Deferred Outflows of Resources - OPEB	42,053,952
Deferred Inflows of Resources - Pension	(8,165,534)
Deferred Inflows of Resources - OPEB	(267,671,386)
Some Liabilities Are Not Due and Payable in the Current Period and, Therefore, Are Not Reported in the Funds. Those Liabilities Consist of:	
Taxable Bonds	(336,220,000)
Other General Obligation Bonds	(111,245,534)
Unamortized Bond Premiums	(5,093,672)
Total OPEB Liability	(621,335,263)
Net Pension Liability	(116,687,325)
Accrued Interest on Bonds	(4,100,150)
Landfill and Postclosure Care Costs	(2,248,030)
Compensated Absences, Claims, and Judgments	(26,177,544)
Subtotal	(1,223,107,518)
Net Position of Governmental Activities	\$ (921,913,480)

See accompanying Notes to Basic Financial Statements.

**CITY OF BROCKTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE — GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

	General	Public Safety Building	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Real and Personal Property Taxes, Net	\$ 172,867,876	\$ -	\$ -	\$ -	\$ 172,867,876
Motor Vehicle and Other Excise	14,490,484	-	-	-	14,490,484
Penalties and Interest on Taxes	2,369,825	-	-	-	2,369,825
Payments in Lieu of Taxes	114,360	-	-	-	114,360
User Charges and Other Revenue	1,034,700	-	-	3,783,402	4,818,102
Fees	1,405,569	-	-	5,510,192	6,915,761
Licenses and Permits	5,901,191	-	-	-	5,901,191
Intergovernmental	276,353,405	-	21,495,618	53,726,751	351,575,774
Intergovernmental (MTRS On Behalf of Contribution)	41,785,265	-	-	-	41,785,265
Fines	103,692	-	-	6,484	110,176
Investment Income	7,931,991	-	-	1,307,929	9,239,920
Contributions	-	-	-	439,945	439,945
Other Revenue	-	-	-	350,117	350,117
Total Revenues	<u>524,358,358</u>	<u>-</u>	<u>21,495,618</u>	<u>65,124,820</u>	<u>610,978,796</u>
Expenditures:					
Current:					
General Government	20,593,576	-	409,952	1,139,432	22,142,960
Public Safety	65,304,118	-	-	7,647,017	72,951,135
Education	230,959,663	-	-	48,993,389	279,953,052
Public Works	6,433,426	-	-	783,848	7,217,274
Economic Development	711,108	-	3,400	1,933,276	2,647,784
Human Services	2,421,872	-	-	883,985	3,305,857
Culture and Recreation	2,555,799	-	-	350,788	2,906,587
State and County Assessments	35,105,598	-	-	-	35,105,598
Pension and Fringe Benefits	82,985,651	-	-	-	82,985,651
Pension (MTRS On Behalf of Payment)	41,785,265	-	-	-	41,785,265
Court Judgments	1,884,625	-	-	-	1,884,625
Capital Outlay	45,602	32,877,370	21,082,266	3,546,035	57,551,273
Debt Service	34,806,697	-	-	184,675	34,991,372
Total Expenditures	<u>525,593,000</u>	<u>32,877,370</u>	<u>21,495,618</u>	<u>65,462,445</u>	<u>645,428,433</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,234,642)	(32,877,370)	-	(337,625)	(34,449,637)
Other Financing Sources (Uses):					
Operating Transfers In	9,163,264	-	-	2,802,367	11,965,631
Operating Transfers Out	(4,392,797)	-	-	(5,389,887)	(9,782,684)
Premiums from Issuance of Bonds and Notes Payable	-	-	-	30,619	30,619
Total Other Financing Sources (Uses)	<u>4,770,467</u>	<u>-</u>	<u>-</u>	<u>(2,556,901)</u>	<u>2,213,566</u>
Net Change in Fund Balance	3,535,825	(32,877,370)	-	(2,894,526)	(32,236,071)
Fund Balance - Beginning	<u>86,121,979</u>	<u>90,108,571</u>	<u>-</u>	<u>30,549,234</u>	<u>206,779,784</u>
Fund Balance - End of Year	<u>\$ 89,657,804</u>	<u>\$ 57,231,201</u>	<u>\$ -</u>	<u>\$ 27,654,708</u>	<u>\$ 174,543,713</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF BROCKTON, MASSACHUSETTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances - Total Governmental Funds	\$	(32,236,071)
<p>Governmental Funds Report Capital Outlays as Expenditures. However, in the Statement of Activities the Cost of those Assets is Depreciated Over Their Estimated Useful Lives, these Amounts Represent the Related Activity of the Current Period.</p>		
Capital Outlays		49,418,842
Depreciation and Amortization		(15,955,830)
<p>In the Statement of Activities, Deferred Outflows and Deferred Inflows related to OPEB are Amortized and Recognized as OPEB Expense. This Amount Represents the Net Change in Deferred Outflows and Deferred Inflows related to OPEB.</p>		
		2,450,657
<p>In the Statement of Activities, Deferred Outflows and Deferred Inflows related to Pension are Amortized and Recognized as Pension Expense. This Amount Represents the Net Change in Deferred Outflows and Deferred Inflows related to Pension.</p>		
		4,531,118
<p>Accrual Basis Revenues Can Result in More (Less) Revenues Reported in the Statement of Activities Depending Upon Timing of Billings and Collections.</p>		
		200,314
<p>The Issuance of Long-Term Debt Provides Current Financial Resources to Governmental Funds, While the Repayment of the Principal of Long-Term Debt Consumes the Financial Resources of Governmental Funds. Also, Governmental Funds Report the Effect of Premiums and Discounts When Debt is First Issued, Whereas these Amounts are Amortized in the Statement of Activities.</p> <p>These Amounts Represent the Related Activity of the Current Period.</p>		
Bond Maturities		18,100,267
Amortization of Bond Premiums, Net		607,815
<p>Some Expenses Reported in the Statement of Activities Do Not Require the Use of Current Financial Resources and, Therefore, are not Reported in the Governmental Funds. These Amounts Represent the Net Changes Related to:</p>		
Interest Payable		5,995,552
Benefit Claims, Compensated Absences, and Court Judgements		(5,381,868)
Leases		797,573
Net OPEB Liability		2,433,524
Net Pension Liability		(28,975,244)
Landfill Closure		145,980
Prepaid Assets		257,321
		2,389,950
Change in Net Position of Governmental Activities	\$	2,389,950

See accompanying Notes to Basic Financial Statements.

CITY OF BROCKTON, MASSACHUSETTS
STATEMENT OF NET POSITION — PROPRIETARY FUNDS
JUNE 30, 2024

ASSETS	Enterprise Funds			Total
	Water	Sewer	Nonmajor	
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 12,585,906	\$ 2,178,482	\$ 4,995,332	\$ 19,759,720
Customer Receivables, Net	12,634,528	12,973,979	5,482,625	31,091,132
Intergovernmental Receivable	580,326	1,084,306	-	1,664,632
Other Assets	1,518,964	2,115,793	500,377	4,135,134
Total Current Assets	27,319,724	18,352,560	10,978,334	56,650,618
NONCURRENT ASSETS				
Capital Assets:				
Nondepreciable	21,769,582	7,886,167	704,393	30,360,142
Depreciable, Net	39,081,416	98,426,314	22,958,385	160,466,115
Total Noncurrent Assets	60,850,998	106,312,481	23,662,778	190,826,257
Total Assets	88,170,722	124,665,041	34,641,112	247,476,875
DEFERRED OUTFLOWS OF RESOURCES				
Pension	3,749,742	1,484,270	1,796,746	7,030,758
OPEB	478,303	79,896	247,965	806,164
Total Deferred Outflows of Resources	4,228,045	1,564,166	2,044,711	7,836,922
Total Assets and Deferred Outflows of Resources	92,398,767	126,229,207	36,685,823	255,313,797
LIABILITIES				
CURRENT LIABILITIES				
Accounts Payable	4,622,419	2,907,002	1,739,286	9,268,707
Accrued Expenses	220,708	348,207	109,025	677,940
Compensated Absences and Claims	133,936	374,350	270,327	778,613
Net OPEB Liability - Due within One Year	241,796	40,389	125,353	407,538
Bond Anticipation Notes	1,086,233	-	-	1,086,233
Bonds, Note, and Loans Payable	2,216,647	6,579,702	386,733	9,183,082
Total Current Liabilities	8,521,739	10,249,650	2,630,724	21,402,113
NONCURRENT LIABILITIES				
Compensated Absences and Claims	302,909	2,257,518	840,582	3,401,009
Unearned Revenue	4,005,451	432,517	-	4,437,968
Landfill Closure and Postclosure Care Costs	-	1,045,455	-	1,045,455
Net OPEB Liability	6,824,996	1,140,046	3,538,260	11,503,302
Net Pension Liability	4,774,929	1,890,074	2,287,982	8,952,985
Bonds, Note, and Loans Payable	17,682,746	25,811,528	5,601,733	49,096,007
Total Noncurrent Liabilities	33,591,031	32,577,138	12,268,557	78,436,726
Total Liabilities	42,112,770	42,826,788	14,899,281	99,838,839
DEFERRED INFLOWS OF RESOURCES				
Pension	334,139	132,263	160,107	626,509
OPEB	3,044,376	508,532	1,578,285	5,131,193
Total Deferred Inflows	3,378,515	640,795	1,738,392	5,757,702
NET POSITION				
Net Investment in Capital Assets	39,865,372	75,005,557	17,674,312	132,545,241
Unrestricted	7,042,110	7,756,067	2,373,838	17,172,015
Total Net Position	\$ 46,907,482	\$ 82,761,624	\$ 20,048,150	\$ 149,717,256

See accompanying Notes to Basic Financial Statements.

**CITY OF BROCKTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION — PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024**

	Enterprise Funds			Total
	Water	Sewer	Nonmajor	
Operating Revenues:				
Charges	\$ 20,658,959	\$ 19,357,375	\$ 9,735,269	\$ 49,751,603
Fees	1,797,951	1,659,253	2,499,876	5,957,080
Other	-	-	11,046	11,046
Total Operating Revenues	<u>22,456,910</u>	<u>21,016,628</u>	<u>12,246,191</u>	<u>55,719,729</u>
Operating Expenses:				
Salaries and Benefits	3,052,537	1,700,082	3,146,902	7,899,521
Long-Term Liability Benefit Adjustments	(3,538,190)	834,163	(1,737,695)	(4,441,722)
Utilities	1,066,689	1,497,747	188,251	2,752,687
Repairs and Maintenance	533,215	3,625,938	335,826	4,494,979
Contractual Services	9,765,512	6,332,963	8,274,130	24,372,605
Other Supplies and Expenses	475,775	222,644	327,408	1,025,827
Depreciation	1,789,939	4,927,527	474,560	7,192,026
Total Operating Expenses	<u>13,145,477</u>	<u>19,141,064</u>	<u>11,009,382</u>	<u>43,295,923</u>
Total Operating Income	9,311,433	1,875,564	1,236,809	12,423,806
Nonoperating Revenue (Expense):				
Intergovernmental Revenue	369,325	18,644	-	387,969
Interest Expense	(380,044)	(744,325)	(211,242)	(1,335,611)
Debt Subsidies	-	106,955	-	106,955
Total Nonoperating Revenue (Expense)	<u>(10,719)</u>	<u>(618,726)</u>	<u>(211,242)</u>	<u>(840,687)</u>
Income Before Transfers and Capital Contributions	9,300,714	1,256,838	1,025,567	11,583,119
Capital Contributions	-	539,228	647,703	1,186,931
Transfers In	482,828	-	1,877,430	2,360,258
Transfers Out	(1,510,967)	(2,304,442)	(727,796)	(4,543,205)
Total Transfers and Capital Contributions, Net	<u>(1,028,139)</u>	<u>(1,765,214)</u>	<u>1,797,337</u>	<u>(996,016)</u>
Change in Net Position	8,272,575	(508,376)	2,822,904	10,587,103
Net Position - Beginning of Year	<u>38,634,907</u>	<u>83,270,000</u>	<u>17,225,246</u>	<u>139,130,153</u>
Net Position - End of Year	<u>\$ 46,907,482</u>	<u>\$ 82,761,624</u>	<u>\$ 20,048,150</u>	<u>\$ 149,717,256</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF BROCKTON, MASSACHUSETTS
STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024**

