

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

**CITY OF HAVERHILL,
MASSACHUSETTS**

Report on Examination of the Basic
Financial Statements
and Additional Information Year
Ended June 30, 2025



CITY OF HAVERHILL, MASSACHUSETTS

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INDEPENDENT AUDITORS' REPORT

The Honorable Members of the City Council
City of Haverhill, Massachusetts

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Haverhill, Massachusetts, (the "City") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents (except for the Haverhill Contributory Retirement System, (the "System" or "Retirement System") which is as of December 31, 2024).

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the City as of June 30, 2025, (except for the System which is as of December 31, 2024) and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Restatements

The City's basic financial statements for the year ended June 30, 2024 were audited by other auditors, who issued an unmodified opinion dated July 1, 2025. As described in Note IV to the financial statements, the City restated its previously reported net positions and fund balances. We audited the adjustments described in Note IV that were applied to restate the June 30, 2024 basic financial statements. In our opinion, such adjustments were appropriate and properly applied. We were not engaged to audit, review or apply any procedures to the June 30, 2024 basic financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the June 30, 2024 basic financial statements taken as a whole.

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 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, contract, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Roselli, Clark & Associates
Certified Public Accountants
Woburn, Massachusetts
January 13, 2026

Management's Discussion and Analysis

As the management of the City of Haverhill, Massachusetts (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, 2025. We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the basic financial statements and required supplementary information found in this report.

Financial Highlights

- The liabilities and deferred inflows exceeded the assets and deferred outflows of the City at the close of the most recent fiscal year by nearly \$83.1 million (*total net position*). Over \$42.6 million represented net position of the business-type activities and the net position of the governmental activities was a deficit of approximately \$125.7 million.
- The government's total net position increased by nearly \$148.8 million. The governmental activities increased net position by over \$141.3 million while the business-type activities increased net position by approximately \$7.4 million. A restatement increasing the prior year ending net position by nearly \$2.9 million was also required due to accounting changes, new pronouncements and errors.
- The City's unassigned fund balance reported in the General Fund was over \$22.0 million (8.0% of General Fund expenditures). Total fund balance in the General Fund was approximately \$35.9 million (13.1% of General Fund expenditures). The City reported a restricted fund balance of approximately \$30.1 million in the School Capital Projects Fund and reported total fund balances of approximately \$28.0 million in the combined Nonmajor Governmental Funds.
- Regular scheduled maturities of debt including unamortized bond premiums were over \$8.7 million. Of this amount, approximately \$3.8 million related to governmental activities and approximately \$5.0 million to business-type activities. The City issued approximately \$27.8 million long-term debt during fiscal year 2025 related to school construction, building improvement, infrastructure and equipment purchases.

Overview of the Financial Statements

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

Government-wide Financial Statements - The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The *statement of position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between the two reported net as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements consist of two classifications; (1) those whose activities are principally supported by taxes and intergovernmental revenue (*governmental activities*), and (2) those whose activities are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities of the City include:

1. General government,
2. Public safety,
3. Highways and streets,
4. Sanitation,
5. Education,
6. Health and human services,
7. Culture and recreation,
8. Fringe benefits, and
9. Debt service.

The business-type activities of the City include:

1. Water and
2. Sewer

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 distinguish fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Nonspendable —amounts cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact
- Restricted—amounts constrained by external parties, constitutional provision, or enabling legislation
- Committed—amounts constrained by a government using its highest level of decision-making authority
- Assigned—amounts a government intends to use for a particular purpose
- Unassigned—amounts that are not constrained at all will be reported in the general fund.

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. Reconciliations are provided in the financial statements to help the reader understand the differences, as indicated with the table of contents.

The City maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, ARPA grant fund and school capital projects fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its general fund and its enterprise funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget. This schedule has been prepared as required supplementary information and can be found after the notes to the financial statements.

Proprietary Funds – Proprietary funds are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The City utilizes the proprietary funds to report activities of its enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer activities.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

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

Other Information - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which includes the schedules of the City's proportionate share of the net pension liability, contributions to the pension plan, the funding progress and contribution funding of its obligation to provide other postemployment benefits to its employees as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund and notes to this schedule.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The liabilities and deferred inflows of the City exceeded its assets and deferred outflows at the close of the most recent fiscal year by nearly \$83.1 million (*total net position*).

The condensed statement of net position is as follows:

	Governmental Activities		Business-Type Activities		Total	
	June 30,		June 30,		June 30,	
	2025	2024	2025	2024	2025	2024
<u>Assets</u>						
Current and other assets	\$ 140,597,465	\$ 117,651,970	\$ 30,730,025	\$ 23,548,914	\$ 171,327,490	\$ 141,200,884
Capital assets, net	318,888,146	229,855,700	114,857,169	114,956,189	433,745,315	344,811,889
Total assets	459,485,611	347,507,670	145,587,194	138,505,103	605,072,805	486,012,773
Deferred outflows of resources	5,519,980	7,724,741	397,292	700,884	5,917,272	8,425,625
<u>Liabilities</u>						
Long-term liabilities	501,450,505	518,038,729	94,595,499	90,577,584	596,046,004	608,616,313
Other liabilities	44,373,220	39,196,512	7,081,133	10,240,987	51,454,353	49,437,499
Total liabilities	545,823,725	557,235,241	101,676,632	100,818,571	647,500,357	658,053,812
Deferred inflows of resources	44,889,593	68,358,995	1,673,418	2,709,642	46,563,011	71,068,637
<u>Net Position</u>						
Net investment in capital assets	241,311,928	185,185,796	34,500,571	37,610,826	275,812,499	222,796,622
Restricted	25,937,155	14,200,927	-	-	25,937,155	14,200,927
Unrestricted	(392,956,810)	(469,748,548)	8,133,865	(1,933,052)	(384,822,945)	(471,681,600)
Total Net Position	\$ (125,707,727)	\$ (270,361,825)	\$ 42,634,436	\$ 35,677,774	\$ (83,073,291)	\$ (234,684,051)

The condensed statement of changes in net position is as follows:

	Governmental Activities		Business-Type Activities		Total	
	June 30,		June 30,		June 30,	
	2025	2024	2025	2024	2025	2024
<u>Revenues</u>						
Program revenues:						
Charges for services	\$ 16,174,770	\$ 10,812,928	\$ 30,874,824	\$ 30,468,283	\$ 47,049,594	\$ 41,281,211
Operating grants and contributions	147,405,929	142,244,916	-	-	147,405,929	142,244,916
Capital grants and contributions	74,208,053	13,823,519	2,559,040	400,141	76,767,093	14,223,660
General revenues:						
Property taxes	133,497,456	122,512,450	-	-	133,497,456	122,512,450
Unrestricted grants and contributions	12,103,610	10,312,422	-	-	12,103,610	10,312,422
Other	16,719,481	18,758,387	-	-	16,719,481	18,758,387
Total Revenues	400,109,299	318,464,622	33,433,864	30,868,424	433,543,163	349,333,046
<u>Expenses</u>						
General government	15,644,398	8,922,332	-	-	15,644,398	8,922,332
Public safety	34,973,422	36,355,231	-	-	34,973,422	36,355,231
Education	163,640,687	185,392,615	-	-	163,640,687	185,392,615
Public works	33,882,005	20,908,164	-	-	33,882,005	20,908,164
Health and human services	4,046,804	5,878,781	-	-	4,046,804	5,878,781
Culture and recreation	4,719,110	3,189,335	-	-	4,719,110	3,189,335
Debt service	1,859,460	1,833,373	-	-	1,859,460	1,833,373
Water	-	-	10,429,976	11,381,448	10,429,976	11,381,448
Sewer	-	-	15,592,417	13,218,087	15,592,417	13,218,087
Total Expenses	258,765,886	262,479,831	26,022,393	24,599,535	284,788,279	287,079,366
Change in net position before transfers	141,343,413	55,984,791	7,411,471	6,268,889	148,754,884	62,253,680
Transfers	(3,645,578)	234,394	3,645,578	(234,394)	-	-
Change in net position	137,697,835	56,219,185	11,057,049	6,034,495	148,754,884	62,253,680
Net position, beginning of year	(270,361,825)	(326,581,010)	35,677,774	29,643,279	(234,684,051)	(296,937,731)
Restatement (see Note IV)	6,956,263	-	(4,100,387)	-	2,855,876	-
Net position, beginning of year, as restated	(263,405,562)	(326,581,010)	31,577,387	29,643,279	(231,828,175)	(296,937,731)
Net position, end of year	\$ (125,707,727)	\$ (270,361,825)	\$ 42,634,436	\$ 35,677,774	\$ (83,073,291)	\$ (234,684,051)

By far the largest portion (over \$275.8 million) of the City's net position reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (over \$25.9 million) represents resources that are subject to external restrictions on how they may be used. *Unrestricted net position* reflects the remainder of net position, a deficit of over \$384.8 million. This is primarily due to the recognition of other postemployment benefit liabilities of over \$280.9 million and the recognition of over \$113.1 million in net pension liabilities.

Governmental Activities - The City relies significantly on property taxes, which, during 2025, made up approximately 33.4% of total revenues, down from 38.5% in the prior year. Actual revenues increased by approximately \$11.0 million from tax levy growth. Operating grants and contributions, which made up approximately 36.8% of total revenues, down from 44.7%; increased by approximately \$5.2 million due to an increase in grant funding for educational purposes. Capital grants and contributions, which made up 18.5% of total revenues, up from 4.3% in the prior year; increased by over \$62.5 million due primarily to reimbursements received from the Massachusetts School Building Authority for construction incurred on the Consentino School. No other revenues were greater than 10% of total revenues in 2025 or 2024.

Major expenditures were for education, which continues to be an area to which the City devotes significant resources. Education represented 63.2% of total expenses, down from the prior year of 70.6%. Public safety expenses represented 13.5% of total expenses, down slightly from the prior year of 13.9%. Public works expenses represented 13.1% of total expenses, up from the prior year of 8.0%. Fluctuations can be attributed to classifications changes between years, especially the allocation for employee benefits. No other expense types were greater than 10% of total expenses in 2025 or 2024.

Business-type Activities - Major revenue sources consist of revenue from user charges, which represented approximately 92.3% of total fiscal year 2025 revenues, down from 98.7% in the prior year. This was due to an increase in capital grant revenue in the current year. Capital grants and contributions increased by nearly \$2.2 million due to MCWT drawdowns for water improvements. Water and sewer expenses represented 40.1% and 59.9% of total fiscal year 2025 business-type activities expenses, respectively, and 46.3% and 53.7% of total fiscal year 2024 business-type activities expenses, respectively. Water costs decreased approximately \$1.0 million and sewer costs increased approximately \$2.4 million, which can be attributed to personnel and operating costs.