	Enterprise Funds			Total
	Water	Sewer	Nonmajor	
CASH FLOWS FROM OPERATIONS				
Cash Received from Customers	\$ 21,815,917	\$ 20,181,818	\$ 12,082,906	\$ 54,080,641
Cash Paid to Employees	(3,548,201)	(2,999,668)	(3,709,670)	(10,257,539)
Cash Paid to Vendors	(11,948,519)	(8,304,095)	(9,244,904)	(29,497,518)
Net Cash Provided (Used) by Operations	<u>6,319,197</u>	<u>8,878,055</u>	<u>(871,668)</u>	<u>14,325,584</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Intergovernmental Revenues	369,325	18,644	-	387,969
Transfers In	482,828	-	1,877,430	2,360,258
Transfers Out	(1,510,967)	(2,304,442)	(727,796)	(4,543,205)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(658,814)</u>	<u>(2,285,798)</u>	<u>1,149,634</u>	<u>(1,794,978)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Capital Assets	(9,764,474)	(1,768,844)	(980,937)	(12,514,255)
Interest Paid on Debt	(403,059)	(663,803)	(211,242)	(1,278,104)
Bond and Loan Proceeds Received	1,560,459	1,293,240	-	2,853,699
Capital Contributions	3,640,061	539,228	647,703	4,826,992
Repayment of Long-Term Debt	(2,123,193)	(6,458,145)	(486,733)	(9,068,071)
Net Cash Used by Capital and Related Financing Activities	<u>(7,090,206)</u>	<u>(7,058,324)</u>	<u>(1,031,209)</u>	<u>(15,179,739)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(1,429,823)</u>	<u>(466,067)</u>	<u>(753,243)</u>	<u>(2,649,133)</u>
Cash and Cash Equivalents - Beginning of Year	<u>14,015,729</u>	<u>2,644,549</u>	<u>5,748,575</u>	<u>22,408,853</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 12,585,906</u></u>	<u><u>\$ 2,178,482</u></u>	<u><u>\$ 4,995,332</u></u>	<u><u>\$ 19,759,720</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATIONS:				
Operating Income	\$ 9,311,433	\$ 1,875,564	\$ 1,236,809	\$ 12,423,806
Reconciliation of Operating Income to Net Cash Provided (Used) by Operations:				
Depreciation Expense	1,789,939	4,927,527	474,560	7,192,026
Change in Net Pension Liability	1,221,076	453,411	170,793	1,845,280
Change in Deferred Outflows - Pension	(126,373)	(19,504)	361,855	215,978
Change in Deferred Inflows - Pension	(90,894)	(39,558)	(93,102)	(223,554)
Change in Total OPEB Liability	(3,599,489)	(1,242,249)	(1,624,223)	(6,465,961)
Change in Deferred Outflows - OPEB	511,152	144,844	242,560	898,556
Change in Deferred Inflows - OPEB	(1,844,983)	(602,012)	(845,627)	(3,292,622)
Change in Compensated Absences and Claims	(97,712)	839,645	(512,719)	229,214
Changes in Operating Assets and Liabilities:				
Accounts Receivable	(640,993)	(834,810)	(163,284)	(1,639,087)
Other Assets	(480,697)	862,176	(316,762)	64,717
Accounts Payable and Accrued Expenses	366,738	2,513,021	197,472	3,077,231
Net Cash Provided (Used) by Operations	<u><u>\$ 6,319,197</u></u>	<u><u>\$ 8,878,055</u></u>	<u><u>\$ (871,668)</u></u>	<u><u>\$ 14,325,584</u></u>
NONCASH ACTIVITIES				
Intergovernmental Debt Subsidies (MCWT)	<u><u>\$ -</u></u>	<u><u>\$ 106,955</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 106,955</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF BROCKTON, MASSACHUSETTS
STATEMENT OF NET POSITION — FIDUCIARY FUNDS
JUNE 30, 2024**

	Pension and OPEB Trust Funds	Custodial Funds
ASSETS		
Cash and Cash Equivalents	\$ 2,543,490	\$ 14,269
Investments:		
Fixed Income Mutual Funds	184,556,214	-
Equities and Equity Mutual Funds	410,888,565	-
Real Estate Funds	79,653,037	-
Private Equity Funds	32,405,692	-
Hedge Funds	41,805,910	-
Collective Investment Funds	28,372,634	-
External Investment Pool	301,107	-
Total Investments	777,983,159	-
Accrued Interest and Dividends	570,279	-
Accounts Receivables	3,567	-
Total Assets	781,100,495	14,269
LIABILITIES		
Accounts Payable and Accrued Expenses	7,461	239
Total Liabilities	7,461	239
NET POSITION		
Restricted for:		
Pensions	780,791,927	-
Other Postemployment Benefits	301,107	-
Individuals, Organizations and Other Governments	-	14,030
Total Net Position	\$ 781,093,034	\$ 14,030

See accompanying Notes to Basic Financial Statements.

**CITY OF BROCKTON, MASSACHUSETTS
STATEMENT OF CHANGES IN NET POSITION — FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2024**

	Pension and OPEB Trust Funds	Custodial Fund
ADDITIONS		
Contributions:		
Employers	\$ 37,788,703	\$ -
Plan Members	13,075,884	-
Total Contributions	50,864,587	-
Investment Income:		
Net Depreciation in Fair Value of Investments	52,254,468	-
Interest and Dividends	18,229,481	-
Total Investment Loss	70,483,949	-
Less: Investment Expenses	(4,431,125)	-
Net Investment Loss	66,052,824	-
Taxes and Fees Collected for Other Governments	-	42,495
Total Additions	116,917,411	42,495
DEDUCTIONS		
Retirement Benefits and Refunds	75,469,926	-
Administration	818,531	-
Payments of Taxes and Fees to Other Governments	-	45,033
Total Deductions	76,288,457	45,033
Change in Net Position	40,628,954	(2,538)
Net Position - Beginning of Year	740,464,080	16,568
NET POSITION - END OF YEAR	\$ 781,093,034	\$ 14,030

See accompanying Notes to Basic Financial Statements.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 REPORTING ENTITY

The City of Brockton (the City) is governed by an elected mayor, who has general supervision of and control over the City's boards, commissions, officers, and departments. The legislative body of the City is the City Council, which consists of eleven elected members serving two-year terms. U.S. generally accepted accounting principles (GAAP) requires that the accompanying basic financial statements present the City of Brockton (the primary government) and its component units. Component units are included in the City's reporting entity if their operational and financial relationships with the City are significant. Pursuant to this criteria, the City of Brockton Retirement System (the System) has been identified as a fiduciary component unit. The System was established under the authority of Chapter 32 of the Massachusetts General Laws (MGL), as amended, and is an independent contributory retirement system available to employees of the City. The powers of the System are vested in the Retirement Board. The System has been included in the City's fiduciary funds as a pension trust fund for reporting purposes. A complete set of financial statements of the System for the fiscal year ended December 31, 2023 can be obtained by contacting the Brockton Retirement Board at 1322 Belmont Street, Suite 101, Brockton, MA 02301. In addition, the Brockton Parking Authority is reported as a blended component unit and reported as an enterprise fund.

The Brockton Redevelopment Authority and the Brockton Educational Foundation both meet the definition of a component unit; however, their operations are immaterial and, accordingly, are not included in the financial statements of the City.

The City has entered into joint ventures with other municipalities to pool resources and share the costs, risks, and rewards of providing goods or services to venture participants directly, or for the benefit of the general public or specified service recipients. The following is a list of the City's joint ventures, their purpose, the address where the joint venture financial statements are available, and the annual assessment paid by the City in 2024:

Joint Venture and Address	Purpose	Annual Assessment
Brockton Area Transit Authority 45 School Street Brockton, MA 02301	To Provide Public Transportation	\$ 2,740,724
Southeastern Regional School District 250 Foundry Street South Easton, MA 02375	To Provide educational services as a Regional Vocational Technical High School	\$ 4,798,398

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City have been prepared in conformity with GAAP as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City's accounting policies are described below.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The financial condition and results of operations of the City are presented as of and for the year ended June 30, 2024, except for the System, which is presented as of and for the year ended December 31, 2023.

Government-Wide Statements

The statement of net position and the statement of activities display information about the primary government (the City). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statements of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each of which is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The City reports the following major governmental funds:

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

ARPA Fund – This is a special revenue fund used to account for the American Rescue Plan Act (ARPA) funding received by the City.

Public Safety Building Fund – This is a capital project fund used to account for and report construction of the public safety building.

The City reports the following major enterprise funds:

Water Fund – This fund accounts for the provisions of water treatment and distribution to its residential and commercial users located within the City.

Sewer Fund – This fund accounts for the provisions of sanitary sewer service to the residents and commercial users located within the City.

Additionally, the City reports the following fiduciary fund types:

Pension and OPEB Trust Funds – Accounts for the activities of the Retirement System and OPEB trust, which accumulates resources for pension and OPEB benefit payments to qualified employees of its contributing members.

Custodial Funds – These funds account for assets held by the City in a custodial capacity.

Measurement Focus, Basis of Accounting

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting (Continued)

Governmental Funds Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City generally considers nongrant revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Grant revenues that the City earns by incurring obligations are recognized in the same period as when the obligations are recognized. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Tax abatement refunds are recognized as fund liabilities for refunds filed prior to year-end and paid within a year. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, both are restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, except those restricted by MGL to be held separately, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "cash and cash equivalents" on the respective balance sheets and statements of net position.

For purposes of the statements of cash flows, all highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

Investments

The City's investments are carried at fair value and amortized cost. The City also invests in the Massachusetts Municipal Depository Trust (MMDT), which is an external investment pool and is not SEC registered. This fund is state regulated and is valued at current share price. See Note 3 for discussion of the System's investments.

Accounts Receivable

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

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

Property Taxes and Excise Taxes

Real and personal property taxes are based on values assessed as of each January 1 and are due in quarterly installments on August 1, November 1, February 1, and May 1. By law, all taxable property in the Commonwealth must be assessed at 100% of fair cash value. Taxes due and unpaid after the respective due dates are subject to interest and penalties. The City has an ultimate right to foreclose on property for which taxes have not been paid. Property taxes levied are recorded as receivables in the fiscal year of the levy.

A statewide tax limitation statute known as "Proposition 2½" limits the property tax levy to an amount equal to 2½% of the value of all taxable property in the City. A secondary limitation is that no levy in a fiscal year may exceed the preceding year's allowable tax levy by more than 2½%, plus taxes levied on certain property newly added to the tax rolls. Certain Proposition 2½ taxing limitations can be overridden by a City-wide referendum vote.

Motor vehicle excise taxes are assessed annually for each vehicle registered in the City and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair value of those vehicles to the City. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

Customer Receivables (Water and Sewer)

User fees are levied quarterly based on the individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed annually and are included as a lien on the property owner's tax bill. Water and sewer charges are receivables in the fiscal year of the commitment.

Intergovernmental

Various state and federal operating and capital grants are applied for and received annually. For nonexpenditure driven grants, revenue is recognized as soon as all eligibility requirements imposed by the provider have been met. For expenditure driven grants, revenue is recognized when the qualifying expenditures are incurred and all other grant requirements are met.

Opioid Settlements

Opioid settlements receivable represent the City's allocation of national settlement proceeds from pharmaceutical distributors to be received in future years in accordance with the national settlement agreement as well as the subdivision agreement with the Commonwealth of Massachusetts

Allowance for Uncollectible Accounts

The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements as compensated absences and claims, consists of unpaid, accumulated annual vacation and sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

Unearned Revenue

Unearned revenue is presented in the governmental-wide statement of net position, governmental funds and proprietary funds and represents federal grants received by the City in advance of meeting eligibility requirements for revenue recognition.

Deferred Outflows of Resources

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 position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until that time.

Deferred outflows of resources related to pensions and OPEB are reported in the government-wide and proprietary funds statements of net position.

Deferred Inflows of Resources

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 position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue is reported in the governmental funds balance sheet.

Unavailable revenue represents billed receivables that do not meet the availability criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.

Deferred inflows of resources related to pension and OPEB are reported in the government-wide and proprietary funds statements of net position.

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 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, net asset value (NAV), or amortized cost.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Liability

The total OPEB liability is measured as the portion of the actuarial present value of projected benefits that is attributed to past periods of employee service. The total OPEB liability is measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year and no later than the end of the current fiscal year, consistently applied from period to period.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statements of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statements of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition value as of the date received. The City maintains a capitalization threshold of \$25,000. The City's infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets are depreciated and amortized except for land, construction in progress and historical works of art. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation and amortization is computed using the straight-line method over the following useful lives:

Building	40 - 50 Years
Right-To-Use Assets: Building	3 Years
Land Improvements	20 Years
Machinery and Equipment	5 - 20 Years
Infrastructure	15 - 100 Years
Right-To-Use Assets: Infrastructure	3 Years

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Balance

Net position represents the residual difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. In the Government-wide and Proprietary Funds Financial Statements, net position is reported in the following categories:

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets.

Restricted – The portion of net position which is subject to constraints imposed by external parties, including: creditors, grantors, and laws and regulations of other governments, or constraints imposed by City Charter or enabling legislation. Nonexpendable amounts are required to remain intact under such constraints.

Unrestricted – Remaining net position not considered invested in capital assets or restricted.

For purposes of net position classification, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

In the Governmental Fund Financial Statements, fund balance is reported in the following categories:

Nonspendable – Amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to remain intact.

Restricted – Amounts the use of which is subject to constraints imposed by external parties, including creditors, grantors, and laws and regulations of other governments, or imposed by City Charter or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. For the City, this formal action is achieved by the City Council and approved by the Mayor.

Assigned – Amounts that are constrained by the City's intent for use for specific purposes but are considered neither restricted nor committed.

Unassigned – Amounts in the general fund that are not otherwise constrained for a specific purpose more narrow than the general operations of the City.

For purposes of fund balance classification, when both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When unrestricted resources are used, committed resources are used first, followed by assigned and unassigned resources, respectively.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bond Discounts, Premiums and Issuance Costs

In the government-wide and proprietary funds financial statements, bond discounts/premiums are capitalized and amortized over the term of the related bonds using the effective interest method. Such amounts are presented as part of the bond, notes and mortgages payable in the accompanying statements of net position. Bond issuance costs, except the amount representing prepaid insurance, if any, are expensed as incurred.

In the fund financial statements, governmental fund types recognize bond discounts, premiums, and issuance costs in the period the bond proceeds are received. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as expenditures.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3 DEPOSITS AND INVESTMENTS

The following represents the City's essential risk information about deposits and investments.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the City's deposits may not be returned. The City carries deposits that are insured by Federal Deposit Insurance Corporation (FDIC) insurance or collateralized with securities held by the City or the City's agent in the City's name. The City also carries deposits that are not collateralized and are uninsured. As of June 30, 2024, the City's bank balances of uninsured and uncollateralized deposits totaled \$142,120,639. The carrying amount of the City's deposits totaled \$138,667,442 at June 30, 2024.

The System's bank balances of uninsured and uncollateralized deposits totaled \$2,190,839. The carrying amount of the System's deposits totaled \$2,543,490 at December 31, 2023.

The OPEB trust did not have any bank deposits as of June 30, 2024.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Policy

The municipal finance laws of the Commonwealth authorize the City to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool – the Massachusetts Municipal Depository Trust (MMDT). The Treasurer also has expanded investment powers as it relates to certain trust funds (as defined by the Commonwealth), permanent funds, and fiduciary funds.

The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of pool shares. There are no withdrawal restrictions or unfunded commitments related to this investment.

Deposits and investments made by the System and OPEB Trust are governed by Chapter 32 of the MGL. The System engages investment managers that adhere to MGL c. 32, sec 23(3), the "Prudent Person" rule, which permits (among other things) the investment in corporate bonds, equities, private equity, and real estate investments.

Interest Rate Risk

The following is a listing of the City's fixed-income investments and related maturity schedule (in years) as of June 30, 2024 for the primary government and OPEB Trust Fund, and December 31, 2023 for the Retirement System:

<u>Investment Type</u>	<u>Total Amount</u>	<u>Less Than 1 Year</u>	<u>1 - 5 Years</u>	<u>6 - 10 Years</u>
Retirement System:				
Fixed Income Mutual Funds	\$ 184,556,214	\$ 184,556,214	\$ -	\$ -
OPEB Trust:				
External Investment Pool	301,107	301,107	-	-
City:				
U.S. Treasury Notes and Bonds	63,137,657	55,660,236	6,455,479	1,021,942
U.S. Agencies	2,315,732	348,334	1,417,964	549,434
Corporate Bonds	3,883,656	876,355	2,128,979	878,322
Fixed Income Mutual Funds	3,693,055	3,693,055	-	-
Money Market Mutual Funds	2,614,401	2,614,401	-	-
MMDT	7,243,616	7,243,616	-	-
Subtotal	<u>82,888,117</u>	<u>70,435,997</u>	<u>10,002,422</u>	<u>2,449,698</u>
Total	<u>\$ 267,745,438</u>	<u>\$ 255,293,318</u>	<u>\$ 10,002,422</u>	<u>\$ 2,449,698</u>

The City's guidelines do not specifically address limits on maturities as a means of managing its exposure to fair-value losses arising from increasing interest rates. The manager of each fixed-income portfolio is responsible for determining the maturity and commensurate returns of the portfolio.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

The System and OPEB Trust's policy for interest rate risk of debt securities is to use diversification to minimize the exposure to interest rate risks in the aggregate investment portfolio.

Credit Risk

The City and OPEB Trust allows investment managers to apply discretion under the "Prudent Person" rule. Investments are made, as a prudent person would be expected to act with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

The System's policy for credit risk of debt securities is to use diversification to minimize the exposure to credit risks in the aggregate investment portfolio and primarily invest in fixed income securities that are rated investment grade or better.

The City's fixed-income investments as of June 30, 2024 for the primary government and December 31, 2023 for the Retirement System were rated by Standard & Poor's and/or an equivalent nationally recognized statistical rating organization, and the ratings are presented below using the Standard and Poor's rating scale:

Investment Type	Total Amount	AAA to A	BBB to B	Not Rated
Retirement System:				
Fixed Income Mutual Funds	\$ 184,556,214	\$ -	\$ -	\$ 184,556,214
OPEB Trust:				
External Investment Pool	301,107	-	-	301,107
City:				
U.S. Agencies	2,315,732	2,315,732	-	-
Corporate Bonds	3,883,656	2,743,308	1,140,348	-
Fixed Income Mutual Funds	3,693,055	-	-	3,693,055
Money Market Mutual Funds	2,614,401	-	-	2,614,401
MMDT	7,243,616	-	-	7,243,616
Subtotal	<u>19,750,460</u>	<u>5,059,040</u>	<u>1,140,348</u>	<u>13,551,072</u>
Total	<u>\$ 204,607,781</u>	<u>\$ 5,059,040</u>	<u>\$ 1,140,348</u>	<u>\$ 198,408,393</u>

Concentration Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the investments in a single issuer.

The System does not have a policy for concentration of credit risk. As of December 31, 2023, the System was not exposed to concentration of credit risk.

The City and OPEB trust adheres to the provisions of M.G.L. c. 32, sec 23(2) when managing concentration risk. As of June 30, 2024, the City and OPEB trust were not exposed to concentration of credit risk.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Only the Retirement System is statutorily allowed to invest in foreign currency securities.

The System's policy for foreign currency risk is to diversify the foreign countries and currencies within its pooled international investment portfolio. As of December 31, 2023, the System was not exposed to foreign currency risk.

Fair Value Measurements

The System and the City categorize 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 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 and OPEB Trust has the following recurring fair value measurements as of June 30, 2024 and December 31, 2023 for the Retirement System:

Investment Type	Fair Value	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)
Retirement System:				
Equity Mutual Funds	\$ 410,888,565	\$ 410,888,565	\$ -	\$ -
Fixed Income Mutual Funds	184,556,214	184,556,214	-	-
Total Investments by Fair Value Level	595,444,779	\$ 595,444,779	\$ -	\$ -
Investments Measured at the Net Asset Value (NAV):				
Real Estate Funds	79,653,037			
Private Equity Funds	32,405,692			
Hedge Funds	41,805,910			
Collective Investment Funds	28,372,634			
Total Investments Measured at the NAV	182,237,273			
Subtotal - System	777,682,052			
OPEB Trust:				
External Investment Pool	\$ 301,107	\$ 301,107	\$ -	\$ -
City:				
Money Market Mutual Funds	2,614,401	\$ 2,614,401	\$ -	\$ -
Equities	19,243,860	19,243,860	-	-
Corporate Bonds	3,883,656	-	3,883,656	-
Fixed Income Mutual Funds	3,693,055	3,693,055	-	-
Equity Mutual Funds	1,241,350	1,241,350	-	-
U.S. Treasuries	63,137,657	63,137,657	-	-
U.S. Agencies	2,315,732	2,315,732	-	-
Total Investments by Fair Value Level	96,129,711	\$ 92,246,055	\$ 3,883,656	\$ -
Investments Measured at Amortized Cost:				
MMDT	7,243,616			
Subtotal - City	103,373,327			
Total	\$ 881,356,486			

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Investments classified in Level 2 are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The valuation method for investments measure at the net asset value (NAV) per share or its equivalent) is presented on the following table:

	<u>Total Amount</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Retirement System:				
Real Estate Funds ⁽¹⁾	\$ 79,653,037	\$ 375,000	N/A ⁽¹⁾	N/A ⁽¹⁾
Private Equity Funds ⁽²⁾	32,405,692	1,849,800	N/A ⁽²⁾	N/A ⁽²⁾
Collective Investment Funds ⁽³⁾	28,372,634	-	Quarterly	65 Days
Hedge Funds ⁽⁴⁾	41,805,910	-	Quarterly	65 Days
Total Investments Measured at the NAV	<u>\$ 182,237,273</u>			

(1) Real Estate Funds – This type includes three real estate funds which invest primarily in U.S. commercial real estate and value added opportunities. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the System's ownership interest in partners' capital. There is one investment with an approximate value of \$87,000,000 for which the investment can be redeemed annually, with a redemption notice period of 65 days. The remaining investments can never be redeemed with the funds. Distributions from each of these funds will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next one to three years.

(2) Private Equity Funds – This type includes 10 equity funds that consist primarily of limited partnership interests in corporate finance and venture capital funds. Corporate finance investments may include leveraged buy-out, industry consolidation, growth or fundamental business change, acquisitions, refinancing and recapitalization, mezzanine investments and distressed and turnaround strategies. Venture capital investments include start-up companies and companies developing new business solutions and technologies. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the System's ownership interest in partners' capital. There are three investments with an approximate value of \$18,000,000 for which the investment can be redeemed annually, with a redemption notice period of 65 days. The remaining investments can never be redeemed with the funds. Distributions from each of these funds will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next one to eight years.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

- (3) Collective Investment Funds – This type includes two funds that invests in a portfolio comprised of diversified strategy private equity funds and structured credit investments. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the System’s ownership interest in partners’ capital. The investment can be redeemed quarterly, with a redemption notice period of 65 days.
- (4) Hedge Funds – This type includes one fund that pursue multiple strategies to diversify risk and reduce volatility. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the System’s ownership interest in partners’ capital. The investment can be redeemed quarterly, with a redemption notice period of 65 days.

Reconciliation of Cash and Investments to the Statements of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net positions as of June 30, 2024 for the City and December 31, 2023 for the Retirement System:

Cash and Investments - Per Note

Carrying Amount of Deposits - City	\$ 138,667,210
Carrying Amount of Deposits - System	2,543,490
Investments - City	103,373,327
Investments - Retirement System	777,682,052
Investments - OPEB	301,107
Total	<u><u>\$ 1,022,567,186</u></u>

Cash and Investments - Per Statement of Net Position

Governmental Activities	\$ 222,266,548
Business-Type Activities	19,759,720
Pension and OPEB Trust Funds	780,526,649
Custodial Funds	14,269
Total	<u><u>\$ 1,022,567,186</u></u>

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 CAPITAL ASSETS

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

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Adjustments	
Government Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 8,498,967	\$ 2,454,188	\$ (49)	\$ -	\$ 10,953,106
Construction in Progress	22,868,965	31,129,913	(5,549,247)	-	48,449,631
Historical Works of Art	1,809,514	-	-	-	1,809,514
Total Capital Assets, Not Being Depreciated	33,177,446	33,584,101	(5,549,296)	-	61,212,251
Capital Assets, Being Depreciated:					
Buildings	268,718,051	16,196,497	(570,000)	-	284,344,548
Land Improvements	13,643,098	159,525	-	-	13,802,623
Machinery and Equipment	45,539,794	670,456	(6,822,888)	-	39,387,362
Infrastructure	110,989,867	4,357,559	-	-	115,347,426
Total Capital Assets, Being Depreciated	438,890,810	21,384,037	(7,392,888)	-	452,881,959
Less: Accumulated Depreciation For:					
Buildings	141,838,949	8,281,146	(570,000)	-	149,550,095
Land Improvements	9,791,798	328,349	-	-	10,120,147
Machinery and Equipment	27,369,648	3,971,713	(6,822,888)	-	24,518,473
Infrastructure	85,180,565	2,675,114	-	-	87,855,679
Total Accumulated Depreciation	264,180,960	15,256,322	(7,392,888)	-	272,044,394
Total Capital Assets, Being Depreciated, Net	174,709,850	6,127,715	-	-	180,837,565
Right-To-Use Assets, Being Amortized:					
Buildings	694,216	-	(694,216)	-	-
Infrastructure	1,236,740	-	(1,236,740)	-	-
Total Right-To-Use Assets, Being Amortized	1,930,956	-	(1,930,956)	-	-
Less: Accumulated Amortization For:					
Buildings	406,954	287,262	(694,216)	-	-
Infrastructure	824,494	412,246	(1,236,740)	-	-
Total Right-To-Use Assets, Being Amortized	1,231,448	699,508	(1,930,956)	-	-
Right-To-Use Assets Being Amortized, Net	699,508	(699,508)	-	-	-
Governmental Capital Assets, Net	<u>\$ 208,586,804</u>	<u>\$ 39,012,308</u>	<u>\$ (5,549,296)</u>	<u>\$ -</u>	<u>\$ 242,049,816</u>

Depreciation and amortization expense was charged to governmental functions as follows:

Government Activities:	
General Government	\$ 2,030,418
Public Safety	2,416,512
Education	8,347,153
Public Works	2,817,850
Human Services	63,282
Culture and Recreation	280,615
Total Depreciation and Amortization Expense - Government Activities	<u>\$ 15,955,830</u>

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Business-type activity for the year ended June 30, 2024 was as follows:

	Business-Type Activities				Ending Balance
	Beginning Balance	Increases	Decreases	Adjustments	
Water:					
Capital Assets, Not Being Depreciated:					
Land	\$ 2,929,492	\$ -	\$ -	\$ -	\$ 2,929,492
Construction in Progress	9,422,323	9,492,309	(74,542)	-	18,840,090
Total Capital Assets, Not Being Depreciated	12,351,815	9,492,309	(74,542)	-	21,769,582
Capital Assets, Being Depreciated:					
Buildings	31,281,999	74,542	-	-	31,356,541
Land Improvements	147,200	-	-	-	147,200
Machinery and Equipment	16,593,266	68,350	(4,150,292)	-	12,511,324
Infrastructure	41,834,896	203,815	-	-	42,038,711
Total Capital Assets, Being Depreciated	89,857,361	346,707	(4,150,292)	-	86,053,776
Less: Accumulated Depreciation For:					
Buildings	11,506,066	749,575	-	-	12,255,641
Land Improvements	124,025	900	-	-	124,925
Machinery and Equipment	16,105,298	363,656	(4,150,292)	-	12,318,662
Infrastructure	21,597,324	675,808	-	-	22,273,132
Total Accumulated Depreciation	49,332,713	1,789,939	(4,150,292)	-	46,972,360
Total Capital Assets, Being Depreciated, Net	40,524,648	(1,443,232)	-	-	39,081,416
Water Capital Assets, Net	52,876,463	8,049,077	(74,542)	-	60,850,998
Sewer:					
Capital Assets, Not Being Depreciated:					
Land	186,327	-	-	-	186,327
Construction in Progress	7,361,063	1,768,844	(1,430,067)	-	7,699,840
Total Capital Assets, Not Being Depreciated	7,547,390	1,768,844	(1,430,067)	-	7,886,167
Capital Assets, Being Depreciated:					
Buildings	147,566,690	-	-	-	147,566,690
Land Improvements	311,617	-	-	-	311,617
Machinery and Equipment	45,697,946	-	(1,250,045)	-	44,447,901
Infrastructure	48,024,645	1,430,067	-	-	49,454,712
Total Capital Assets, Being Depreciated	241,600,898	1,430,067	(1,250,045)	-	241,780,920
Less: Accumulated Depreciation For:					
Buildings	63,819,104	3,795,447	-	-	67,614,551
Land Improvements	264,819	1,341	-	-	266,160
Machinery and Equipment	44,392,769	283,277	(1,250,045)	-	43,426,001
Infrastructure	31,200,432	847,462	-	-	32,047,894
Total Accumulated Depreciation	139,677,124	4,927,527	(1,250,045)	-	143,354,606
Total Capital Assets, Being Depreciated, Net	101,923,774	(3,497,460)	-	-	98,426,314
Sewer Capital Assets, Net	109,471,164	(1,728,616)	(1,430,067)	-	106,312,481

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 CAPITAL ASSETS (CONTINUED)

	Business-Type Activities				Ending Balance
	Beginning Balance	Increases	Decreases	Adjustments	
Other:					
Capital Assets, Not Being Depreciated:					
Land	\$ 207,090	\$ -	\$ -	\$ -	\$ 207,090
Construction in Progress	138,004	497,303	(138,004)	-	497,303
Total Capital Assets, Not Being Depreciated	345,094	497,303	(138,004)	-	704,393
Capital Assets, Being Depreciated:					
Buildings	22,464,654	63,003	-	-	22,527,657
Land Improvements	40,232,377	310,500	-	-	40,542,877
Machinery and Equipment	4,432,783	205,835	(489,953)	-	4,148,665
Infrastructure	18,802,479	42,300	-	-	18,844,779
Total Capital Assets, Being Depreciated	85,932,293	621,638	(489,953)	-	86,063,978
Less: Accumulated Depreciation For:					
Buildings	6,290,203	470,152	-	(496,111)	6,264,244
Land Improvements	38,071,784	231,025	-	-	38,302,809
Machinery and Equipment	3,743,445	192,046	(489,953)	-	3,445,538
Infrastructure	15,015,554	77,448	-	-	15,093,002
Total Accumulated Depreciation	63,120,986	970,671	(489,953)	(496,111)	63,105,593
Total Capital Assets, Being Depreciated, Net	22,811,307	(349,033)	-	496,111	22,958,385
Other Capital Assets, Net	23,156,401	148,270	(138,004)	496,111	23,662,778
Business-Type Activities Capital Assets, Net	<u>\$ 185,504,028</u>	<u>\$ 6,468,731</u>	<u>\$ (1,642,613)</u>	<u>\$ 496,111</u>	<u>\$ 190,826,257</u>

NOTE 5 TEMPORARY BORROWINGS

Under state law and by authorization of the City Council, the City is authorized to borrow on a temporary basis to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue anticipation notes (RANs);
- Capital project costs incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANs); and
- Federal and state-aided capital projects and other program expenditures prior to receiving reimbursement through issuance of federal and state-aid anticipation notes (FANs and SANs).