Financial Analysis of the Government's Funds

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

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

As of the close of the current fiscal year, the City's governmental funds balance sheet reported a combined ending fund balance of nearly \$94.0 million. This represents an increase of nearly \$13.9 million over the previous year due to favorable general fund operating results and an increase in nonmajor governmental fund balance from the timing of grant receipts and expenditures. Of the ending fund

balance over \$20.3 million is *available for spending* at the government's discretion as *unassigned fund balance*. The remainder is earmarked for specific expenditures.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was over \$22.0 million, while total fund balance totaled over \$35.9 million. 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 approximately 8.1% of total general fund expenditures, while total fund balance represents approximately 13.1% of that same amount.

The School Capital Projects fund was used as a funding source for school building construction and other school projects. Fund balance at year end was nearly \$30.1 million, which was consistent with the prior year.

The combined Nonmajor funds increased from prior year by over \$8.1 million. Fund balances at year end were approximately \$28.0 million. This was mainly due to timing of grant receipts and disbursements.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. At June 30, 2025, net position of the water and sewer enterprise funds were approximately \$25.9 million and \$16.7 million, respectively. The City's total proprietary fund's net position increased by approximately \$11.1 million, primarily due to the positive operating results in the water fund of approximately \$9.6 million.

Fiduciary Fund – The City's fiduciary fund is comprised primarily of the City's Retirement System whose net position is over \$313.1 million. These assets are used strictly to pay retiree pensions and annuities and may not be used for City operating purposes.

For the year ended December 31, 2024 the net position increased by over \$24.5 million due primarily to robust market conditions related to investments held by the System during calendar year 2024.

General Fund Budgetary Highlights

The final amended budget was unchanged, however the budgets for individual functions and transfers were affected by subsequent appropriations. The schedule of budgetary information, which summarizes these changes, is provided as *Required Supplementary Information*.

Capital Asset and Debt Administration

Capital Assets - The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to approximately \$433.7 million (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings and improvements, infrastructure, machinery, equipment and vehicles and reflects an increase of over \$88.9 million due to capital additions exceeding annual depreciation/amortization.

The City has undergone significant capital improvements over the past several years. These include school construction, roads and water and sewer infrastructure as well as land improvements, building improvements and departmental equipment.

Additional information on the City capital assets can be found in the Notes of this report.

Long-term Debt - At the end of the current fiscal year, the City had total debt outstanding of approximately \$180.6 million. Of this amount nearly \$98.8 million represents debt of the governmental

activities and over \$81.7 million represents debt of business-type activities. These amounts include unamortized bond premium.

The City's total long-term debt experienced an increase of approximately \$18.3 million during the fiscal year as the result of issuances of long-term debt exceeding regular scheduled debt payments.

The City maintains a bond rating of "A1" as set by Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5.0% percent of its total assessed valuation. The current debt limitation for the City is approximately \$603.9 million, which is significantly in excess of the City's outstanding general obligation debt.

Additional information on the City's debt can be found in the Notes of this report.

Economic Factors and Next Year's Budgets and Rates

- The City's real estate tax base is made up predominantly of residential taxes, which comprise 80.5% of the City's real estate tax base. The City also relies to a much lesser extent on its commercial and industrial real estate tax base, which in aggregate comprise approximately 13.8% of the City's real estate tax base. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the City's ability to increase taxes in any one year by more than two and one-half percent (2 ½%) of the previous year tax levy. This limit may be exceeded through a majority vote at City Council along with ballot approval.
- The City's property values have been steadily increasing over the past several years. Property values are at all-time highs in many City neighborhoods and the City's equalized valuation is over \$12.1 billion. Recent increases in mortgage rates have slowed down the housing market and the City is monitoring this.
- Inflation, while stabilizing, continues to have an adverse impact on wages, construction, energy and the delivery of goods and services. The City continues to monitor this by competitively procuring services and working with bargaining units.
- Medical insurance premiums are volatile. Many Massachusetts municipalities are experiencing steep premium increases beyond those contemplated in budgets and forecasts and well beyond the Commonwealth's Proposition 2 ½ property tax limits.
- Net state aid for fiscal year 2026 is expected to be approximately \$108.3 million.

The above items were considered when the City developed its budget for fiscal year 2026.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the City Auditor, 4 Summer Street, Haverhill, Massachusetts 01830.

CITY OF HAVERHILL, MASSACHUSETTS

STATEMENT OF NET POSITION

JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 82,412,579	\$ 16,193,853	\$ 98,606,432
Investments	34,633,025	1,642,797	36,275,822
Receivables, net:			
Property taxes	2,584,433	-	2,584,433
Tax liens	3,733,321	-	3,733,321
Motor vehicle and other excise	1,835,590	-	1,835,590
User fees	-	9,433,034	9,433,034
Departmental and other	464,991	-	464,991
Leases	974,284	-	974,284
Intergovernmental	13,325,143	3,460,341	16,785,484
Tax foreclosures	634,099	-	634,099
Capital assets not being depreciated	117,341,860	3,742,433	121,084,293
Capital assets, net of accumulated depreciation	201,546,286	111,114,736	312,661,022
Total Assets	459,485,611	145,587,194	605,072,805
Deferred Outflows of Resources			
Related to net pension liability	5,519,980	397,292	5,917,272
Total Deferred Outflows of Resources	5,519,980	397,292	5,917,272
Liabilities			
Warrants and accounts payable	21,913,508	626,570	22,540,078
Accrued payroll and withholdings	2,323,987	-	2,323,987
Accrued interest	305,377	735,545	1,040,922
Unearned revenue	11,794,151	-	11,794,151
Other liabilities	1,202,562	-	1,202,562
Bond anticipation notes payable	-	182,287	182,287
Noncurrent liabilities:			
Due within one year	6,833,635	5,536,731	12,370,366
Due in more than one year	501,450,505	94,595,499	596,046,004
Total Liabilities	545,823,725	101,676,632	647,500,357
Deferred Inflows of Resources			
Related to net pension liability	2,231,686	160,622	2,392,308
Related to net other postemployment benefits liability	42,657,907	1,512,796	44,170,703
Total Deferred Inflows of Resources	44,889,593	1,673,418	46,563,011
Net Position			
Net investment in capital assets	241,311,928	34,500,571	275,812,499
Restricted for:			
Nonexpendable permanent funds	373,729	-	373,729
Expendable permanent funds	221,295	-	221,295
Federal and State grants	17,218,200	-	17,218,200
Gifts	440,358	-	440,358
Other specific purposes	7,683,573	-	7,683,573
Unrestricted	(392,956,810)	8,133,865	(384,822,945)
Total Net Position	\$ (125,707,727)	\$ 42,634,436	\$ (83,073,291)

See accompanying notes to basic financial statements.

CITY OF HAVERHILL, MASSACHUSETTS

STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 15,644,398	\$ 2,490,850	\$ 3,113,453	\$ 1,183,451	\$ (8,856,644)		\$ (8,856,644)
Public safety	34,973,422	7,471,025	3,715,317	56,385	(23,730,695)		(23,730,695)
Education	163,640,687	1,732,411	137,711,551	53,868,941	29,672,216		29,672,216
Public works	33,882,005	3,442,939	1,207,636	17,183,541	(12,047,889)		(12,047,889)
Health and human services	4,046,804	492,234	1,118,632	163,606	(2,272,332)		(2,272,332)
Culture and recreation	4,719,110	545,311	539,340	1,752,129	(1,882,330)		(1,882,330)
Interest expense	1,859,460	-	-	-	(1,859,460)		(1,859,460)
Total governmental activities	258,765,886	16,174,770	147,405,929	74,208,053	(20,977,134)		(20,977,134)
Business-type activities:							
Water	10,429,976	14,410,613	-	2,007,799		\$ 5,988,436	5,988,436
Sewer	15,592,417	16,464,211	-	551,241		1,423,035	1,423,035
Total business-type activities	26,022,393	30,874,824	-	2,559,040		7,411,471	7,411,471
Total Primary Government	\$ 284,788,279	\$ 47,049,594	\$ 147,405,929	\$ 76,767,093	(20,977,134)	7,411,471	(13,565,663)
<u>General Revenues:</u>							
Property taxes					133,497,456	-	133,497,456
Motor vehicle and other excise					11,496,415	-	11,496,415
Grants and contributions not restricted to specific programs					12,103,610	-	12,103,610
Penalties and interest on taxes					743,874	-	743,874
Unrestricted investment income					4,479,192	-	4,479,192
<u>Transfers (net)</u>					(3,645,578)	3,645,578	-
Total general revenues and transfers					158,674,969	3,645,578	162,320,547
Change in Net Position					137,697,835	11,057,049	148,754,884
<u>Net Position:</u>							
Beginning of year, as previously reported					(270,361,825)	35,677,774	(234,684,051)
Error corrections					6,956,263	(4,100,387)	2,855,876
Beginning of year, as previously restated - see note IV					(263,405,562)	31,577,387	(231,828,175)
End of year					\$ (125,707,727)	\$ 42,634,436	\$ (83,073,291)

See accompanying notes to basic financial statements.

CITY OF HAVERHILL, MASSACHUSETTS

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General Fund	ARPA Grant Fund	COVID-19	School Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 10,225,767	\$ 13,000,572	\$ -	\$ 34,568,230	\$ 24,618,010	\$ 82,412,579
Investments	30,150,985	-	-	1,310,315	3,171,725	34,633,025
Receivables, net of allowance for uncollectibles:						
Property taxes	2,584,433	-	-	-	-	2,584,433
Tax liens	3,733,321	-	-	-	-	3,733,321
Motor vehicle and other excise	1,835,590	-	-	-	-	1,835,590
Intergovernmental	-	-	-	10,867,542	2,457,576	13,325,118
Departmental and other	284,129	-	-	-	180,887	465,016
Leases	974,284	-	-	-	-	974,284
Tax foreclosures	634,099	-	-	-	-	634,099
Total Assets	50,422,608	13,000,572	-	46,746,087	30,428,198	140,597,465
Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 50,422,608	\$ 13,000,572	\$ -	\$ 46,746,087	\$ 30,428,198	\$ 140,597,465
Liabilities						
Warrants and accounts payable	\$ 1,575,548	\$ 1,206,421	\$ -	\$ 16,669,641	\$ 2,437,180	\$ 21,888,790
Accrued payroll and withholdings	2,348,705	-	-	-	-	2,348,705
Unearned revenue	-	11,794,151	-	-	-	11,794,151
Other liabilities	1,202,562	-	-	-	-	1,202,562
Total Liabilities	5,126,815	13,000,572	-	16,669,641	2,437,180	37,234,208
Deferred Inflows of Resources						
Unavailable revenues - property taxes	6,286,600	-	-	-	-	6,286,600
Unavailable revenues - excise taxes	1,838,161	-	-	-	-	1,838,161
Unavailable revenues - leases	974,284	-	-	-	-	974,284
Unavailable revenues - other	289,958	-	-	-	-	289,958
Total Deferred Inflows of Resources	9,389,003	-	-	-	-	9,389,003
Fund Balances						
Nonspendable	-	-	-	-	373,729	373,729
Restricted	-	-	-	30,076,446	29,307,726	59,384,172
Committed	523,621	-	-	-	-	523,621
Assigned	13,380,068	-	-	-	-	13,380,068
Unassigned	22,003,101	-	-	-	(1,690,437)	20,312,664
Total Fund Balances	35,906,790	-	-	30,076,446	27,991,018	93,974,254
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 50,422,608	\$ 13,000,572	\$ -	\$ 46,746,087	\$ 30,428,198	\$ 140,597,465

See accompanying notes to basic financial statements.

CITY OF HAVERHILL, MASSACHUSETTS

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Total Governmental Fund Balances		\$ 93,974,254
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		318,888,146
Other long-term assets that are unavailable to pay current-period expenditures		9,389,003
Deferred outflows and inflows of resources to be recognized in future fiscal years are not available resources and, therefore, are not reported in the funds:		
Deferred outflows related to net pension liability	5,519,980	
Deferred inflows related to net pension liability	(2,231,686)	
Deferred inflows related to other net postemployment benefits liability	<u>(42,657,907)</u>	
Net effect of reporting deferred outflows and inflows of resources		(39,369,613)
In the Statement of Activities, interest is accrued on outstanding long-term debt whereas in the governmental funds interest is not reported until due.		(305,377)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the government funds:		
Bonds and notes payable	(93,539,669)	
Unamortized premiums on bonds	(4,273,453)	
Capital leases payable	(1,125,328)	
Compensated absences	(4,793,342)	
Workers' compensation	(177,592)	
Landfill closure and post-closure	(10,350,000)	
Net pension liability	(113,119,846)	
Net other postemployment benefits liability	<u>(280,904,910)</u>	
Net effect of reporting long-term liabilities		<u>(508,284,140)</u>
Net Position of Governmental Activities		<u>\$ (125,707,727)</u>

See accompanying notes to basic financial statements.

CITY OF HAVERHILL, MASSACHUSETTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED JUNE 30, 2025

	General Fund	ARPA Grant Fund	COVID - 19	School Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Property taxes	\$ 133,319,403	\$ -	\$ -	\$ -	\$ -	\$ 133,319,403
Intergovernmental	120,599,325	9,401,202	-	52,897,239	50,457,864	233,355,630
Motor vehicle and other excises	12,101,466	-	-	-	-	12,101,466
Licenses and permits	3,254,813	-	-	-	-	3,254,813
Penalties and interest on taxes	743,874	-	-	-	-	743,874
Fines and forfeitures	674,504	-	-	-	-	674,504
Departmental and other revenue	5,655,151	-	-	-	5,558,308	11,213,459
Investment income	4,079,091	-	-	108,712	277,932	4,465,735
Contributions and donations	-	-	-	-	374,498	374,498
Total Revenues	280,427,627	9,401,202	-	53,005,951	56,668,602	399,503,382
Expenditures:						
Current:						
General government	7,492,817	1,113,933	-	-	1,838,128	10,444,878
Public safety	30,782,055	375,604	-	-	4,575,223	35,732,882
Education	134,796,821	971,702	-	73,121,188	25,791,870	234,681,581
Public works	11,279,625	1,872,230	-	-	15,000,651	28,152,506
Health and human services	2,300,464	212,846	-	-	643,433	3,156,743
Culture and recreation	2,185,094	1,209,309	-	-	2,633,193	6,027,596
Pension and fringe benefits	69,676,529	-	-	-	-	69,676,529
State and county assessments	9,268,509	-	-	-	-	9,268,509
Debt service:						
Principal	3,513,070	-	-	-	-	3,513,070
Interest	2,138,531	-	-	-	-	2,138,531
Total Expenditures	273,433,515	5,755,624	-	73,121,188	50,482,498	402,792,825
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,994,112	3,645,578	-	(20,115,237)	6,186,104	(3,289,443)
Other Financing Sources (Uses):						
Issuance of bonds and notes	-	-	-	18,912,342	618,457	19,530,799
Premiums from bonds and notes	-	-	-	1,087,658	194,375	1,282,033
Transfers in	100,000	-	-	-	1,238,942	1,338,942
Transfers out	(1,238,942)	(3,645,578)	-	-	(100,000)	(4,984,520)
Total Other Financing Sources (Uses)	(1,138,942)	(3,645,578)	-	20,000,000	1,951,774	17,167,254
Net Change in Fund Balances	5,855,170	-	-	(115,237)	8,137,878	13,877,811
FUND BALANCES - As previously reported	30,051,620	-	(2,419,318)	30,191,683	18,686,195	76,510,180
Adjustment - change from major to nonmajor fund	-	-	2,419,318	-	(2,419,318)	-
Error corrections	-	-	-	-	3,586,263	3,586,263
FUND BALANCES - As restated (see note IV)	30,051,620	-	-	30,191,683	19,853,140	80,096,443
FUND BALANCES - End of year	\$ 35,906,790	\$ -	\$ -	\$ 30,076,446	\$ 27,991,018	\$ 93,974,254

See accompanying notes to basic financial statements.

CITY OF HAVERHILL, MASSACHUSETTS

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2025**

Net Change in Fund Balances - Total Governmental Fund Balances **\$ 13,877,811**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net amounts are reflected here as reconciling items:

Capital outlays	100,727,587	
Depreciation expense	<u>(11,695,141)</u>	
Net effect of reporting capital assets		89,032,446

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the Statement of Activities. The net amounts are reflected here as reconciling items:

Issuance of general obligation bonds and notes	(19,517,342)	
Premiums from bonds and notes	(1,087,658)	
Amortization of premiums on bonds and notes payable	244,046	
Payments on capital leases	170,116	
Repayments of debt	<u>3,342,954</u>	
Net effect of reporting long-term debt		(16,847,884)

Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. The amount presented represents the difference in unavailable revenue. 398,085

In the Statement of Activities, interest is accrued on outstanding long-term debt; whereas in governmental funds interest is not reported until due. The net amount presented here as a reconciling item represents the difference in accruals between this year and the prior year. 35,025

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Compensated absences	(156,342)	
Workers' compensation	128,408	
Pension benefits	12,072,310	
Other postemployment benefits	<u>39,157,976</u>	
Net effect of reporting long-term liabilities		<u>51,202,352</u>

Change in Net Position of Governmental Activities **\$ 137,697,835**

See accompanying notes to basic financial statements.

CITY OF HAVERHILL, MASSACHUSETTS

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Business-Type Activities		
	Water Fund	Sewer Fund	Total Enterprise Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 6,338,924	\$ 9,854,929	\$ 16,193,853
Investments	-	1,642,797	1,642,797
Receivables (net):			
User charges	4,246,787	5,186,247	9,433,034
Intergovernmental	1,789,586	1,670,755	3,460,341
Total current assets	12,375,297	18,354,728	30,730,025
Noncurrent assets:			
Capital assets not being depreciated	2,637,220	1,105,213	3,742,433
Capital assets, net of accumulated depreciation	67,600,174	43,514,562	111,114,736
Total noncurrent assets	70,237,394	44,619,775	114,857,169
Total Assets	82,612,691	62,974,503	145,587,194
Deferred Outflows of Resources			
Related to net pension liability	194,838	202,454	397,292
Total Deferred Outflows of Resources	194,838	202,454	397,292
Liabilities			
Current liabilities:			
Warrants and accounts payable	195,739	430,831	626,570
Accrued interest	397,524	338,021	735,545
Other liabilities	-	-	-
Compensated absences	73,126	50,930	124,056
Bond anticipation notes payable	-	182,287	182,287
Bonds and notes payable	2,664,915	2,747,760	5,412,675
Total current liabilities	3,331,304	3,749,829	7,081,133
Noncurrent liabilities:			
Compensated absences	135,806	94,583	230,389
Net other postemployment benefit liability	5,739,450	4,222,408	9,961,858
Net pension liability	3,992,776	4,148,840	8,141,616
Bonds and notes payable	42,741,614	33,520,022	76,261,636
Total noncurrent liabilities	52,609,646	41,985,853	94,595,499
Total Liabilities	55,940,950	45,735,682	101,676,632
Deferred Inflows of Resources			
Related to net pension liability	78,772	81,850	160,622
Related to net other postemployment benefit liability	871,586	641,210	1,512,796
Total Deferred Inflows of Resources	950,358	723,060	1,673,418
Net Position			
Net investment in capital assets	24,830,865	9,669,706	34,500,571
Unrestricted	1,085,356	7,048,509	8,133,865
Total Net Position	\$ 25,916,221	\$ 16,718,215	\$ 42,634,436

See accompanying notes to basic financial statements.