Temporary loans are general obligations of the City and carry maturity dates which are limited by statute.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5 TEMPORARY BORROWINGS (CONTINUED)

Short-term debt activity for the year ended June 30, 2024 was as follows:

	<u>Maturity Date</u>	Outstanding as of June 30, 2023	Additions	Reductions	Outstanding as of June 30, 2024
Bond Anticipation Notes Payable:					
Governmental Activities:					
Various Capital Project Funds:					
Various School Roof Repairs	6/14/2024	\$ 833,000	\$ -	\$ 833,000	\$ -
Various School Roof Repairs	6/14/2024	545,000	-	545,000	-
Various School Roof Repairs	6/14/2024	562,600	-	562,600	-
IT - GIS	6/14/2024	210,000	-	210,000	-
Various School Roof Repairs	6/14/2024	750,000	-	750,000	-
Various School Roof Repairs	6/13/2025	-	798,000	-	798,000
Various School Roof Repairs	6/13/2025	-	518,000	-	518,000
Various School Roof Repairs	6/13/2025	-	539,600	-	539,600
IT - GIS	6/13/2025	-	180,000	-	180,000
Various School Roof Repairs	6/13/2025	-	720,000	-	720,000
Subtotal Governmental Activities		<u>2,900,600</u>	<u>2,755,600</u>	<u>2,900,600</u>	<u>2,755,600</u>
Business-Type Activities:					
Water Capital Project Funds:					
US Filter CPL Treatment Plant	6/14/2024	626,233	-	626,233	-
Water Main Replacement	6/14/2024	500,000	-	500,000	-
US Filter CPL Treatment Plant	6/13/2025	-	601,233	-	601,233
Water Main Replacement	6/13/2025	-	485,000	-	485,000
Subtotal Business-Type Activities		<u>1,126,233</u>	<u>1,086,233</u>	<u>1,126,233</u>	<u>1,086,233</u>
Total Bond Anticipation Notes Payable		<u>\$ 4,026,833</u>	<u>\$ 3,841,833</u>	<u>\$ 4,026,833</u>	<u>\$ 3,841,833</u>

Subsequent Events

On September 26, 2024, the City issued bond anticipation notes in the amount of \$6,300,000 with an interest rate of 4.25% expiring on October 9, 2025, which were used to fund water capital projects. The City rolled the bond anticipation note on October 8, 2025 in the amount of \$28,300,000 with an interest rate of 2.71% expiring on October 8, 2026, which were used to fund water capital projects and the public safety complex.

NOTE 6 LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended June 30, 2024:

General Long-Term Obligations	Maturing Through Year Ended June 30	Interest Percentage Range	Outstanding Beginning of Year	Additions	Reductions	Outstanding End of Year	Current Portion
Governmental Activities:							
General:							
Taxable	2036	(3.00% - 5.41%)	\$ 352,795,000	\$ -	\$ 16,575,000	\$ 336,220,000	\$ 20,250,000
General Obligation	2053	(2.00% - 5.00%)	112,770,801	-	1,525,267	111,245,534	3,083,267
Subtotal			465,565,801	-	18,100,267	447,465,534	23,333,267
Add (Deduct):							
Unamortized Bond Premium			5,701,487	-	607,815	5,093,672	-
Total Governmental Activities Debt, Net			<u>\$ 471,267,288</u>	<u>\$ -</u>	<u>\$ 18,708,082</u>	<u>\$ 452,559,206</u>	<u>\$ 23,333,267</u>

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

General Long-Term Obligations	Maturing Through Year Ended June 30	Interest Percentage Range	Outstanding Beginning of Year	Additions	Reductions	Outstanding End of Year	Current Portion
Business-Type Activities:							
Water	2039	(4.75% - 6.45%)	\$ 1,175,000	\$ -	\$ 215,000	\$ 960,000	\$ 215,000
Water - Direct Borrowings	2041	(4.75% - 6.45%)	17,049,472	1,179,951	1,908,192	16,321,231	2,001,647
Sewer - Direct Borrowings	2043	(3.00% - 6.75%)	37,523,149	-	6,458,145	31,065,004	6,579,702
Other	2039	0.00%	6,375,199	-	386,733	5,988,466	386,733
Other - Direct Borrowings	2024	(3.00% - 6.75%)	100,000	-	100,000	-	-
Subtotal			<u>62,222,820</u>	<u>1,179,951</u>	<u>9,068,070</u>	<u>54,334,701</u>	<u>9,183,082</u>
Add (Deduct):							
Unamortized Bond Premium			132,394	-	40,821	91,573	-
MCWT Interim Loans	2025	0.0%	1,540,156	2,912,284	599,625	3,852,815	-
Total Business-Type Activities Debt, Net			<u>63,895,370</u>	<u>4,092,235</u>	<u>9,708,516</u>	<u>58,279,089</u>	<u>9,183,082</u>
Total Debt, Net			<u>\$ 535,162,658</u>	<u>\$ 4,092,235</u>	<u>\$ 28,416,598</u>	<u>\$ 510,838,295</u>	<u>\$ 32,516,349</u>
Other Long-Term Obligations:							
Self-Insured Benefit Claims:							
Governmental Activities			\$ 10,018,142	\$ 4,970,471	\$ -	\$ 14,988,613	\$ 7,743,018
Business-Type Activities:							
Water			218,792	-	97,140	121,652	86,657
Sewer			1,664,985	835,733	-	2,500,718	354,678
Other			1,192,051	-	277,111	914,940	240,932
Compensated Absences, Net:							
Governmental Activities			14,792,043	2,631,145	-	17,423,188	2,613,478
Business-Type Activities:							
Water			315,764	-	572	315,192	47,279
Sewer			127,238	3,912	-	131,150	19,672
Other			431,578	-	235,608	195,970	29,395
Lease Liabilities:							
Governmental Activities			797,573	-	797,573	-	-
Landfill Closure and Postclosure							
Care Costs:							
Governmental Activities			2,394,010	-	145,980	2,248,030	-
Business-Type Activities:							
Sewer			1,022,222	23,233	-	1,045,455	-
Total Other Long-Term Obligations			<u>\$ 32,974,398</u>	<u>\$ 8,464,494</u>	<u>\$ 1,553,984</u>	<u>\$ 39,884,908</u>	<u>\$ 11,135,109</u>

Maturity of Bond Indebtedness

Bond indebtedness outstanding at June 30, 2024 matures as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>				<u>Total</u>
	<u>Bonded Debt</u>		<u>Direct Borrowings</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 23,333,267	\$ 14,032,525	\$ -	\$ -	\$ 37,365,792
2026	27,723,267	13,186,805	-	-	40,910,072
2027	29,249,000	12,213,442	-	-	41,462,442
2028	29,949,000	11,136,192	-	-	41,085,192
2029	30,799,000	10,197,311	-	-	40,996,311
2030-2034	164,705,000	38,271,225	-	-	202,976,225
2035-2039	81,457,000	16,493,233	-	-	97,950,233
2040-2044	17,965,000	10,477,950	-	-	28,442,950
2045-2049	22,130,000	6,314,800	-	-	28,444,800
2050-2053	20,155,000	1,612,700	-	-	21,767,700
Total	<u>\$ 447,465,534</u>	<u>\$ 133,936,183</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 581,401,717</u>

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Maturity of Bond Indebtedness (Continued)

Year Ending June 30,	Business-Type Activities			
	Water - Bonded Debt		Sewer - Bonded Debt	
	Principal	Interest	Principal	Interest
2025	\$ 215,000	\$ 34,275	\$ -	\$ -
2026	115,000	28,525	-	-
2027	115,000	22,775	-	-
2028	115,000	17,025	-	-
2029	115,000	11,275	-	-
2030-2034	175,000	26,400	-	-
2035-2039	110,000	5,750	-	-
Total	<u>\$ 960,000</u>	<u>\$ 146,025</u>	<u>\$ -</u>	<u>\$ -</u>

Year Ending June 30,	Business-Type Activities (Continued)			
	Other - Bonded Debt		Total	
	Principal	Interest	Principal	Interest
2025	\$ 386,733	\$ 197,670	\$ 9,183,082	\$ 1,087,995
2026	396,733	181,783	8,101,771	910,776
2027	350,000	168,965	6,630,682	755,171
2028	365,000	156,990	4,480,102	636,290
2029	370,000	144,465	3,155,580	551,794
2030-2034	1,980,000	529,585	12,049,979	1,866,683
2035-2039	2,140,000	181,175	8,457,224	705,979
Total	<u>\$ 5,988,466</u>	<u>\$ 1,560,633</u>	<u>\$ 54,334,701</u>	<u>\$ 6,594,530</u>

Year Ending June 30,	Business-Type Activities (Continued)					
	Water - Direct Borrowings		Sewer - Direct Borrowings		Other - Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 2,001,647	\$ 319,929	\$ 6,579,702	\$ 536,121	\$ -	\$ -
2026	2,036,822	273,731	5,553,216	426,737	-	-
2027	2,072,726	232,468	4,092,956	330,963	-	-
2028	2,109,369	190,468	1,890,733	271,807	-	-
2029	916,422	160,022	1,754,158	236,032	-	-
2030-2034	4,381,178	517,089	5,513,801	793,609	-	-
2035-2039	2,111,112	169,493	4,096,112	349,561	-	-
2040-2044	691,955	23,958	1,584,326	55,884	-	-
Total	<u>\$ 16,321,231</u>	<u>\$ 1,887,158</u>	<u>\$ 31,065,004</u>	<u>\$ 3,000,714</u>	<u>\$ -</u>	<u>\$ -</u>

The City has entered into loan agreements with the MCWT to finance certain water and wastewater related capital improvements. Since the City is legally obligated for the total debt amounts, the full liability has been recorded in the Water and Sewer enterprise funds in the accompanying basic financial statements. The City expects to receive \$78,388 Sewer principal and interest subsidies, from MCWT over the remaining life of the loans as follows:

Year Ending June 30,	Business-Type Activities					
	Water		Sewer		Total	
	Principal Subsidy	Interest Subsidy	Principal Subsidy	Interest Subsidy	Principal Subsidy	Interest Subsidy
2025	\$ -	\$ -	\$ 78,388	\$ -	\$ 78,388	\$ -
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,388</u>	<u>\$ -</u>	<u>\$ 78,388</u>	<u>\$ -</u>

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Maturity of Bond Indebtedness (Continued)

The City is subject to a dual-level general debt limit; the normal debt limit and the double-debt limit. Such limits are equal to 2½% and 5%, respectively, of the valuation of taxable property in the City as last equalized by the Commonwealth's Department of Revenue. Debt may be authorized up to the normal debt limit without state approval. Authorizations under the double-debt limit, however, require the approval of the Commonwealth's Emergency Finance Board. Additionally, there are many categories of general obligation debt, which are exempt from the debt limit but are subject to other limitations.

As of June 30, 2024, the City has total authorized unissued debt of \$112.6 million, which is intended to finance the following:

Pension Obligation Bond	\$ 59,065,000
Water Projects	14,182,707
Sewer Projects	19,449,905
School Projects	15,740,133
Turf Field	1,700,000
Restaurant Infrastructure	1,194,000
Economic Development	1,000,000
Fire Ladder Truck	155,000
Elevator Repairs	50,000
Voting Machines	35,000
Total	<u>\$ 112,571,745</u>

Subsequent Events

On October 9, 2024 Moody's ratings withdrew the City's underlying rating due to lack of sufficient information.

On February 26, 2025, the City issued a drinking water bond in the amount of \$7,358,799 with the Massachusetts Clean Water Trust.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 PENSION PLANS

BROCKTON CONTRIBUTORY RETIREMENT SYSTEM (SYSTEM)

General Information

The City contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Brockton Contributory Board. Substantially all employees of the City are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System.

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

Active Members	2,061
Inactive Members	946
Retirees and Beneficiaries Currently Receiving Benefits	<u>1,337</u>
Total	<u><u>4,344</u></u>

As indicated in Note 1, the System is reported as a pension trust fund in these financial statements. The System issues a separately audited financial statement and a publicly available financial report in accordance with guidelines established by the Commonwealth's Public Employee Retirement Administration Commission. These reports may be obtained by contacting the System located at 1322 Belmont Street, Suite 101, Brockton, Massachusetts 02301.