CITY OF HAVERHILL, MASSACHUSETTS

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

FISCAL YEAR ENDED JUNE 30, 2025

	<u>Business-Type Activities</u>		
	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Enterprise Funds</u>
Operating Revenues:			
Charges for services	\$ 14,084,761	\$ 16,447,150	\$ 30,531,911
Other	325,852	17,061	342,913
Total Operating Revenues	<u>14,410,613</u>	<u>16,464,211</u>	<u>30,874,824</u>
Operating Expenses:			
Operating costs	6,784,891	11,860,116	18,645,007
Depreciation	2,751,873	2,977,232	5,729,105
Total Operating Expenses	<u>9,536,764</u>	<u>14,837,348</u>	<u>24,374,112</u>
Operating Income (Loss)	<u>4,873,849</u>	<u>1,626,863</u>	<u>6,500,712</u>
Nonoperating Revenues (Expenses):			
Interest expense	(893,212)	(755,069)	(1,648,281)
Total Nonoperating Revenues (Expenses)	<u>(893,212)</u>	<u>(755,069)</u>	<u>(1,648,281)</u>
Income Before Capital Contributions and Transfers	3,980,637	871,794	4,852,431
Capital contributions	2,007,799	551,241	2,559,040
Transfers in	3,645,578	-	3,645,578
Total Capital Contributions and Transfers	<u>5,653,377</u>	<u>551,241</u>	<u>6,204,618</u>
Change in Net Position	9,634,014	1,423,035	11,057,049
Total Net Position - Beginning of the Year, as reported	18,474,242	17,203,532	35,677,774
Error corrections	(2,192,035)	(1,908,352)	(4,100,387)
Total Net Position - Beginning of the Year, as restated	<u>16,282,207</u>	<u>15,295,180</u>	<u>31,577,387</u>
Total Net Position - End of the Year	<u><u>\$ 25,916,221</u></u>	<u><u>\$ 16,718,215</u></u>	<u><u>\$ 42,634,436</u></u>

See accompanying notes to basic financial statements.

CITY OF HAVERHILL, MASSACHUSETTS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2025**

	Business-Type Activities		
	Water Fund	Sewer Fund	Total Enterprise Funds
Cash Flows from Operating Activities:			
Receipts from users	\$ 14,064,426	\$ 16,679,553	\$ 30,743,979
Receipts from other operating revenues	325,852	17,061	342,913
Payments to employees	(3,213,818)	(9,294,210)	(12,508,028)
Payments to vendors	(5,373,913)	(4,072,365)	(9,446,278)
Net Cash Provided by (Used in) Operating Activities	5,802,547	3,330,039	9,132,586
Cash Flows from Noncapital Financing Activities:			
Transfers in	3,645,578	-	3,645,578
Net Cash Provided by Noncapital Financing Activities	3,645,578	-	3,645,578
Cash Flows from Capital and Related Financing Activities:			
Proceeds from capital contributions	218,213	(1,119,514)	(901,301)
Proceeds from the issuance of bonds and notes	5,773,857	1,410,000	7,183,857
Proceeds from the issuance of bond anticipation notes	-	182,287	182,287
Principal payments on bond anticipation notes	(2,511,969)	-	(2,511,969)
Acquisition and construction of capital assets	(5,528,910)	(101,175)	(5,630,085)
Principal payments on bonds and notes	(2,330,632)	927,093	(1,403,539)
Interest payments on bonds and notes	(890,717)	(773,472)	(1,664,189)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(5,270,158)	525,219	(4,744,939)
Cash Flows from Investing Activities:			
Investment of operating cash	-	(1,642,797)	(1,642,797)
Net Cash Provided by (Used in) Investing Activities	-	(1,642,797)	(1,642,797)
Net Change in Cash and Cash Equivalents	4,177,967	2,212,461	6,390,428
Cash and Cash Equivalents:			
Beginning of the year	2,160,957	7,642,468	9,803,425
End of the year	\$ 6,338,924	\$ 9,854,929	\$ 16,193,853
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Operating Income (Loss)	\$ 4,873,849	\$ 1,626,863	\$ 6,500,712
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	2,751,873	2,977,232	5,729,105
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:			
Receivables	(20,335)	232,403	212,068
Deferred outflows of resources	218,782	84,810	303,592
Warrants payable and accrued liabilities	(632,283)	(439,409)	(1,071,692)
Other liabilities	28,932	25,513	54,445
Net other postemployment liability	(334,237)	(245,893)	(580,130)
Net pension liability	(480,230)	(499,060)	(979,290)
Deferred inflows of resources	(603,804)	(432,420)	(1,036,224)
Net Cash Provided by (Used in) Operating Activities	\$ 5,802,547	\$ 3,330,039	\$ 9,132,586
Noncash capital and related financing activities:			
Amortization of bond premium	\$ -	\$ -	\$ -

See accompanying notes to basic financial statements.

CITY OF HAVERHILL, MASSACHUSETTS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2025

	Pension Trust Fund (a)	Private Purpose Trust Funds
Assets		
Cash and cash equivalents	\$ 1,738,712	\$ -
Investments:		
Equity securities	40,633,631	-
Fixed income mutual funds	14,710,333	515,242
Equity mutual funds	-	1,148,069
Bond mutual funds	-	3,722,532
Pooled alternative investments	2,592,076	-
Pooled real estate funds	14,775,009	-
PRIT	238,808,312	-
Total investments	<u>311,519,361</u>	<u>5,385,843</u>
Accounts receivable and other current assets		
Employer and employee contribution receivable	255	-
Interest	2,111	-
Total accounts receivable and other current assets	<u>2,366</u>	<u>-</u>
Total Assets	<u>313,260,439</u>	<u>5,385,843</u>
Liabilities		
Warrants payable and accrued expenses	<u>130,943</u>	<u>-</u>
Total Liabilities	<u>130,943</u>	<u>-</u>
Net Position		
Restricted for pension	313,129,496	-
Held in trust for private purposes	<u>-</u>	<u>5,385,843</u>
Total Net Position	<u>\$ 313,129,496</u>	<u>\$ 5,385,843</u>

(a) The pension trust is presented for the year ended December 31, 2024.

See accompanying notes to basic financial statements.

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CITY OF HAVERHILL, MASSACHUSETTS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED JUNE 30, 2025**

	<u>Pension Trust Fund (a)</u>	<u>Private Purpose Trust Funds</u>
Additions		
Contributions:		
Employer contribution	\$ 25,109,857	\$ -
Employee contribution	6,333,533	-
Other	1,742,639	183,281
Total contributions	<u>33,186,029</u>	<u>183,281</u>
Investment income:		
Interest and dividends	7,224,518	187,305
Net appreciation in fair value of investments	19,002,329	-
Less investment management fees	<u>(1,813,534)</u>	<u>-</u>
Net investment earnings	24,413,313	187,305
Other income	<u>24,270</u>	<u>-</u>
Total Additions	<u>57,623,612</u>	<u>370,586</u>
Deductions		
Benefits, transfers of, and refunds to members:		
Benefit payments to retirees and survivors	29,636,482	-
Refunds of members	389,611	-
Transfers and reimbursements to other systems	2,355,755	-
Administrative expenses		
System operations payroll	434,507	-
Other administrative expenses	289,666	-
Education - scholarships	<u>-</u>	<u>782,546</u>
Total Deductions	<u>33,106,021</u>	<u>782,546</u>
CHANGE IN NET POSITION	24,517,591	(411,960)
NET POSITION AT BEGINNING OF YEAR, as reported	288,611,905	6,176,557
Error corrections	<u>-</u>	<u>(378,754)</u>
NET POSITION AT BEGINNING OF YEAR, as restated	<u>288,611,905</u>	<u>5,797,803</u>
NET POSITION AT END OF YEAR	<u><u>\$ 313,129,496</u></u>	<u><u>\$ 5,385,843</u></u>

(a) The pension trust is presented for the year ended December 31, 2024.

See accompanying notes to basic financial statements.

\$ - \$ -

CITY OF HAVERHILL, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2025

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The City of Haverhill is located in Essex County, thirty-five miles north of Boston and was incorporated as a City in 1870. An elected Mayor who serves a two-year term and eleven-member City Council who are elected biennially govern the City. The City provides governmental services for the territory within its boundaries, including police and fire protection, disposal of garbage and rubbish, public education in grades K-12, highway services, water and sewer, street maintenance, parks and recreational facilities. Water and sewer services are funded almost entirely with user charges. The entities discussed below are included in the City's reporting entity because of the significance of their operations or financial relationship with the City.

Haverhill Contributory Retirement System – The System was established to provide retirement benefits to employees of the City, the Whittier Regional Vocational Technical High School, the Haverhill Housing Authority and their beneficiaries. While legally separate, the System provides services almost entirely to the City and is reported as a pension trust fund in the fiduciary fund financial statements.

Audited financial statements of the System as of December 31, 2024 were not issued. The System Annual Report is available at the Retirement Office at 4 Summer Street, Room 303, Haverhill, MA 01830.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Major Fund Criteria – Major funds must be reported if both of the following criteria are met:

- 1) The total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten percent of the corresponding element (assets and deferred outflows, liabilities and deferred inflows, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- 2) The total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding element for all governmental and enterprise funds combined.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The governmental fund financial statements are reported using *the current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. measurable and available). Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for interest on general long-term debt which is recognized when payment is due, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The City considers property tax revenues to be available if they are collected within 60 days after the end of the fiscal year. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.

The government reports the following major governmental funds:

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

ARPA Grant Fund – is used to account for activities of the City’s ARPA federal grant program.

School Capital Projects Fund – is used to account for financial resources that are restricted to expenditures for school capital outlays.

Nonmajor Governmental Funds – consist of other special revenue capital projects and permanent funds that are aggregated and presented in the Nonmajor Governmental Funds column on the Governmental Funds financial statements. The following describes the general use of these fund types:

Special Revenue Funds – are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

Capital Projects Fund – are used to account for financial resources that are restricted to expenditures for City capital outlays.

Permanent Funds – are used to account for financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major proprietary funds:

Water Enterprise Fund – is used to account for user charges collected to finance costs associated with operating and maintaining the City’s water utility.

Sewer Enterprise Fund – is used to account for user charges collected to finance costs associated with operating and maintaining the City’s sewer utility.

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

The government reports the following fiduciary funds:

Haverhill Contributory Retirement Fund – is used to account for activities of the System.

Private-Purpose Trust Funds – is used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments. This fund is used for educational scholarships.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments – The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments of the City are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are due in four installments on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes at the rate of 14% per annum. The City is allowed to take delinquent tax accounts into tax title fourteen days subsequent to the mailing of demand of delinquent taxes. Property taxes levied are recorded as receivables in the fiscal year of the levy. Motor vehicle excise are billed annually for each vehicle registered in the City based on vehicles reported to the City by the Commonwealth of Massachusetts. Water and sewer user fees are billed quarterly based on individual meter readings and are subject to interest and penalties if not paid by the respective due dates.

Real estate taxes, and water and sewer user fees may be secured through a lien process within 60 days after the due date and are considered 100% collectible. Accordingly, an allowance for uncollectible accounts for these receivables is not reported. All personal property tax and excise tax receivables are shown net of an allowance for uncollectible accounts comprised of those outstanding amounts greater than five years old. Departmental and other receivables are shown net of an allowance for uncollectible accounts comprised of those outstanding amounts greater than ninety days old.

The City's lease receivable are measured at the present value of lease payments expected to be received during the lease terms. The payments are recorded as an inflow of resources in the period the payments are received. Deferred inflows are recorded at the initiation of the leases in an amount equal to the initial recording of the lease receivable. The deferred inflows of resources are amortized using the effective interest method over the terms of the leases.

Inventories and Prepaid Items – Inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase.

Capital Assets – Capital assets, which include land, buildings and improvements, machinery and equipment, vehicles, library materials and infrastructure (e.g. roads, water mains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Net interest incurred during the construction phase of

capital assets of business-type activities, if material is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$50,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (excluding land and construction-in-process) are depreciated or amortized using the straight line method over the following estimated useful lives:

Buildings and improvements	15-40 years
Machinery and equipment	5-15 years
Vehicles	5-10 years
Infrastructure	10-50 years

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Interfund Transfers – During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business –type activities are reported in the statement of activities as *transfers, net*.

Investment Income – Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by state law. Investment income of the proprietary funds is retained in the respective funds.

Compensated Absences – It is the City’s policy to permit employees to accumulate earned but unused vacation and sick leave benefits. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting the payroll and related expenditures. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured.

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

In the governmental fund financial statements, the face amount of long-term debt issued is reported as other financing sources. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two types of items that are reported on the government-wide statement of net position. Both relate to outflows from changes in the net pension liability and the other postemployment benefit liability. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection B.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has four items that are reported as deferred inflows of resources. The first arises under a modified accrual basis of accounting and, accordingly, the item *unavailable revenue* is reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, excise taxes, leases and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are reported on the government-wide statement of net position and relate to inflows from leases, changes in the net pension liability and changes in the other postemployment benefit liability. The deferred lease revenues will be recognized in charges for services and investment income in future years as more fully described in Note II, subsection B. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection B.

Net Position – In the government-wide financial statements, net position reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital related debt.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for specific use. Net position has been *restricted* for the following:

Nonexpendable permanent funds represent the endowment portion of donor restricted trusts that support governmental programs.

Expendable permanent funds represent amounts held in trust whereby expenditures are subject to various trust agreements.

Federal and State grants represent assets that have restrictions placed on them from federal and state *granting* agencies.

Gift and donations funds represent assets that are restricted by donors for specific governmental programs and uses

Other purposes represent assets that are restricted by third parties for specific governmental programs and uses.

Fund Balance – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent in which the City is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

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

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

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

Committed represents amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority, which consists of the City Council members through City Council Orders. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (through City Council Orders) it employed previously to commit those amounts.

Assigned represents amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has by ordinance authorized the City Auditor to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed. The City has not established financial policies with respect to maintaining minimum fund balance amounts.

Stabilization Fund – The City maintains a general stabilization fund established in accordance with Massachusetts General Laws. The fund may be used for any municipal purpose upon City Council authorization. The balance in the fund is \$8,020,646 at June 30, 2025 and is reported as unassigned fund balance in the General Fund. Amounts are appropriated into the fund by the City Council.

The City maintains other smaller stabilization funds set up for specific purposes. These are also established in accordance with Massachusetts General Laws and maybe used for the specific

purpose with which they were established upon a vote of the City Council. The aggregate total in these funds is \$523,622.

Encumbrances - The City's encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the Mayor and City Auditor as assigned, and (2) classify encumbrances that result from an action of the City Council as committed. Encumbrances of funds already restricted, or committed are included within the classification of those fund balances and not reported separately. The City reports \$8,180,068 of encumbrances from normal purchasing activity in the general fund as assigned. There are no encumbrances reported in any other fund.

The following table reflects the City's fund balance categorizations:

	General	School Capital Projects	Nonmajor Governmental	Total
Nonspendable:				
Nonexpendable trust funds	\$ -	\$ -	\$ 373,729	\$ 373,729
Restricted:				
General Government	-	-	3,150,355	3,150,355
Public safety	-	-	2,323,081	2,323,081
Education	-	-	17,312,140	17,312,140
Public works	-	-	286,936	286,936
Health and human services	-	-	1,834,425	1,834,425
Culture and recreation	-	-	435,194	435,194
Other capital projects	-	-	3,744,300	3,744,300
Cemetery	-	-	2,172	2,172
Library	-	-	37,132	37,132
Culture and recreation	-	-	56,700	56,700
Hospital	-	-	125,291	125,291
Capital outlay - education	-	30,076,446	-	30,076,446
Committed:				
Stabilization	523,621	-	-	523,621
Assigned:				
General Government	1,550,470	-	-	1,550,470
Public safety	229,611	-	-	229,611
Education	5,614,544	-	-	5,614,544
Public works	766,875	-	-	766,875
Health and human services	5,540	-	-	5,540
Culture and recreation	13,028	-	-	13,028
Subsequent years' budget	5,200,000	-	-	5,200,000
Unassigned	22,003,101	-	(1,690,437)	20,312,664
	<u>\$35,906,790</u>	<u>\$30,076,446</u>	<u>\$27,991,018</u>	<u>\$ 93,974,254</u>

D. Excess of Expenditures Over Appropriations and Deficits

During the fiscal year ended, expenditures exceeded appropriations in the General Fund for snow and ice removal by \$494,647. This appropriation deficit was funded in fiscal year 2026.

The City's special revenue funds and capital projects fund incurred individual fund deficits totaling \$1,690,437 in the nonmajor governmental funds. These deficits will be funded through grants, bond proceeds and available funds in future fiscal years.

E. Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the fiscal year. Actual results could vary from estimates that were used.

II. Detailed Notes to All Funds

A. Deposits and Investments

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

State laws and regulations require the City to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and State Treasurer's investment pool ("the Pool"). In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation. During the fiscal year, the City did not enter into any repurchase agreements.

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

Custodial Credit Risk: Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk relative to cash holdings.

At year-end, the carrying amount of the City's deposits was \$90,182,649 and the bank balance was \$73,563,881. Of the City's bank balance, \$18,906,212 was covered by either federal depository insurance or by the depositors' insurance fund; \$4,431,906 was collateralized and the remainder was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the City may not be able to recover the full amount of its principal investment and/or investment earnings.

The City's investments in U.S. governmental obligations, corporate fixed income securities, equities and exchange traded funds are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty. The City's common stock investments totaling are not exposed to custodial credit risk because they are held with the City.

The City's investments in negotiable certificates of deposit are fully insured by federal depository insurance. The City does not have a formal investment policy related to custodial credit risk.

Fair Value of Investments – The City reports its investments at fair value. When actively quoted observable prices are not available, the City generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. This hierarchy is based on valuation inputs used to measure the fair value of the asset or liability. The three levels of the hierarchy are as follows:

- *Level 1* – Inputs are quoted prices in active markets for identical investments at the measurement date.
- *Level 2* – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the investment through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- *Level 3* – Inputs reflect the City's best estimate of what market participants would use in pricing the investment at the measurement date.

The following table presents the City's investments carried at fair value on a recurring basis in the statement of net position at June 30, 2025:

		Fair Value Measurements Using		
	6/30/25	Level 1	Level 2	Level 3
Investments by fair value level				
Debt securities:				
U.S. government obligations	\$ 28,700,400	\$ 28,700,400	\$ -	\$ -
Corporate fixed income securities	1,589,259	-	1,589,259	-
Negotiable certificates of deposit	2,118,067	-	2,118,067	-
Fixed income mutual funds	3,298,133	-	3,298,133	-
Exchange traded funds	1,890,846	1,890,846	-	-
Total debt securities	37,596,705	30,591,246	7,005,459	-
Equity securities:				
Common stock	2,734,061	2,734,061	-	-
Equity mutual funds	1,330,899	1,330,899	-	-
Total equity securities	4,064,960	4,064,960	-	-
Total investments by fair value level	41,661,665	\$ 34,656,206	\$ 7,005,459	\$ -
Investments measured at amortized cost				
State investment pool	106,602			
Mopney market mutual funds	8,317,181			
Total investments measured at fair value	\$ 50,085,448			

Equity securities and U.S. Government obligations classified in Level 1 are valued using prices quoted in active markets for those securities. Corporate bonds and bond and equity mutual funds classified in Level 2 are valued using a bid evaluation or matrix pricing based on the securities' relationship to benchmark quoted prices. The State Treasurer's investment pool (MMDT) is valued at amortized cost. The MMDT's investment advisor may value the pool using an alternative valuation method that more accurately reflects the fair value in accordance with the

pools fair value pricing policies should amortize cost not approximate the fair value of the pool. There are no restrictions or limits on withdrawals from the pool and no direct fees are charged to participants.

Interest Rate Risk – The City does not have formal investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

At June 30, 2025, the City had the following investments with maturities:

Investments	6/30/25	Maturities in Years		
		Less than 1	1 - 5	6 - 10
Corporate fixed income securities	\$ 1,589,259	\$ -	\$ 1,589,259	\$ -
U.S. government obligations	28,700,400	25,733,473	2,815,890	151,037
Negotiable certificates of deposit	2,118,067	2,118,067	-	-
Total investments with maturities	<u>\$ 32,407,726</u>	<u>\$ 27,851,540</u>	<u>\$ 4,405,149</u>	<u>\$ 151,037</u>

Concentration of Credit Risk – The City does not place a limit on the amount that may be invested in any one issuer.

Credit Risk – The City has not adopted a formal policy related to credit risk.

At June 30, 2025, the credit quality ratings of investments were as follows:

Quality Ratings (Moody's)	Corporate Fixed Income	U.S. Government Obligations	Totals
Aa2	\$ -	\$ 28,700,400	\$ 28,700,400
A1	299,678	-	299,678
A2	196,726	-	196,726
A3	492,361	-	492,361
Baa1	407,692	-	407,692
Baa2	192,802	-	192,802
Totals - All	<u>\$ 1,589,259</u>	<u>\$ 28,700,400</u>	<u>\$ 30,289,659</u>

The City's investments in negotiable certificates of deposit and exchange-traded funds are not rated.

At December 31, 2024, the carrying amount of the System's deposits was \$1,738,712 and the bank balance was \$2,241,177. The entire System's bank balance was covered by either federal depository insurance or by the depositors' insurance fund.