Benefits Provided

Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The plan provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. 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.

There are three classes of membership in the plan; Group 1, Group 2, and Group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, Group 4 consists of police officers, firefighters, and other hazardous positions.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service if hired after 1978 and if classified in groups 1 or 2. A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service if in group 1, 50 years of age with 10 years of service if in Group 2, and 55 years of age if hired prior to 1978 or if classified in group 4. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 PENSION PLANS (CONTINUED)

Benefits Provided (Continued)

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

When a member's retirement becomes effective, their deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth of Massachusetts' 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 System and all costs are borne by the System.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status, and group classification.

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

Contributions

Chapter 32 of MGL governs the contributions of plan members and the employers. Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000. The City is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on annual covered payroll.

For the year ended December 31, 2023, active member contributions totaled \$13,075,884 and employer contributions totaled \$16,752,600. Contributions to the System from the City were \$13,354,019 for the year ended June 30, 2024.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 PENSION PLANS (CONTINUED)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

Total Pension Liability	\$ 927,426,947
Plan Fiduciary Net Position	<u>(780,791,927)</u>
Net Pension Liability	<u>\$ 146,635,020</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>84.2%</u>

At June 30, 2024, the City reported a liability of \$125,640,310 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024 which was rolled back 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 employers, actuarially determined. At December 31, 2023, the City's proportion was 85.68234%, which compared to the 77.24364% proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the City recognized pension expense of \$40,635,848. At June 30, 2024, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 28,002,283	\$ -
Changes in Assumptions	32,493,707	-
Differences Between Expected and Actual Experience	28,007,948	8,769,048
Changes in Proportion	<u>10,161,135</u>	<u>22,995</u>
Total	<u>\$ 98,665,073</u>	<u>\$ 8,792,043</u>

The amount reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	\$ 29,328,154
2025	27,437,255
2026	26,886,158
2027	4,078,963
2028	<u>2,142,500</u>
Total	<u>\$ 89,873,030</u>

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 PENSION PLANS (CONTINUED)

Actuarial Assumptions

The total pension liability was determined using the January 1, 2024 actuarial valuation. The following actuarial assumptions apply to all periods included in the measurement.

Assumptions:

Inflation	2.5% per year
Salary Increases	Based on service, 6% graded down to 4.25% for Group 1 Based on service, 7% graded down to 4.75% for Group 4
Investment Rate of Return	6.75%, net of investment expenses
Cost of Living Adjustments	3.0% of the first \$14,000 effective July 1, 2023, annually
Payroll Growth	3.25% per year
Mortality	Healthy Retiree - RP-2014 Blue Collar Mortality with full generational mortality improvements using Scale MP-2020 Disabled Retiree - RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2020
Retirement Rates	General Employees - 1.0% and 1.5% for males and females, respectively, beginning at age 50 ranging to 30.0% and 20.0% for males and females, respectively, ending at age 69 Police and Fire - 2.0% beginning at age 50 ranging to 100.0% at age 65

Investment Policy and Rates of Return

The Board has the authority for establishing and amending investment policy decisions. Based on the investment objectives and constraints of the System and based on an annual review of the asset allocation and asset classes, the Board will specify a long-term target allocation for each class of permissible assets. These targets will be expressed as a percentage of the total portfolio, and will have ranges surrounding them, allowing for the portfolio to maintain policy through market fluctuations.

The long-term target allocations are intended as strategic goals. Thus, it is permissible for the overall System's asset allocation to deviate from the long-term target, as would likely occur during manager transitions, asset class restructurings, and other temporary changes in the System. Surplus cash flows are utilized to maintain the asset management structure. Should these cash flows not be sufficient to reallocate the plan according to policy, the transfer of assets may occur between managers. At least annually, the Board reevaluates the portfolio weightings by asset class and adjustments are made accordingly.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 PENSION PLANS (CONTINUED)

Investment Policy and Rates of Return (Continued)

The System's annual money-weighted rate of return on pension plan investments, net of investment expenses, was 9.07%. The money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on pension plan investments was determined using a best-estimate ranges of expected future nominal rates of return (expected return, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. Best estimates of arithmetic rates of return for each major asset class included in the System's target asset allocation as of December 31, 2023 are summarized on the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
S&P 500 Index	17.0 %	5.00 %
US Small/Mid Cap Equity Index	4.0	5.13 %
World Equity ex-US Index	14.0	5.04 %
Global Low Beta Equities	5.0	6.24 %
World Equity	10.0	6.64 %
US High Yield	3.0	5.02 %
Emerging Markets Debt	3.0	5.75 %
Limited Duration Fixed Income	8.0	2.46 %
Core Fixed Income	9.0	3.47 %
Private Real Estate	10.0	4.58 %
Global Private Assets	10.0	10.06 %
Directional Hedge	5.0	5.01 %
Structured Credit	2.0	8.77 %
Totals	100.0 %	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan'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. The discount rate used in the prior fiscal year was 6.75%.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 PENSION PLANS (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the System calculated using the rate of 6.75%, as well as what the System's net pension liability would be if it calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net Pension Liability (Asset)	\$ 252,803,893	\$ 146,635,020	\$ 56,856,446

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Net Pension Liability (Asset)	\$ 216,608,281	\$ 125,640,310	\$ 48,715,931

MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS)

Plan Description

Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth of Massachusetts' (Commonwealth) reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth's audited financial statements that can be obtained at <http://www.mass.gov/osc/publications-and-reports/financial-reports/cafr-reports.html>.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 PENSION PLANS (CONTINUED)

Benefits Provided

The MTRS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit requirements. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with 10 years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

Contributions

The MTRS's funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5-11% of regular compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000.

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. 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 contributing entity in MTRS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Since the City does not contribute directly to MTRS, the City does not report a proportionate share of the net pension liability of the MTRS at June 30, 2024. The Commonwealth's net pension liability associated with the City was \$447,522,807.

The MTRS's net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023.

For the year ended June 30, 2024, the City recognized pension expense of \$41,785,265 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 PENSION PLANS (CONTINUED)

Actuarial Assumptions

The following actuarial methods and assumptions apply to all periods included in the measurement.

Investment Rate of Return	7.00%
Salary Increases	Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service.
Mortality Rates	Pre-retirement - reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct). Postretirement - reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct) Disability - assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2021 (gender distinct).
Other	3.5% interest rate credited to the annuity savings fund and 3.0% cost of living increase on the first \$13,000 of allowance per year.

Rates of Return

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. 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 rates of return 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 rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	37.0 %	4.9 %
Core Fixed Income	15.0	1.9 %
Private Equity	16.0	7.4 %
Portfolio Completion Strategies	10.0	3.8 %
Real Estate	10.0	3.0 %
Value Added Fixed Income	8.0	5.1 %
Timberland/Natural Resources	4.0	4.3 %
Totals	<u>100.0 %</u>	

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the MTRS's total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the 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.

Pension Plan Fiduciary Net Position

Detailed information about the MTRS's fiduciary net position is available in the Commonwealth's audited financial statements.

SUMMARIZED PENSION EXPENSE

The total pension expense recognized under both pension plans is \$82,141,113 for the year ended June 30, 2023.

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The City provides health, dental, and life insurance benefits, in accordance with state statute and City ordinance, to participating retirees and their beneficiaries (hereinafter referred to as the "Plan") as a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to the plan design and contributions rates must be accomplished through the collective bargaining process. The Plan does not issue a stand-alone financial report.

Plan assets are managed by Plymouth County with the County Treasurer serving as the custodian of the fund. Investment policies and objectives are established by an investment committee consisting of five persons comprised of a representative sample from participating member units.

Plan Membership

At June 30, 2024, the following employees were covered by benefit terms.

Active Members	3,105
Retirees and Beneficiaries	1,981
Total	<u>5,086</u>

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Benefits Provided

The City provides health, dental, and life insurance coverage for its retirees and their survivors. The contribution requirements of Plan members and the City are governed by the respective collective bargaining agreements. The plan members contribute 10% to 25% of the monthly premium cost, depending on the plan in which they are enrolled. The City contributes the balance of the premium cost. The City currently funds the plan on a pay-as-you-go basis. The cost of administering the Plan are paid by the City.

Contributions

The contribution requirements of Plan members and the City are established and may be amended. The required health insurance contribution rates of Plan members and the City are 25%. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the City.

For the fiscal year ended June 30, 2024, the employer contributions totaled \$21,036,103. The Trust did not receive contributions from any other sources.

Net OPEB Liability (Plan Reporting)

Investment policy. The OPEB Trust's policy in regard to the allocation of investments is established and may be amended by the trustees. The following was the trustees adopted asset allocation policy as of June 30, 2024:

Asset Class	Target Allocation
Domestic Large Stocks	30.0 %
Domestic Mid Stocks	15.0
Domestic Small Stocks	5.0
International Developed Markets Equity	16.0
International Emerging Markets Equity	7.0
Investment Grade Corporate Bonds	18.0
High Yield Fixed Income	5.0
US Real Estate	4.0
Totals	100.0 %

Rate of return. For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 13.9%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Net OPEB Liability (Plan Reporting) (Continued)

The components of the net OPEB liability of the Plan as of June 30, 2024 were as follows:

Total OPEB Liability	\$ 633,547,210
Plan Fiduciary Net Position	<u>(301,107)</u>
Net OPEB Liability	<u>\$ 633,246,103</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	<u>0.05%</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Assumptions:

Actuarial Cost Method	Individual Entry Age Normal
Single Discount Rate	4.21%
Municipal Bond Rate	4.21% at June 30, 2024
Healthcare/Medical Cost Inflation Rate	7.0% decreasing a half percent annually to an ultimate level of 4.5% per year.
Inflation Rate	3% Annually.
Mortality	PUB 2010 Mortality Table with MP-2021 Projection.
Retirement Rates	Non-Teachers - 1.0% and 1.5% for males and females, respectively, beginning at age 50 ranging to 40.0% and 15.0% for males and females, respectively, ending at age 69. Teachers - 0.0% and 1.0% for males and females, respectively, beginning at age 50 ranging to 40.0% and 50.0% for males and females, respectively, ending at age 69. Public Safety - 1.0% beginning at age 45 ranging to 100.0% at age 65.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT DISCLOSURES (OPEB) (CONTINUED)

Actuarial Assumptions (Continued)

The long-term expected rate of return on OPEB Trust investments was determined using a best-estimate ranges of expected future nominal rates of return (expected returns, net of investment expense and inflation) developed for each major asset class using an econometric model that forecasts a variety of economic environments and then calculates asset class returns based on functional relationships between the economic variables and the asset classes. Best estimates of arithmetic rates of return for each major asset class included in the OPEB Trust's target asset allocation as of June 30, 2024 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Large Stocks	6.6 %
Domestic Mid Stocks	7.9 %
Domestic Small Stocks	6.9 %
International Developed Markets Equity	9.9 %
International Emerging Markets Equity	11.2 %
Investment Grade Corporate Bonds	6.2 %
High Yield Fixed Income	8.1 %
US Real Estate	7.7 %

Discount rate. The discount rate to measure the total OPEB liability was 4.21%. The discount rate was selected using the 20-year municipal bond index (4.21% at June 30, 2024).

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.21%) or 1 percentage-point higher (5.21%) than the current rate:

	<u>1% Decrease (3.13%)</u>	<u>Current Discount Rate (4.13%)</u>	<u>1% Increase (5.13%)</u>
Net OPEB Liability	\$ 741,385,067	\$ 633,246,103	\$ 547,012,604

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates.

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	<u>1% Decrease</u>	<u>Current Trend Rates</u>	<u>1% Increase</u>
Net OPEB Liability	\$ 537,589,687	\$ 633,246,103	\$ 756,636,313

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT DISCLOSURES (OPEB) (CONTINUED)

Actuarial Assumptions (Continued)

Net OPEB Liability (City Reporting)

The City's total OPEB liability of \$633,246,103 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024 for which updated procedures were used to roll forward the total OPEB liability to the measurement date.

Changes in Total OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2023	\$ 642,410,000	\$ 264,411	\$ 642,145,589
Changes for the Year:			
Service Cost	29,506,323	-	29,506,323
Interest	27,315,749	-	27,315,749
Difference Between Expected and Actual Experience	(14,144,091)	-	(14,144,091)
Changes of Assumptions	(30,504,668)	-	(30,504,668)
Net Investment Income	-	36,696	(36,696)
Employer Contributions	-	21,036,103	(21,036,103)
Benefit Payments	(21,036,103)	(21,036,103)	-
Net Changes	<u>(8,862,790)</u>	<u>36,696</u>	<u>(8,899,486)</u>
Balances at June 30, 2024	<u>\$ 633,547,210</u>	<u>\$ 301,107</u>	<u>\$ 633,246,103</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.13% to 4.21%.