The following table presents the System's investments carried at fair value on a recurring basis in the statement of fiduciary net position at:

Investments by Fair Value Level	December 31, 2024	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Fixed income mutual funds	\$ 14,710,333	\$ -	\$ 14,710,333	\$ -
Equity securities	40,633,631	40,633,631	-	-
Pooled alternative investments	2,592,076	-	-	2,592,076
Pooled real estate funds	14,775,009	-	-	14,775,009
Total investments by fair value level	72,711,049	40,633,631	14,710,333	17,367,085
Investments measured at NAV:				
PRIT funds	238,808,312			
Total investments measured at NAV	238,808,312			
Total investments measured at fair value	\$ 311,519,361			

At December 31, 2024, the System held no investments with maturities or investments with credit ratings.

B. Receivables

Receivables as of year-end for the City's individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes	\$ 2,665,717	\$ (81,284)	\$ 2,584,433
Tax liens	3,733,321	-	3,733,321
Motor vehicle and other excise taxes	2,435,756	(600,166)	1,835,590
Other departmental	464,991	-	464,991
Leases	974,284	-	974,284
Intergovernmental	13,325,143	-	13,325,143
Total	\$ 23,599,212	\$ (681,450)	\$ 22,917,762

Receivables as of year-end for City's water and sewer enterprise funds are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Water user charges	\$ 4,246,787	\$ -	\$ 4,246,787
Water intergovernmental	1,789,586	-	1,789,586
Sewer user charges	5,186,247	-	5,186,247
Sewer intergovernmental	1,670,755	-	1,670,755
Total	\$ 12,893,375	\$ -	\$ 12,893,375

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The following identifies the components of deferred inflows of resources in the governmental funds:

	General	Other	
	Fund	Governmental	Total
		Funds	
Receivables and other asset type:			
Real estate and personal property taxes	\$ 1,919,109	\$ -	\$ 1,919,109
Tax liens	3,733,392	-	3,733,392
Motor vehicle and other excise taxes	1,838,161	-	1,838,161
Other departmental	289,958	-	289,958
Leases	974,284	-	974,284
Tax foreclosures	634,099	-	634,099
Total	<u>\$ 9,389,003</u>	<u>\$ -</u>	<u>\$ 9,389,003</u>

Massachusetts Clean Water Trust (MCWT) – The City is eligible for capital financing from the MCWT for water and sewer capital purposes. At year-end, \$1,789,586 and \$1,670,754 have been spent on water and sewer capital projects but not yet received, respectively. As a result, this amount has been reflected as an intergovernmental receivable in the water and sewer enterprise funds.

Leases – The City entered into a lease for wireless communication equipment on Town land. Under the lease, the tenant pays the City an annual base rent of \$24,050 for a term of ten years. The tenant had the right to extend the initial terms for one additional five-year terms. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease terms at a discount rate of 1.4%. In fiscal year 2025, the City recognized \$22,125 of lease revenue and interest under the lease.

The City entered into a lease for an ambulance vehicle to Pridestar-Trinity EMS, Inc. Under the lease, the lessor pay the City an annual fee of \$150,000, which increases annually by 3.5% for a term of three years. The City had the right to extend the initial terms for two additional one-year terms. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease terms at a discount rate of 3.66%. In fiscal year 2025, the City recognized \$160,684 of lease revenue and interest under the lease.

The City entered into a lease for solar on Town land. Under the lease, the tenant pay the City an annual base rent of \$81,000, which increases annually by 2.0% for a term of twenty years. The tenant had the right to extend the initial terms for two additional five-year terms. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease terms at a discount rate of 1.24%. In fiscal year 2025, the City recognized \$43,839 of lease revenue and interest under the lease.

Future minimum lease payments as of June 30, 2025, are as follows:

Year Ending June 30	Principal	Interest	Total
2026	\$ 218,925	\$ 16,148	\$ 235,073
2027	60,145	9,515	69,660
2028	61,840	8,732	70,572
2029	63,572	7,930	71,502
2030	65,348	7,103	72,451
2031-2035	231,181	25,739	256,920
2036-2040	273,273	10,388	283,661
Total	<u>\$ 974,284</u>	<u>\$ 85,555</u>	<u>\$ 1,059,839</u>

C. Interfund Receivables, Payables and Transfers

Interfund transfers for the fiscal year ended June 30, 2025, are summarized as follows:

Transfers Out	Transfers In			Total
	General Fund	Nonmajor Governmental Funds	Water Enterprise Fund	
General Fund	\$ -	\$ 1,238,942	\$ -	\$ 1,238,942 (1)
ARPA Grant Fund	-	-	3,645,578	3,645,578 (2)
Nonmajor Governmental Funds	100,000	-	-	100,000 (3)
Total	<u>\$ 100,000</u>	<u>\$ 1,238,942</u>	<u>\$ 3,645,578</u>	<u>\$ 4,984,520</u>

(1) Transfers to nonmajor governmental funds to cover deficits for grants and capital projects.

(2) Transfers to water enterprise for capital projects funded through ARPA.

(3) Transfers to general fund to subsidize budget

Capital Assets

Capital asset activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Governmental Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 10,751,833	\$ -	\$ -	\$ 10,751,833
Construction in process	18,035,015	91,301,976	(2,746,964)	106,590,027
Total capital assets not being depreciated	28,786,848	91,301,976	(2,746,964)	117,341,860
Capital assets being depreciated:				
Buildings and improvements	207,859,063	5,979,057	-	213,838,120
Land improvements	113,730	1,304,763	-	1,418,493
Machinery and equipment	5,585,750	351,741	(84,000)	5,853,491
Vehicles	7,516,283	716,537	-	8,232,820
Infrastructure	199,103,719	3,820,478	-	202,924,197
Total capital assets being depreciated	420,178,545	12,172,576	(84,000)	432,267,121
Less accumulated depreciation for:				
Buildings and improvements	(93,533,021)	(4,951,625)	-	(98,484,646)
Land improvements	(2,843)	(58,709)	-	(61,552)
Machinery and equipment	(2,964,384)	(415,628)	84,000	(3,296,012)
Vehicles	(4,683,835)	(767,519)	-	(5,451,354)
Infrastructure	(117,925,610)	(5,501,661)	-	(123,427,271)
Total accumulated depreciation	(219,109,693)	(11,695,142)	84,000	(230,720,835)
Total capital assets being depreciated, net	201,068,852	477,434	-	201,546,286
Total governmental activities capital assets, net	<u>\$ 229,855,700</u>	<u>\$ 91,779,410</u>	<u>\$ (2,746,964)</u>	<u>\$ 318,888,146</u>
<i><u>Business-Type Activities:</u></i>				
Capital assets not being depreciated:				
Land	\$ 2,608,828	\$ -	\$ -	\$ 2,608,828
Construction in process	1,133,605	-	-	1,133,605
Total capital assets not being depreciated	3,742,433	-	-	3,742,433
Capital assets being depreciated:				
Buildings and improvements	50,257,763	-	-	50,257,763
Machinery and equipment	32,853,425	-	-	32,853,425
Vehicles	1,119,185	-	-	1,119,185
Infrastructure	129,849,521	5,630,084	-	135,479,605
Total capital assets being depreciated	214,079,894	5,630,084	-	219,709,978
Less accumulated depreciation for:				
Buildings and improvements	(7,805,187)	(1,365,851)	-	(9,171,038)
Machinery and equipment	(25,881,175)	(1,358,037)	-	(27,239,212)
Vehicles	(882,539)	(142,065)	-	(1,024,604)
Infrastructure	(68,297,236)	(2,863,152)	-	(71,160,388)
Total accumulated depreciation	(102,866,137)	(5,729,105)	-	(108,595,242)
Total capital assets being depreciated, net	111,213,757	(99,021)	-	111,114,736
Total business-type activities capital assets, net	<u>\$ 114,956,190</u>	<u>\$ (99,021)</u>	<u>\$ -</u>	<u>\$ 114,857,169</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Business-type Activities: Water</u></i>				
Capital assets not being depreciated:				
Land	\$ 2,091,826	\$ -	\$ -	\$ 2,091,826
Construction in process	545,394	-	-	545,394
Total capital assets not being depreciated	<u>2,637,220</u>	<u>-</u>	<u>-</u>	<u>2,637,220</u>
Capital assets being depreciated:				
Buildings and improvements	42,828,801	-	-	42,828,801
Machinery and equipment	13,425,396	-	-	13,425,396
Vehicles	583,968	-	-	583,968
Infrastructure	46,873,559	5,528,909	-	52,402,468
Total capital assets being depreciated	<u>103,711,724</u>	<u>5,528,909</u>	<u>-</u>	<u>109,240,633</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,728,804)	(1,077,509)	-	(7,806,313)
Machinery and equipment	(10,293,119)	(460,112)	-	(10,753,231)
Vehicles	(461,703)	(44,328)	-	(506,031)
Infrastructure	(21,404,960)	(1,169,924)	-	(22,574,884)
Total accumulated depreciation	<u>(38,888,586)</u>	<u>(2,751,873)</u>	<u>-</u>	<u>(41,640,459)</u>
Total capital assets being depreciated, net	<u>64,823,138</u>	<u>2,777,036</u>	<u>-</u>	<u>67,600,174</u>
Total Water capital assets, net	<u>\$ 67,460,358</u>	<u>\$ 2,777,036</u>	<u>\$ -</u>	<u>\$ 70,237,394</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<i><u>Business-type Activities: Sewer</u></i>				
Capital assets not being depreciated:				
Land	\$ 517,002	\$ -	\$ -	\$ 517,002
Construction in process	588,211	-	-	588,211
Total capital assets not being depreciated	<u>1,105,213</u>	<u>-</u>	<u>-</u>	<u>1,105,213</u>
Capital assets being depreciated:				
Buildings and improvements	7,428,962	-	-	7,428,962
Machinery and equipment	19,428,029	-	-	19,428,029
Vehicles	535,217	-	-	535,217
Infrastructure	82,975,962	101,175	-	83,077,137
Total capital assets being depreciated	<u>110,368,170</u>	<u>101,175</u>	<u>-</u>	<u>110,469,345</u>
Less accumulated depreciation for:				
Buildings and improvements	(1,076,383)	(288,342)	-	(1,364,725)
Machinery and equipment	(15,588,056)	(897,925)	-	(16,485,981)
Vehicles	(420,836)	(97,737)	-	(518,573)
Infrastructure	(46,892,276)	(1,693,228)	-	(48,585,504)
Total accumulated depreciation	<u>(63,977,551)</u>	<u>(2,977,232)</u>	<u>-</u>	<u>(66,954,783)</u>
Total capital assets being depreciated, net	<u>46,390,619</u>	<u>(2,876,057)</u>	<u>-</u>	<u>43,514,562</u>
Total Sewer capital assets, net	<u>\$ 47,495,832</u>	<u>\$ (2,876,057)</u>	<u>\$ -</u>	<u>\$ 44,619,775</u>

Depreciation/amortization expense was charged to functions/programs as follows:

Governmental Activities:		Business-Type Activities:	
General government	\$ 1,405,601	Water	\$ 2,751,873
Public safety	971,077	Sewer	2,977,232
Education	4,171,149		<u>\$ 5,729,105</u>
Public works	4,554,111		
Health and human services	354,966		
Culture and recreation	238,238		
	<u>\$ 11,695,142</u>		

E. Temporary Debt

The City is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to the collection of revenues, expenditures may be financed through the issuance of revenue (RANS) or tax anticipation notes (TANS).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount.

Temporary notes are general obligations of the City and carry maturity dates that are limited by state law. Interest expenditures and expenses for temporary debt are accounted for in the general fund and enterprise funds, respectively.

Temporary notes outstanding at June 30, 2025, are payable as follows:

Type	Interest Rate	Maturity Date	Beginning Balance	Additions	Retirements	Ending Balance
BAN	3.64%	Matured	\$ 32,012,656	\$ -	\$ (32,012,656)	\$ -
Total Governmental Notes			32,012,656	-	(32,012,656)	-
MCWT	1.50%	Matured	2,511,969	-	(2,511,969)	-
MCWT	0.00%	11/28/24	-	182,287	-	182,287
Total Business-Type Notes			2,511,969	182,287	(2,511,969)	182,287
Total Notes Payable			<u>\$ 34,524,625</u>	<u>\$ 182,287</u>	<u>\$ (34,524,625)</u>	<u>\$ 182,287</u>

F. Long-Term Obligations

The City issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the City incurs various other long-term obligations relative to associated personnel costs.

State law permits the City, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0 percent of its equalized valuation. Debt issued in accordance

with this section of the law is designated as being “inside the debt limit.” In addition, the City may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit”.

The following reflects the activity in the long-term liability accounts for the year ended June 30, 2025:

	Beginning Balance*	Additions	Deletions	Ending Balance	Due within one year
<i>Governmental Activities:</i>					
General obligation bonds	\$ 72,785,558	\$ 19,517,342	\$ (2,802,300)	\$ 89,500,600	\$ 3,857,200
Unamortized bond premium	3,429,841	1,087,658	(244,046)	4,273,453	575,135
Notes from direct borrowings and placements	4,579,723	-	(540,654)	4,039,069	504,361
Capital financing	1,295,444	-	(170,116)	1,125,328	174,871
Landfill closure and post-closure costs	10,350,000	-	-	10,350,000	-
Compensated absences	4,637,000	156,342	-	4,793,342	1,677,670
Workers' compensation claims	306,000	678,827	(807,235)	177,592	44,398
Net pension liability	126,726,878	15,586,562	(29,193,594)	113,119,846	-
Net other postemployment benefits liability	297,263,523	65,457,270	(81,815,883)	280,904,910	-
Total Governmental Activities	\$ 521,373,967	\$ 102,484,001	\$ (115,573,828)	\$ 508,284,140	\$ 6,833,635
<i>Business-Type Activities - Water:</i>					
General obligation bonds	\$ 1,450,000	\$ -	\$ (100,000)	\$ 1,350,000	\$ 110,000
Unamortized bond premium	27,675	-	(3,933)	23,742	3,576
Notes from direct borrowings and placements	40,515,628	5,773,857	(2,256,698)	44,032,787	2,551,339
Compensated absences	180,000	28,932	-	208,932	73,126
Net pension liability	4,473,006	576,856	(1,057,086)	3,992,776	-
Net other postemployment benefits liability	6,073,687	1,337,425	(1,671,662)	5,739,450	-
Total Water	52,719,996	7,717,070	(5,089,379)	55,347,687	2,738,041
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds	5,992,100	1,410,000	(397,700)	7,004,400	477,800
Unamortized bond premium	267,410	-	(41,018)	226,392	39,427
Notes from direct borrowings and placements	31,212,316	-	(2,175,326)	29,036,990	2,230,533
Compensated absences	120,000	25,513	-	145,513	50,930
Net pension liability	4,647,900	570,480	(1,069,540)	4,148,840	-
Net other postemployment benefits liability	4,468,301	983,918	(1,229,811)	4,222,408	-
Total Sewer	46,708,027	2,989,911	(4,913,395)	44,784,543	2,798,690
Total Business-Type Activities	\$ 99,428,023	\$ 10,706,981	\$ (10,002,774)	\$ 100,132,230	\$ 5,536,731

* - Restatement made to landfill closure and post closure, and notes from direct borrowing and placement to conform with current year balances.

The governmental activities liabilities will be liquidated by the general fund. The business-type activities liabilities will be liquidated by the water and sewer enterprise funds.

The following is a summary of outstanding long-term debt obligations as of June 30, 2025:

Description of Issue	Interest Rate	Beginning Balance*	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General Obligation Bonds	2.00 - 5.00%	\$ 71,537,658	\$ 19,517,342	\$ (2,305,000)	\$ 88,750,000
General Obligation Refunding Bonds	2.00 - 5.00%	1,247,900	-	(497,300)	750,600
Total General Obligation Bonds		72,785,558	19,517,342	(2,802,300)	89,500,600
Add: Unamortized bond premium		3,429,841	1,087,658	(244,046)	4,273,453
Total General Obligation Bonds, net		76,215,399	20,605,000	(3,046,346)	93,774,053
Massachusetts Clean Water Trust	0.00 - 5.00%	4,579,723	-	(540,654)	4,039,069
Capital financing	2.80%	1,295,444	-	(170,116)	1,125,328
Total notes from direct borrowings and placements		5,875,167	-	(710,770)	5,164,397
Total Governmental Activities debt		\$ 82,090,566	\$ 20,605,000	\$ (3,757,116)	\$ 98,938,450
<i>Business-Type Activities - Water:</i>					
General Obligation Bonds	2.00 - 5.00%	\$ 1,450,000	\$ -	\$ (100,000)	\$ 1,350,000
Total General Obligation Bonds		1,450,000	-	(100,000)	1,350,000
Add: Unamortized bond premium		27,675	-	(3,933)	23,742
Total General Obligation Bonds, net		1,477,675	-	(103,933)	1,373,742
Massachusetts Clean Water Trust	1.50 - 2.00%	40,515,628	5,773,857	(2,256,698)	44,032,787
Total notes from direct borrowings and placements		40,515,628	5,773,857	(2,256,698)	44,032,787
Total Water debt		\$ 41,993,303	\$ 5,773,857	\$ (2,360,631)	\$ 45,406,529
<i>Business-Type Activities - Sewer:</i>					
General Obligation Bonds	2.00 - 5.00%	\$ 5,945,000	\$ 1,410,000	\$ (390,000)	\$ 6,965,000
General Obligation Refunding Bonds	2.00 - 5.00%	47,100	-	(7,700)	39,400
Total General Obligation Bonds		5,992,100	1,410,000	(397,700)	7,004,400
Add: Unamortized bond premium		267,410	-	(41,018)	226,392
Total General Obligation Bonds, net		6,259,510	1,410,000	(438,718)	7,230,792
Massachusetts Clean Water Trust	1.50 - 5.25%	31,212,316	-	(2,175,326)	29,036,990
Total notes from direct borrowings and placements		31,212,316	-	(2,175,326)	29,036,990
Total Sewer debt		\$ 37,471,826	\$ 1,410,000	\$ (2,614,044)	\$ 36,267,782
Total Business-Type Activities, net		\$ 79,465,129	\$ 7,183,857	\$ (4,974,675)	\$ 81,674,311

* - Restatement made to notes from direct borrowing and placement to conform with current year balances.

Payments on long-term debt due in future years consist of the following:

Year Ending June 30	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
<i><u>Governmental Activities</u></i>				
2026	\$ 3,857,200	\$ 4,698,767	\$ 679,232	\$ 107,917
2027	4,373,400	3,443,603	693,016	94,726
2028	4,238,500	3,240,208	617,149	81,224
2029	4,081,500	3,041,365	631,597	67,396
2030	4,150,000	2,848,423	646,388	53,238
2031-2035	21,430,000	11,412,767	1,897,015	94,226
2036-2040	23,285,000	6,964,189	-	-
2041-2045	23,385,000	2,384,161	-	-
2046-2050	700,000	15,356	-	-
Total	<u>\$ 89,500,600</u>	<u>\$ 38,048,839</u>	<u>\$ 5,164,397</u>	<u>\$ 498,727</u>
<i><u>Business-Type Activities - Water</u></i>				
2026	\$ 110,000	\$ 52,342	\$ 2,551,339	\$ 827,644
2027	110,000	43,051	2,605,436	782,573
2028	110,000	37,648	2,660,685	731,170
2029	110,000	32,351	2,646,962	679,527
2030	110,000	27,050	2,703,173	527,450
2031-2035	515,000	77,070	14,164,152	2,318,704
2036-2040	245,000	24,913	14,663,564	892,935
2041-2045	40,000	1,456	2,037,476	82,222
Total	<u>\$ 1,350,000</u>	<u>\$ 295,881</u>	<u>\$ 44,032,787</u>	<u>\$ 6,842,225</u>
<i><u>Business-Type Activities - Sewer</u></i>				
2026	\$ 477,800	\$ 286,894	\$ 2,230,533	\$ 633,799
2027	476,600	233,668	2,281,452	577,433
2028	471,500	211,760	2,047,712	472,324
2029	483,500	189,740	1,962,277	470,730
2030	470,000	167,873	2,011,777	418,203
2031-2035	2,165,000	596,256	10,270,949	1,314,115
2036-2040	1,800,000	274,720	5,903,361	466,137
2041-2045	660,000	54,526	2,328,929	78,381
Total	<u>\$ 7,004,400</u>	<u>\$ 2,015,437</u>	<u>\$ 29,036,990</u>	<u>\$ 4,431,122</u>

Authorized and Unissued Debt - At June 30, 2025, the City had authorized and unissued debt as follows:

<u>Project</u>	<u>Amount</u>
<i>Governmental:</i>	
Consentino School	\$ 100,493,306
Old Haverhill landfill engineering and construc	10,600,000
School boilers	2,682,652
Middle school feasibility study	1,200,000
Other capital projects	957,327
<i>Business-type:</i>	
Water projects	25,830,834
Sewer projects	28,456,479
Total Authorized and Unissued	<u>\$ 170,220,598</u>

Massachusetts Clean Water Trust (MCWT)

The City has eight outstanding notes from direct borrowings and placements issued to the MCWT reported in the governmental activities that are payable at rates between 0.00% - 5.00% interest and annual payments through November 15, 2044. These notes were issued for various projects. The City has eighteen outstanding notes from direct borrowings and placements issued to the MCWT reported in the business-type activities with interest payable at rates between 1.50% - 5.25% and annual payments through January 15, 2045. These notes were issued for various water and sewer projects.