OPEB Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2024, the City recognized OPEB expense of \$7,291,893. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ 39,240,203	\$ 175,357,991
Net Difference Between Expected and Actual Experience	3,619,913	97,418,759
Net Difference Between Projected and Actual Earnings of OPEB Plan Investments	-	25,829
Total	<u>\$ 42,860,116</u>	<u>\$ 272,802,579</u>

The amount reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ (49,519,258)
2026	(49,519,258)
2027	(52,501,566)
2028	(58,615,725)
2029	(13,408,261)
2030	(6,378,395)
Total	<u>\$ (229,942,463)</u>

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 8 OTHER POSTEMPLOYMENT BENEFIT DISCLOSURES (OPEB) (CONTINUED)

Combining Schedule of Fiduciary Net Position – Pension and OPEB Trust Funds

	Pension Trust Fund	OPEB Trust Fund	Total
<u>Assets</u>			
Cash and Cash Equivalents	\$ 2,543,490	\$ -	\$ 2,543,490
Investments, at Fair Value:			
Fixed Income Mutual Funds	184,556,214	-	184,556,214
Equities and Equity Mutual Funds	410,888,565	-	410,888,565
Real Estate Funds	79,653,037	-	79,653,037
Private Equity Funds	32,405,692	-	32,405,692
Hedge Funds	41,805,910	-	41,805,910
Collective Investment Funds	28,372,634	-	28,372,634
External Investment Pool	-	301,107	301,107
Accrued Interest and Dividends	570,279		570,279
Accounts Receivable	3,567	-	3,567
Total Assets	<u>780,799,388</u>	<u>301,107</u>	<u>781,100,495</u>
<u>Liabilities</u>			
Accounts Payable and Accrued Expenses	<u>7,461</u>	<u>-</u>	<u>7,461</u>
<u>Net Position</u>			
Restricted for:			
Pensions	780,791,927	-	780,791,927
Other Postemployment Benefits	-	301,107	301,107
	<u>\$ 780,791,927</u>	<u>\$ 301,107</u>	<u>\$ 781,093,034</u>

Combining Schedule of Changes in Fiduciary Net Position – Pension and OPEB Trust Funds

	Pension Trust Fund	OPEB Trust Fund	Total
<u>Additions</u>			
Employer	\$ 16,752,600	\$ 21,036,103	\$ 37,788,703
Plan Members	13,075,884	-	13,075,884
Total Contributions	<u>29,828,484</u>	<u>21,036,103</u>	<u>50,864,587</u>
Investment Income:			
Net Appreciation in Fair Value of Investments	52,217,773	36,695	52,254,468
Interest and Dividends	18,229,481	-	18,229,481
Less Investment Expense	(4,431,125)	-	(4,431,125)
Net Investment Income	<u>66,016,129</u>	<u>36,695</u>	<u>66,052,824</u>
Total Additions	95,844,613	21,072,798	116,917,411
<u>Deductions</u>			
Benefits	54,433,823	21,036,103	75,469,926
Administrative Expense	818,531	-	818,531
Total Deductions	<u>55,252,354</u>	<u>21,036,103</u>	<u>76,288,457</u>
Change in Net Position	40,592,259	36,695	40,628,954
Net Position - Beginning of Year	<u>740,199,668</u>	<u>264,412</u>	<u>740,464,080</u>
Net Position - End of Year	<u>\$ 780,791,927</u>	<u>\$ 301,107</u>	<u>\$ 781,093,034</u>

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

State and Federal laws and regulations require that the City place a final cover on its landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure. In addition to operating expenses related to current activities of the landfill sites, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfills no longer accept waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfills used during the year. The estimated liability for landfill closure and postclosure care costs is based on the percent used (filled) of the landfills and is as follows at June 30, 2024:

	Governmental Activities	Business-Type Activities <u>Sewer Fund</u>
Closure and Postclosure Care Costs	\$ 2,248,030	\$ 1,045,455
Percentage Used (Filled)	100.00 %	45.50 %

It is estimated that an additional \$1,045,455 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the Sewer fund landfill is currently expected to be filled to capacity (the year 2078).

The landfill liability recorded by the governmental activities represents postclosure care costs only, as the closure costs have been contractually assumed by a third party in exchange for the future use of the landfill site. As of June 30, 2009, the landfill was closed and the City began to incur postclosure care costs. In fiscal year 2024, the City reflected a change in estimated related to the estimate of annual closure costs.

The estimated total current cost of the landfill closure and postclosure care is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of June 30, 2024. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 FUND DEFICITS

The following funds had deficit fund balances at June 30, 2024:

	Total	Funding Source
Capital Projects:		
School Repairs	\$ 1,532,644	Long-Term Debt
Huntington Day Therapy	386,406	Long-Term Debt
IT Equipment	180,000	Long-Term Debt
Special Revenue:		
CRF Funds	2,338,524	Available Funds
Public Works Grants	687,878	State/Federal Grants
Education Grants	2,546,918	State/Federal Grants, Available Funds
Public Safety Grants	2,603,779	State/Federal Grants
Health and Human Services Grants	14,414	State/Federal Grants
General Government Grants	216,949	State/Federal Grants
Culture and Recreation Grants	49,936	State/Federal Grants
Community Development Grants	858,579	State/Federal Grants
Total	<u>\$ 11,416,027</u>	

NOTE 11 FUND BALANCE

The components of fund balances for the City's governmental funds as of June 30, 2024 are as follows:

	General	Public Safety Building	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ 9,834,498	\$ 9,834,498
Restricted For:					
General Government	16,689,363	-	-	3,280,671	19,970,034
Public Safety	-	-	-	3,554,097	3,554,097
Education	-	-	-	13,730,092	13,730,092
Public Works	-	-	-	1,573,423	1,573,423
Human Services	-	-	-	2,157,418	2,157,418
Culture/Recreation	-	-	-	1,279,887	1,279,887
Pension	23,813,322	-	-	-	23,813,322
Capital	-	57,231,201	-	894,550	58,125,751
Subtotal	<u>40,502,685</u>	<u>57,231,201</u>	<u>-</u>	<u>26,470,138</u>	<u>124,204,024</u>
Committed To:					
General Government	7,229,177	-	-	-	7,229,177
Human Services	-	-	-	1,020,543	1,020,543
Public Safety	-	-	-	951,850	951,850
Capital	-	-	-	793,706	793,706
Subtotal	<u>7,229,177</u>	<u>-</u>	<u>-</u>	<u>2,766,099</u>	<u>9,995,276</u>
Assigned To:					
General Government	7,928	-	-	-	7,928
Public Safety	54,143	-	-	-	54,143
Education	602,454	-	-	-	602,454
Public Works	271,103	-	-	-	271,103
Subtotal	<u>935,628</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>935,628</u>
Unassigned	40,990,314	-	-	(11,416,027)	29,574,287
Total Fund Balances	<u>\$ 89,657,804</u>	<u>\$ 57,231,201</u>	<u>\$ -</u>	<u>\$ 27,654,708</u>	<u>\$ 174,543,713</u>

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 FUND BALANCE (CONTINUED)

The City maintains a stabilization account in accordance with MGL Chapter 40 Section 5B that is reported as unassigned fund balance in the general fund. The City may appropriate in any year an amount not exceeding 10% of the amount raised in the preceding fiscal year from real and personal property taxes, or a larger amount as approved by the Department of Revenue. Further, the stabilization account may not exceed 10% of the City's equalized valuation as defined in MGL Chapter 44 Section 1. Funds can be appropriated from the stabilization account by 2/3 vote of City Council, but only a simple majority to appropriate money into the fund. The balance of the stabilization accounts was \$4.3 million at June 30, 2024.

Pursuant to Chapter 324 of the Acts of 1990, the City maintains a separate reserve for unforeseen and extraordinary expenditures. The purpose of the reserve is to ensure fiscal stability and must be maintained at a minimum balance of 1.5% of the gross amount raised on the prior year approved property tax filing. The balance of the reserve at June 30, 2024, totaled \$7.9 million, and is reported as restricted in the general fund.

NOTE 12 OPERATING TRANSFERS AND INTERFUND RECEIVABLES, PAYABLE

Operating transfers and their purposes during the year ended June 30, 2024 were as follows:

Transfers Out:	Transfers In:					Total
	General Fund	Nonmajor Governmental Funds	Water Fund	Sewer Fund	Nonmajor Enterprise Funds	
General Fund	\$ -	\$ 2,802,367	\$ -	\$ -	\$ 1,590,430	\$ 4,392,797 (1)
Nonmajor Governmental Funds	5,389,887	-	-	-	-	5,389,887 (2)
Water Fund	1,510,967	-	-	-	-	1,510,967 (3)
Sewer Fund	1,534,614	-	482,828	-	287,000	2,304,442 (4)
Nonmajor Enterprise Funds	727,796	-	-	-	-	727,796 (5)
Total	<u>\$ 9,163,264</u>	<u>\$ 2,802,367</u>	<u>\$ 482,828</u>	<u>\$ -</u>	<u>\$ 1,877,430</u>	<u>\$ 14,325,889</u>

- (1) Enterprise fund subsidy transfers of (\$1,590,430) and various budgeted transfers to Special Revenue Funds (\$2,802,367).
- (2) Various budgeted and nonbudgeted transfers from Special Revenue Funds (\$5,389,887).
- (3) Water Subsidy, net of indirect costs (\$1,510,967).
- (4) Sewer Subsidy, net of indirect costs (\$200,414) and debt service costs paid by sewer fund (\$126,428), and transfer of electricity credits from Sewer fund (\$1,977,600).
- (5) Nonmajor enterprise indirect transfers of (\$727,796).

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 RISK MANAGEMENT

The City is exposed to various risks of loss related to general liability, property and casualty, workers' compensation, unemployment and employee health, and life insurance claims.

Buildings and property are insured against fire, theft, and natural disaster to the extent that losses exceed a deductible of \$200,000 for Buildings and Property per incident and \$250,000 for incidents related to flood, windstorm, and earthquake. Vehicle damage and loss is insured to \$1,000,000 with a deductible of \$1,000.

The City is self-insured for workers' compensation and unemployment claims. The City is also self-insured for those employees participating in the City's Health Care Plans (Health Care Plans). Approximately 75% of the City's employees participate in preferred provider Health Care Plans.

Both employees and the City contribute to the Health Care Plans based upon a percentage formula, 75% City, and 25% employee. The retirees' contribution rate is 25%, except for those retirees who were 65 or older as of July 1, 2003 and whose annual household income was \$22,340 or less for a single person over 65 years of age, or \$30,260 for a two person household with one person over 65 years of age. For these retirees, the contribution rate is 10% for BCBS Medex II. The 10% rate was established through a Home Rule Petition voted and approved by the City Council and the Massachusetts General Court.

Stop loss insurance is carried on the Health Care Plans for claims in excess of \$350,000 per covered person. The City maintains a working deposit with the administrator of its Blue Cross Blue Shield Health Care Plans. At June 30, 2024, that deposit was \$9,992,300, which includes Dental insurance. The financial arrangement with Harvard Pilgrim is monthly level funding with quarterly adjustments if necessary.

The City is insured for other types of general liability; however, Chapter 258 of the MGL limits the City's liability to a maximum of \$100,000 per claim in all matters except actions relating to federal/civil rights, eminent domain, and breach of contract. Claims settlements have not exceeded insurance covered in any of the past three years.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13 RISK MANAGEMENT (CONTINUED)

Liabilities for self-insured claims are reported if it is probable that a loss has been incurred and the amount can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. Changes in the self-insurance liability for the years ended June 30, 2024 and 2023 were as follows:

	Workers' Compensation Plan	Health Care Plans	Total
Balance - June 30, 2022	\$ 9,079,461	\$ 4,365,373	\$ 13,444,834
Provision for Losses/Change in Estimate	2,437,091	63,624,045	66,061,136
Payments for Claims	<u>(2,437,091)</u>	<u>(63,974,909)</u>	<u>(66,412,000)</u>
Balance - June 30, 2023	9,079,461	4,014,509	13,093,970
Provision for Losses/Change in Estimate	3,867,937	77,968,623	81,836,560
Payments for Claims	<u>(655,732)</u>	<u>(75,748,875)</u>	<u>(76,404,607)</u>
Balance - June 30, 2024	<u>\$ 12,291,666</u>	<u>\$ 6,234,257</u>	<u>\$ 18,525,923</u>

The liability for claims consists of governmental and business-type activities in the amount of \$7,743,018 and \$682,267, respectively.

NOTE 14 COMMITMENTS

On May 22, 2001, the City entered into a Water Purchase Agreement (the Agreement) with Inima, Servicios Europeos De Medio Ambiente, S.A. (Inima), jointly with Bluestone Energy Services, operating as Aquaria.

This Agreement provides for obtaining additional water from Aquaria's desalinization facility, which it designed, permitted, constructed, and operates. The plant employs conventional water treatment, followed by a reverse osmosis process to remove salinity. This will provide a minimum of five million gallons daily (MGD) of potable water and will be readily capable of expansion to 10 MGD.

The Agreement expires in 2028 unless extended, renewed, or terminated. This Agreement may be renewed for up to 30 additional years in five-year renewal terms.

Aquaria makes available to the City a minimum of the Firm Commitment of water on a daily and yearly average basis. The Firm Commitment begins at 1.9 MGD and increases over the 20 years to 4.07 MGD. On September 1, 2018, the City amended the agreement to extend when the required minimum MGD was increased to 4.07 MGD, as a result the future commitments under the agreement were adjusted. During 2019, the City amended the agreement again to extend the term and reduce the required minimum MGD to 3.81 beginning January 1, 2020 through the end of the term (2028).

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 14 COMMITMENTS (CONTINUED)

At the time that the contract was enacted the schedule for the City’s fixed purchase commitment resembled the projected growth in water demand for the City, but the schedule somewhat exceeded this curve, especially in years three to eight. In recent years, water conservation measures and lack of economic growth have resulted in a demand curve, which is significantly less than that assumed in the fixed commitment table. As a result, the increased cost of financing the fixed commitment has fallen almost exclusively more heavily on current users, rather than on new water consumption, as was anticipated when the contract was executed. In the event that other water purchase contracts are executed, the City has the right to offset its fixed commitment to a minimum of 2.0 MGD with the volume commitment of other long-term purchasers or the right to reduce by about 50%, on a gallon for gallon basis, its fixed price for its fixed volume commitment.

The rate charged to the City for the Firm Commitment is a fixed annual charge of \$167,480 per year per 0.1 MGD of the City’s Firm Commitment; this charge is incurred regardless of whether the City takes the water. In addition, the City incurs an additional charge of \$1.23 per 1,000 gallons for water actually delivered. For example, with a firm commitment of 2.0 MGD plus actual usage of 1.0 MGD for an entire year, the City would pay nearly \$3.8 million. The financial obligation is primarily attached to the fixed price component. The rate structure is permitted to escalate with the Producer Price Index for Finished Goods, excluding food after three years of water delivery. Accordingly, escalation began in the fourth year of the contract, which was at the end of 2013. Fixed and variable charges are recorded in the major Water fund when incurred, which totaled \$8.8 million in fiscal year 2024.

As of June 30, 2024, based on the current fixed annual charge, the City expects to pay \$35.2 million for its Firm Commitment as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 8,043,096
2026	8,043,096
2027	8,043,096
2028	8,043,096
2029	3,060,847
Total	<u><u>\$ 35,233,231</u></u>

NOTE 15 CONTINGENCIES

The City is engaged in various matters of routine litigation. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. The City does not believe any of the litigation matters will materially impact the financial statements.

**CITY OF BROCKTON, MASSACHUSETTS
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 15 CONTINGENCIES (CONTINUED)

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) through June 30, 2024, these programs are still subject to financial and compliance audits by federal agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

NOTE 16 TAX ABATEMENTS

The City enters into property tax abatement agreements with local businesses under the Massachusetts Economic Development Incentive Program (EDIP). The EDIP gives companies state and local tax incentives in order to foster job creation and stimulate business growth throughout the City.

The City negotiates property tax abatement agreements on an individual basis. As of June 30, 2024, the City had tax abatement agreements with 8 entities, all of which received abatements in fiscal year 2024. The City's policy is to disclose individual tax abatement agreements in which the amount abated exceeded 10% of the total abatements made by the City in any given fiscal year. In fiscal year 2024, taxes abated under these agreements totaled \$863,633.

- 540 Westgate Drive – A 95% property tax abatement to a company related to redevelopment and expansion of the property for expanded restaurant and retail opportunities and a new cinema. The expansion is expected to result in the creation of additional jobs for residents of Brockton. The total abatement for fiscal year 2024 amounted to \$758,000.

**CITY OF BROCKTON, MASSACHUSETTS
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)
(UNAUDITED)**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources (Inflows):				
Real and Personal Property Taxes, Net	\$ 172,837,068	\$ 172,837,068	\$ 171,250,343	\$ (1,586,725)
Motor Vehicle and Other Excise	13,655,844	13,655,844	14,490,484	834,640
Penalties and Interest on Taxes	1,750,000	1,750,000	2,369,825	619,825
Payments in Lieu of Taxes	97,000	97,000	114,360	17,360
User Charges and Other Revenue	2,050,000	2,050,000	1,001,947	(1,048,053)
Fees	1,800,000	1,800,000	1,405,569	(394,431)
Licenses and Permits	6,250,000	6,250,000	5,901,191	(348,809)
Intergovernmental	275,144,491	275,144,491	276,515,898	1,371,407
Fines	140,000	140,000	103,692	(36,308)
Investment Income	2,850,000	2,850,000	4,791,698	1,941,698
Transfers In	<u>6,752,000</u>	<u>7,089,500</u>	<u>11,180,450</u>	<u>4,090,950</u>
Amounts Available for Appropriation	483,326,403	483,663,903	489,125,457	5,461,554
Charges to Appropriations (Outflows):				
Current:				
General Government	21,768,020	22,663,536	20,482,940	2,180,596
Public Safety	68,797,847	65,179,861	64,338,840	841,021
Education	235,911,555	239,608,940	231,725,882	7,883,058
Public Works	8,705,374	7,511,863	6,926,003	585,860
Economic Development	733,611	869,132	709,105	160,027
Human Services	2,522,171	2,851,044	2,320,672	530,372
Culture and Recreation	3,426,615	3,426,615	2,759,535	667,080
State and County Assessments	35,635,034	35,635,034	35,105,598	529,436
Pension and Fringe Benefits	79,484,234	79,377,811	78,987,715	390,096
Court Judgments	250,000	1,875,000	1,875,000	-
Debt Service	35,967,723	35,770,848	35,496,837	274,011
Transfers Out	<u>888,290</u>	<u>888,290</u>	<u>3,690,657</u>	<u>(2,802,367)</u>
Total Charges to Appropriations	<u>494,090,474</u>	<u>495,657,974</u>	<u>484,378,628</u>	<u>11,279,346</u>
Excess (Deficiency) of Resources Over Charges to Appropriations	(10,764,071)	(11,994,071)	<u>\$ 4,746,829</u>	<u>\$ 16,740,900</u>
Other Budget Items:				
Free Cash	21,100,000	21,100,000		
Chapter 324 Reserve	7,947,925	7,947,925		
Overlay Surplus	-	1,200,000		
Deficits Raised	<u>(18,283,854)</u>	<u>(18,253,854)</u>		
Total Other Budget Items	<u>10,764,071</u>	<u>11,994,071</u>		
Net Budget	<u>\$ -</u>	<u>\$ -</u>		

See accompanying Notes to Required Supplementary Information.

**CITY OF BROCKTON, MASSACHUSETTS
PENSION PLAN SCHEDULES AND OPEB SCHEDULE
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS
(SEE INDEPENDENT AUDITORS' REPORT)
(UNAUDITED)**

**Schedule of Changes in Employer Net Pension Liability and Related Ratios
Brockton Contributory Retirement System**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service Cost	\$ 20,967,207	\$ 20,258,171	\$ 16,446,307	\$ 15,082,781	\$ 14,492,874	\$ 13,935,456	\$ 13,782,419	\$ 13,252,326	\$ 11,641,512	\$ 10,817,393
Interest	57,827,529	56,187,586	56,481,197	55,026,108	52,029,811	50,477,295	48,362,463	46,791,714	44,359,746	41,739,197
Changes of Benefit Terms	-	-	-	-	5,353,051	-	-	-	-	-
Differences Between Expected and Actual Experience	40,112,194	-	(23,411,672)	-	2,838,635	-	4,943,799	-	11,431,816	-
Changes in Assumptions	-	-	75,580,445	18,772,939	9,631,778	-	22,366,074	-	-	17,356,197
Benefit Payments, Including Refunds of Member Contributions	(54,433,823)	(51,284,833)	(47,879,354)	(46,474,714)	(46,073,596)	(43,801,798)	(41,835,507)	(39,288,216)	(38,024,658)	(37,937,119)
Net Change in Total Pension Liability	64,473,107	25,160,924	77,216,923	42,407,114	38,272,553	20,610,953	47,619,248	20,755,824	29,408,416	31,975,668
Total Pension Liability - Beginning	862,953,840	837,792,916	760,575,993	718,168,879	679,896,326	659,285,373	611,666,125	590,910,301	561,501,885	529,526,217
Total Pension Liability - Ending ^(a)	<u>\$ 927,426,947</u>	<u>\$ 862,953,840</u>	<u>\$ 837,792,916</u>	<u>\$ 760,575,993</u>	<u>\$ 718,168,879</u>	<u>\$ 679,896,326</u>	<u>\$ 659,285,373</u>	<u>\$ 611,666,125</u>	<u>\$ 590,910,301</u>	<u>\$ 561,501,885</u>
Plan Fiduciary Net Position:										
Contributions - Employer	\$ 16,752,600	\$ 9,759,503	\$ 309,409,945	\$ 30,360,985	\$ 28,112,024	\$ 26,029,652	\$ 25,014,425	\$ 20,072,463	\$ 19,247,619	\$ 19,332,315
Contributions - Member	13,075,884	12,990,305	10,458,707	10,718,455	10,625,482	9,578,961	9,184,633	8,825,940	8,302,780	8,467,701
Net Investment Income (Loss)	66,016,129	(55,195,130)	82,750,489	39,172,958	60,222,097	(23,618,417)	55,086,280	30,472,468	(7,554,439)	15,837,436
Benefit Payments, Including Refunds of Member Contributions	(54,433,823)	(51,284,833)	(47,879,354)	(46,474,714)	(46,073,596)	(43,801,798)	(41,835,507)	(39,288,216)	(38,024,658)	(37,937,119)
Other, Net	-	-	-	-	9,279	-	-	(366,882)	(798,475)	(406,376)
Administrative Expense	(818,531)	(784,715)	(849,406)	(707,436)	(732,902)	(675,515)	(785,306)	(779,411)	(686,453)	(677,927)
Net Change in Plan Fiduciary Net Position	40,592,259	(84,514,870)	353,890,381	33,070,248	52,162,384	(32,487,117)	46,664,525	18,936,362	(19,513,626)	4,616,030
Plan Fiduciary Net Position - Beginning	740,199,668	824,714,538	470,824,157	437,753,909	385,591,525	418,078,642	371,414,117	352,477,755	371,991,381	367,375,351
Plan Fiduciary Net Position - Ending ^(b)	<u>\$ 780,791,927</u>	<u>\$ 740,199,668</u>	<u>\$ 824,714,538</u>	<u>\$ 470,824,157</u>	<u>\$ 437,753,909</u>	<u>\$ 385,591,525</u>	<u>\$ 418,078,642</u>	<u>\$ 371,414,117</u>	<u>\$ 352,477,755</u>	<u>\$ 371,991,381</u>
Net Pension Liability - Ending ^{(a)(b)}	<u>\$ 146,635,020</u>	<u>\$ 122,754,172</u>	<u>\$ 13,078,378</u>	<u>\$ 289,751,836</u>	<u>\$ 280,414,970</u>	<u>\$ 294,304,801</u>	<u>\$ 241,206,731</u>	<u>\$ 240,252,008</u>	<u>\$ 238,432,546</u>	<u>\$ 189,510,504</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.19%	85.78%	98.44%	61.90%	60.95%	56.71%	63.41%	60.72%	59.65%	66.25%
Covered Payroll	\$ 125,423,784	\$ 125,423,784	\$ 103,156,759	\$ 102,496,821	\$ 96,399,155	\$ 97,380,339	\$ 90,223,109	\$ 93,327,963	\$ 89,738,426	\$ 76,707,094
Net Pension Liability as a Percentage of Covered Payroll	116.91%	97.87%	12.68%	282.69%	290.89%	302.22%	267.34%	257.43%	265.70%	247.06%

See accompanying Notes to Required Supplementary Information.

**CITY OF BROCKTON, MASSACHUSETTS
PENSION PLAN SCHEDULES AND OPEB SCHEDULE
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS
(SEE INDEPENDENT AUDITORS' REPORT)
(UNAUDITED)**

**Schedule of Employer Contributions (In Thousands)
Brockton Contributory Retirement System**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially Determined Contribution	\$ 16,753	\$ 9,760	\$ 32,183	\$ 30,361	\$ 28,112	\$ 26,029	\$ 25,014	\$ 20,072	\$ 19,290	\$ 19,290
Contributions in Relation to the Actuarially Determined Contribution	<u>16,753</u>	<u>9,760</u>	<u>309,410</u>	<u>30,361</u>	<u>28,112</u>	<u>26,029</u>	<u>25,014</u>	<u>20,072</u>	<u>19,248</u>	<u>19,332</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (277,227)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ (42)</u>
Covered Payroll	\$ 128,641	\$ 125,424	\$ 103,157	\$ 102,497	\$ 96,399	\$ 97,380	\$ 90,223	\$ 93,328	\$ 89,738	\$ 76,707
Contributions as a Percentage of Covered Payroll	13.02%	7.78%	299.94%	29.62%	29.16%	26.73%	27.72%	21.51%	21.45%	25.20%

See accompanying Notes to Required Supplementary Information.

**CITY OF BROCKTON, MASSACHUSETTS
PENSION PLAN SCHEDULES AND OPEB SCHEDULE
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS
(SEE INDEPENDENT AUDITORS' REPORT)
(UNAUDITED)**

**Schedule of Investment Returns
Brockton Contributory Retirement System**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Income	9.07%	-6.81%	17.23%	9.05%	15.83%	-5.71%	15.05%	8.80%	-2.06%	4.38%

**Schedule of City's Proportionate Share of the Net Pension Liability
Brockton Contributory Retirement System ⁽¹⁾**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's Proportion of the Net Pension Liability	85.68234%	77.24364%	93.51481%	93.73111%	93.74855%	93.40333%	93.40333%	93.03000%	93.02878%	93.50853%
City's Proportionate Share of the Net Pension Liability	125,640,311	94,819,786	12,230,221	271,529,633	262,884,960	274,880,684	225,295,129	223,506,439	221,810,876	177,208,481
City's Covered Payroll	107,466,033	96,881,896	96,466,847	96,071,408	90,372,810	90,956,479	84,271,388	86,823,004	72,465,192	69,675,322
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	116.9%	97.9%	12.7%	282.6%	290.9%	302.2%	267.3%	257.4%	306.1%	254.3%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.20%	85.78%	98.44%	61.90%	60.95%	56.71%	63.41%	60.72%	59.65%	66.25%

⁽¹⁾ Amounts presented were determined as of December 31 of the applicable fiscal year.

See accompanying Notes to Required Supplementary Information.

**CITY OF BROCKTON, MASSACHUSETTS
PENSION PLAN SCHEDULES AND OPEB SCHEDULE
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS
(SEE INDEPENDENT AUDITORS' REPORT)
(UNAUDITED)**

**Schedule of City Contributions (In Thousands)
Brockton Contributory Retirement System**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially Determined Contribution	\$ 14,354	\$ 7,539	\$ 30,096	\$ 28,452	\$ 26,355	\$ 24,312	\$ 23,364	\$ 18,673	\$ 17,945	\$ 18,038	\$ 16,075	\$ 15,477
Contributions in Relation to the Actuarially Determined Contribution	14,354	7,539	307,323	28,452	26,355	24,312	23,364	18,673	17,945	18,038	16,075	15,477
Contribution Deficiency (Excess)	\$ -	\$ -	\$ (277,227)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 107,466	\$ 96,882	\$ 96,467	\$ 96,071	\$ 90,373	\$ 90,956	\$ 84,271	\$ 86,823	\$ 72,465	\$ 69,675	\$ 71,795	\$ 69,952
Contributions as a Percentage of Covered Payroll	13.36%	7.78%	318.58%	29.62%	29.16%	26.73%	27.72%	21.51%	24.76%	25.89%	22.39%	22.13%

See accompanying Notes to Required Supplementary Information.

**CITY OF BROCKTON, MASSACHUSETTS
PENSION PLAN SCHEDULES AND OPEB SCHEDULE
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS
(SEE INDEPENDENT AUDITORS' REPORT)
(UNAUDITED)**

**Schedule of Special Funding Amounts of the Net Pension Liability
Massachusetts Teachers' Retirement System ⁽¹⁾**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
City's Share of Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's Share of the City's Net Pension Liability	<u>447,522,807</u>	<u>439,217,294</u>	<u>364,783,309</u>	<u>459,958,558</u>	<u>410,437,717</u>	<u>390,765,228</u>	<u>406,936,492</u>	<u>389,967,839</u>	<u>372,391,598</u>	<u>293,063,758</u>
Total	<u>\$ 447,522,807</u>	<u>\$ 439,217,294</u>	<u>\$ 364,783,309</u>	<u>\$ 459,958,558</u>	<u>\$ 410,437,717</u>	<u>\$ 390,765,228</u>	<u>\$ 406,936,492</u>	<u>\$ 389,967,839</u>	<u>\$ 372,391,598</u>	<u>\$ 293,063,758</u>
City's Expense and Revenue Recognized for the Commonwealth's Support	\$ 41,785,265	\$ 36,129,908	\$ 29,272,341	\$ 56,811,472	\$ 49,772,697	\$ 39,598,398	\$ 42,473,146	\$ 39,779,276	\$ 30,204,273	\$ 20,360,546
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	58.48%	57.75%	62.03%	50.67%	53.95%	54.84%	54.25%	52.73%	55.38%	61.64%

⁽¹⁾ Amounts presented were determined as of June 30 of the prior year.

See accompanying Notes to Required Supplementary Information.

**CITY OF BROCKTON, MASSACHUSETTS
PENSION PLAN SCHEDULES AND OPEB SCHEDULE
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS
(SEE INDEPENDENT AUDITORS' REPORT)
(UNAUDITED)**

Schedule of Changes in the Total OPEB Liability ⁽¹⁾

	2024	2023	2022	2021	2020	2019
Total OPEB Liability:						
Service Cost	\$ 29,506,323	\$ 31,832,626	\$ 38,643,290	\$ 34,872,071	\$ 29,541,390	\$ 28,624,196
Interest	27,315,748	26,315,344	20,161,937	22,344,022	21,583,105	22,281,379
Changes of Benefit Terms	-	-	(5,402,593)	-	-	-
Differences Between Expected and Actual Experience	(14,144,091)	(45,561,416)	(59,856,242)	(22,521,520)	12,669,693	(34,281,080)
Changes of Assumptions	(30,504,668)	(3,647,659)	(256,559,907)	66,103,419	17,177,657	24,009,068
Benefit Payments, Including Refunds of Member Contributions	(21,036,103)	(19,871,670)	(17,006,394)	(14,872,272)	(14,245,728)	(15,240,000)
Net Change in Total OPEB Liability	(8,862,791)	(10,932,775)	(280,019,909)	85,925,720	66,726,117	25,393,563
Total OPEB Liability - Beginning	642,410,000	653,342,775	933,362,684	847,436,964	780,710,847	755,317,284
Total OPEB Liability - Ending	<u>\$ 633,547,209</u>	<u>\$ 642,410,000</u>	<u>\$ 653,342,775</u>	<u>\$ 933,362,684</u>	<u>\$ 847,436,964</u>	<u>\$ 780,710,847</u>
Plan Fiduciary net Position:						
Contributions - Employer	\$ 21,036,103	\$ 19,871,670	\$ 17,256,394			
Net Investment Income	36,969	26,428	(12,016)			
Benefit Payments	(21,036,103)	(19,871,670)	(17,006,394)			
Net Change in Plan Fiduciary net Position	36,969	26,428	237,984			
Plan Fiduciary Net Position - Beginning	264,412	237,984	-			
Plan Fiduciary Net Position - Ending	<u>\$ 301,381</u>	<u>\$ 264,412</u>	<u>\$ 237,984</u>			
Net OPEB Liability	<u>\$ 633,245,828</u>	<u>\$ 642,145,588</u>	<u>\$ 653,104,791</u>			
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	0.05%	0.04%	0.04%			
Covered Payroll	\$ 303,894,243	\$ 200,273,229	\$ 230,000,000	\$ 231,901,626	\$ 230,996,000	\$ 222,200,000
Net/Total OPEB Liability as a Percentage of Covered Payroll	208.38%	320.63%	284.06%	402.48%	366.86%	351.36%

⁽¹⁾ Data is being accumulated annually to present 10 years of the reported information.

**Schedule of Investment Returns
Brockton OPEB Trust ⁽¹⁾**

	2024	2023	2022
Annual Money-Weighted Rate of Return, Net of Investment Income	13.90%	11.10%	-9.60%

⁽¹⁾ Data is being accumulated annually to present 10 years of the reported information.

**Schedule of Contributions
Brockton OPEB Trust ⁽¹⁾**

	2024	2023	2022
Actuarially Determined Contribution	\$ 78,520,604	\$ 80,272,980	\$ 96,720,908
Contributions in Relation to the Actuarially Determined Contribution	21,036,103	19,871,670	17,256,394
Contribution Deficiency (Excess)	<u>\$ 57,484,501</u>	<u>\$ 60,401,310</u>	<u>\$ 79,464,514</u>
Covered Payroll	\$ 303,894,243	\$ 200,273,229	\$ 230,000,000
Contributions as a Percentage of Covered Payroll	6.92%	9.92%	7.50%

⁽¹⁾ Data is being accumulated annually to present 10 years of the reported information.

See accompanying Notes to Required Supplementary Information.

CITY OF BROCKTON, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024
(UNAUDITED)

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

The City must establish its property tax rate each year so that the resulting property tax levy will comply with the limits required by Proposition 2½ and also constitute that amount which will equal the sum of (a) the aggregate of all annual appropriations for expenditures and transfers, plus (b) provision for the prior fiscal year's deficits, if any, less (c) the aggregate of all nonproperty tax revenue and transfers projected to be received by the City, including available surplus funds.

The budgets for all departments and operations of the City, except that of public schools, are prepared under the direction of the Mayor. The School Department budget is prepared by the School Committee. Original and supplemental appropriations are submitted by the Mayor and approved by the City Council. The Finance Department independently develops revenue estimates, which effectively limit total expenditures consistent with the City's Chief Financial Officer's requirement under Chapter 324 of the Acts of 1990 to certify the affordability of spending requests.

The City's annual budget is prepared on a basis other than GAAP. The "actual" amounts column of the Budgetary Comparison Schedule is presented on a "budgetary basis" to provide a meaningful comparison with the budget. The major differences between the budget and GAAP bases are that:

- (a) Budgeted revenues are recorded when cash is received, as opposed to when susceptible to accrual (GAAP).
- (b) Encumbrances and continuing appropriations are recorded as the equivalent of expenditures (budget), as opposed to an assignment of fund balance (GAAP).

CITY OF BROCKTON, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2024
(UNAUDITED)

NOTE 2 EXPLANATION OF DIFFERENCES BETWEEN BUDGETARY INFLOWS AND OUTFLOWS AND GAAP REVENUES AND EXPENDITURES – GENERAL FUND

Budgetary Inflows and GAAP Revenues:

Actual Amounts (Budgetary Basis) "Amounts Available for Appropriation" from the Budgetary Comparison Schedule	\$ 489,125,457
Differences - Budget to GAAP:	
Net change in 60 day receipts and tax refunds payable	1,617,533
Unrealized Gain on investments	1,752,537
Stabilization, Health Trust and Pension Fund Earnings	1,387,753
MTRS On-Behalf Payments	41,785,265
Transfers from Other Funds are Inflows of Budgetary Resources But Are Not Revenues for Financial Reporting Purposes	(11,180,450)
Other	<u>(129,737)</u>
Total Revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 524,358,358</u></u>

Budgetary Outflows and GAAP Expenditures:

Actual Amounts (Budgetary Basis) "Total Charges to Appropriation" from the Budgetary Comparison Schedule	\$ 484,378,628
Differences - Budget to GAAP:	
Enterprise Fund Related Budgetary Expenditures are Recorded as Reductions to Transfers for GAAP Purposes	(1,017,186)
Health Claims Expenditures and Accruals Are Not reported as Charges to Appropriations on a Budgetary Basis	5,391,540
Adjustments for Expenditures, Encumbrances, and Accruals, Net	1,282,659
MTRS On-Behalf Payments	41,785,265
Transfers to Other Funds are Outflows of Budgetary Appropriations But Are Not Expenditures for Financial Reporting Purposes	(3,690,657)
Other	<u>(2,537,249)</u>
Total Expenditures as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u><u>\$ 525,593,000</u></u>

CITY OF BROCKTON, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2024
(UNAUDITED)

NOTE 3 SCHEDULE OF EMPLOYER CONTRIBUTIONS

The following assumptions were used to determine the most recent actuarially determined contribution rates:

Valuation Date	January 1, 2024
Assumptions:	
Inflation	2.50% per year
Salary Increases	Based on service, 6% graded down to 4.25% for Group 1 Based on service, 7% graded down to 4.75% for Group 4
Investment Rate of Return	6.75%, net of investment expenses
Cost of Living Adjustments	3.0% of the first \$14,000 effective July 1, 2023, annually
Payroll Growth	3.25% per year
Mortality	Healthy Retiree - RP-2014 Blue Collar Mortality Table with full generationally mortality improvements using Scale MP-2020 Disabled Retiree - RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvements using Scale MP-2020
Retirement Rates	General Employees - 1.0% and 1.5% for males and females, respectively, beginning at age 50 ranging to 30.0% and 20.0% for males and females, respectively, ending at age 69 Police and Fire - 2.0% beginning at age 50 ranging to 100.0% at age 65

CITY OF BROCKTON, MASSACHUSETTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
JUNE 30, 2024
(UNAUDITED)

NOTE 4 PENSION PLAN – BROCKTON CONTRIBUTORY RETIREMENT SYSTEM

Changes of Assumptions (2021): Investment rate of return was reduced to 6.75% from 7.50%. Mortality tables were updated to use Scale MP-2020 from Scale MP-2018.

Changes of Assumptions (2020): Investment rate of return was reduced to 7.50% from 7.75%.

Changes of Benefit Terms (2019): COLA base was increased from \$12,000 to \$13,000 effective July 1, 2021 and increased to \$14,000 effective July 1, 2022.

Changes of Assumptions (2019): Inflation rate was reduced to 2.5% from 3.5%. Mortality Tables were updated to RP-2014 Blue Collar Mortality Table using Scale MP-2018 from RP-2000 Mortality Table using Scale BB.

Changes of Assumptions (2017): Investment rate of return was reduced to 7.75% from 8%.

Changes of Assumptions (2017): Mortality Tables were updated to use RP-2000 Mortality Table projected generationally with Scale BB for males and females from RP-2000 Mortality Table with projections specified by IRS Regulation §1.430(h)(3)-1.

NOTE 5 OPEB PLAN

Changes of Assumptions (2024): Discount rate was adjusted to 4.21% from 4.13%.

Changes of Assumptions (2023): Discount rate was adjusted to 4.13% from 4.09%.

Changes of Assumptions (2022): Discount rate was adjusted to 4.09% from 2.18%.

Changes of Assumptions (2021): Discount rate was adjusted to 2.18% from 2.66%.

Changes of Assumptions (2020): Discount rate was adjusted to 2.66% from 2.79%, as well as a change in mortality tables used from RP2014 with a MP-2016 projection to RP2006 with an MP-2019 projection.

Changes of Assumptions (2019): Discount rate was adjusted to 2.79% from 2.98%.

CITY OF BROCKTON, MASSACHUSETTS
BUDGETARY COMPARISON SCHEDULE — WATER ENTERPRISE FUND
ADDITIONAL INFORMATION
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources:				
Charges for Services	\$ 16,500,000	\$ 16,500,000	\$ 19,718,762	\$ 3,218,762
Departmental Charges and Fees	-	-	2,012,655	2,012,655
Amounts Available for Appropriation	16,500,000	16,500,000	21,731,417	5,231,417
Charges to Appropriations:				
Salaries and Benefits	3,458,019	3,458,019	3,052,537	405,482
Ordinary Maintenance	13,351,683	16,358,555	11,754,359	4,604,196
Debt Service	2,483,814	2,483,814	2,419,920	63,894
Total Charges to Appropriations	19,293,516	22,300,388	17,226,816	5,073,572
Excess (Deficiency) of Resources Over Charges to Appropriations	(2,793,516)	(5,800,388)	4,504,601	10,304,989
Other Financing Sources:				
Certified Retained Earnings	4,793,516	7,800,388	7,800,388	-
Transfers Out	(2,000,000)	(2,000,000)	(2,000,000)	-
Total Other Financing Sources (Uses)	2,793,516	5,800,388	5,800,388	-
Net Changes in Fund Balance	\$ -	\$ -	\$ 10,304,989	\$ 10,304,989

CITY OF BROCKTON, MASSACHUSETTS
BUDGETARY COMPARISON SCHEDULE — SEWER ENTERPRISE FUND
ADDITIONAL INFORMATION
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Resources:				
Charges for Services	\$ 20,036,694	\$ 20,036,694	\$ 18,298,900	\$ (1,737,794)
Departmental Charges and Fees	-	-	1,869,358	1,869,358
Miscellaneous	-	-	106,955	106,955
Amounts Available for Appropriation	<u>20,036,694</u>	<u>20,036,694</u>	<u>20,275,213</u>	<u>238,519</u>
Charges to Appropriations:				
Salaries and Benefits	2,091,273	2,091,273	1,700,082	391,191
Ordinary Maintenance	11,153,833	12,495,099	12,240,116	254,983
Debt Service	7,383,751	7,383,751	7,201,837	181,914
Total Charges to Appropriations	<u>20,628,857</u>	<u>21,970,123</u>	<u>21,142,035</u>	<u>828,088</u>
Excess (Deficiency) of Resources Over Charges to Appropriations	(592,163)	(1,933,429)	(866,822)	1,066,607
Other Financing Sources:				
Certified Retained Earnings	2,092,163	3,433,429	3,433,429	-
Transfers Out	(1,500,000)	(1,500,000)	(2,120,183)	(620,183)
Total Other Financing Sources (Uses)	<u>592,163</u>	<u>1,933,429</u>	<u>1,313,246</u>	<u>(620,183)</u>
Net Changes in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 446,424</u>	<u>\$ 446,424</u>



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