The financing agreements with the MCWT contain a provision that in the event of default, outstanding amounts due and payable shall be paid from any undisbursed proceeds on account or be deducted from any state local aid distributions owed to the City. This provision also allows the MCWT to declare the entire outstanding principal amounts due immediately.

Capital Financing

The City has issued direct capital financing for education purposes related to energy conservation at a rate of 2.80%. The amounts are payable through fiscal year December 2030.

III. Other Information

A. Retirement System

Retirement System Description – The City contributes to the City of Haverhill Contributory Retirement System (the System), a cost-sharing multiple-employer defined benefit pension plan for the City and two other smaller members. The System was established under Chapter 32 of the General Laws of the Commonwealth of Massachusetts. The System is administered by the City of Haverhill and is part of the reporting entity. Standalone audited financial statements for the year ended December 31, 2024 are not issued however, an annual report is available at the Retirement Office, 4 Summer Street, Room 303, Haverhill, Massachusetts 01830. Disclosures applicable to the other members are not material.

Membership – Membership in the System as of December 31, 2024, was as follows:

Retired participants and beneficiaries receiving benefits	1,071
Active participants	1,211
Inactive participants	480
Total	<u>2,762</u>

Benefit Terms – Membership in the System is mandatory for all full-time employees and non-seasonal, part-time employees who, in general, regularly work more than twenty hours per week. Teachers and certain administrative personnel employed by the City’s school department participate in a separate pension plan administered by the Massachusetts Teachers’ Retirement System, which is the legal responsibility of the Commonwealth of Massachusetts. Members of the System do not participate in the federal Social Security retirement system.

Massachusetts contributory retirement system benefits are uniform from retirement system to system. The System provides for retirement allowance benefits up to a maximum of 80% of a participant’s highest three-year or five-year average annual rate of regular compensation, depending on the participant’s date of hire. Benefit payments are based upon a participant’s age, length of creditable service, level of compensation and job classification.

The most common benefits paid by the System include normal retirement, disability retirement and survivor benefits.

Generally, normal retirement occurs between ages 65 and 67. However, most participants with a hire date before April 2, 2012, may retire after twenty years of service or at any time after attaining age 55. For most participants hired on or after April 2, 2012, they must attain the age of 60 before they can retire. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years’ creditable service in order to retire at age 55 or 60, as applicable. Participants become vested after ten years of service. Benefits commencing before age 65 are generally provided at a reduced rate. However, members working in certain occupations may retire with full benefits earlier than age 65.

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

The System provides for both an ordinary disability retirement, where a participant is permanently incapacitated from a cause unrelated to employment, and an accidental disability retirement, where the disability is the result of an injury or illness received or aggravated in the performance of one’s duty. The amount of benefits to be received in such cases is dependent upon several factors, including the age at which the disability retirement occurs, the years of service, average compensation and veteran status. In addition, certain provisions are in place relative to death benefits for beneficiaries of employees who die in active service.

Cost-of-living adjustments granted to members of Massachusetts retirement systems granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth during those years have been the financial responsibility of the Commonwealth. Beginning in

1998, the funding of cost-of-living amounts became the responsibility of the participating units like the System.

The System may be amended or terminated in whole or in part at any time by the Massachusetts Legislature, provided that no such modification, amendment or termination shall be made that would deprive a current member of superannuation pension rights or benefits provided under applicable laws of Massachusetts, if such member has paid the stipulated contributions specified in sections or provisions of such laws.

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

Employer contributions to the System totaled \$25,209,857 for the year ended December 31, 2024. The City contributed \$23,732,302, which equaled the actuarially determined contribution requirement for the fiscal year and represented approximately 43% of covered payroll.

Net Pension Liability – The components of the net pension liability of the System at December 31, 2024, (dollar amounts in thousands) were as follows:

Total pension liability	\$ 441,429,649
Plan fiduciary net position	<u>(313,129,496)</u>
Net pension liability	<u>\$ 128,300,153</u>
Plan fiduciary net position as a percentage of the total pension liability	70.94%

At June 30, 2025, the City reported a liability of \$121,261,462 for its proportionate share of the net pension liability. The net pension liability was measured as of January 1, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. These figures were rolled by the independent actuary to December 31, 2024. There were no significant changes in assumptions.

The City's proportion of the net pension liability is based on a projection of the City's long-term share of contributions to the System relative to the projected contributions of all employers. The City's proportion was approximately 94.5% at December 31, 2024, which was consistent with the proportion measured at January 1, 2024.

Fiduciary Net Position – The elements of the System's basic financial statements (that is, all information about the System's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) can be found in the fiduciary fund financial statements. The System's full audited financial statements as of and for the year ended December 31, 2024, can be obtained by contacting the Retirement Board.

The System's fiduciary net position was determined using the accrual basis of accounting. The System's accounting records are maintained on a calendar-year basis in accordance with the standards and procedures established by PERAC. Contributions from employers and employees are recognized in the period in which they become due pursuant to formal commitments, statutory or contractual requirements. Benefit payments (including refunds of employee contributions) are

recorded when incurred, regardless of the timing of payment. Investments are reported at fair value; fair value is determined as the price one would receive in an orderly transaction between market participants at a measurement date.

Pension Expense – The City recognized \$10,756,616 in pension expense in the statement of activities in fiscal year 2025.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 503,366	\$ 2,191,703
Net differences between projected and actual earnings on pension plan investments	5,314,441	-
Changes of assumptions	-	-
Changes in proportion and differences between employers' contributions and proportionate share of contributions	99,464	200,605
Total	<u>\$ 5,917,271</u>	<u>\$ 2,392,308</u>

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

Year Ended June 30,	Amount
2026	\$ 418,434
2027	6,656,777
2028	(2,772,545)
2029	(777,703)
Total	<u>\$ 3,524,963</u>

Actuarial Valuation – The measurement of the Retirement System’s total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of January 1, 2024, and rolled to December 31, 2024. The significant actuarial assumptions used in the actuarial valuation included:

Actuarial cost method	Entry Age Normal Cost Method
Asset valuation method	Fair value of assets less unrecognized returns in each of the last four years
Investment rate of return / discount rate	7.0%, net of pension plan investment expense, including inflation
Inflation rate	2.50%
Projected salary increases	3.50%
Cost of living adjustments	3.0% of the first \$13,000 of retirement income
Mortality rates:	
Pre-retirement	RP-2014 Blue Collar Employee Mortality Table projected generationally with Scale MP-2018
Healthy retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2018
Disabled retiree	RP-2014 Blue Collar Healthy Annuitant Mortality Table set forward one year and projected generationally with Scale MP-2021

The investment rate of return assumption is a long-term assumption and is based on capital market expectations by asset class, historical returns and professional judgment. The market expectations analysis used a building-block approach, which included expected returns by asset class and the target asset allocation. The target allocation and best estimates of arithmetic real returns for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	23.5%	4.50%
International equities	11.5%	4.20%
Emerging markets equities	5.0%	6.3%
Core fixed income	13.8%	2.6%
Value-added fixed income	5.5%	5.3%
Private equity	13.0%	7.8%
Real estate	11.5%	4.1%
Timberland	5.2%	4.1%
Portfolio completion	11.0%	4.1%

Discount Rate – The discount rate used to measure the total pension liability in the January 1, 2024 actuarial valuation report was 7.00%. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis – The following presents net pension liability of the System calculated using the discount rate of 7.00% as well as the System’s net pension liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate (dollar amounts in thousands):

Current Rate	System Net Pension Liability at		
	1% Decrease	Current	1% Increase
7.00%	\$ 175,188,882	\$ 128,300,153	\$ 88,596,224

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

Current Rate	City's Proportionate Net Pension Liability at		
	1% Decrease	Current	1% Increase
7.00%	\$ 165,577,823	\$ 121,261,462	\$ 83,735,736

B. Massachusetts Teachers’ Retirement System

Teachers and certain administrative employees of the City’s school department participate in the Massachusetts Teachers’ Retirement System (“MTRS”), a cost-sharing multiple employer defined benefit pension plan. MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. Like the Retirement System, MTRS was established under Chapter 32 of Massachusetts General Laws. The Commonwealth’s legislature has the authority to amend or modify the MTRS’s funding policies.

The Commonwealth is a nonemployer contributor to the MTRS and is legally responsible by statute for all actuarially determined employer contributions and future benefit requirements of the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

For the year ended June 30, 2025, the Commonwealth contributed \$20,173,597 to the MTRS on behalf of the City which represented The City’s proportionate share of the collective MTRS net pension liability at this reporting date was 0.834% of the total contributions. This was based on the actual, actuarially determined contribution made by the Commonwealth on behalf of the City as a percentage of the total annual contribution made by the Commonwealth on behalf of all employers.

The table below presents the City's proportionate share of the following:

	Commonwealth Portion	Paid (or assumed) On Behalf of the City	City Portion
Net pension liability	\$ 211,592,162	\$ (211,592,162)	\$ -
Pension expense	17,465,159	(17,465,159)	-

The City has recognized intergovernmental revenue and pension expense of \$17,465,159 associated with this arrangement.

C. Other Postemployment Benefits

The City administers a single employer defined benefit healthcare plan (the "OPEB Plan"). The OPEB Plan provides health, dental and life insurance benefits (other postemployment benefits) to current and future retirees, their dependents and beneficiaries in accordance with Section 20 of Massachusetts General Law Chapter 32B.

The City, however, has not met all requirements under GASB 74 to present this arrangement as a plan and thus the plan does not qualify as a plan under generally accepted accounting principles. The following disclosures include only those disclosures required under GASB 75 as GASB 74 does not apply.

Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and City ordinance. All benefits are provided through the premium based insurance programs.

OPEB Plan disclosures that impact the City's total OPEB liability using a measurement date of June 30, 2025 are summarized as follows:

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of the July 1, 2024 actuarial valuation date:

Retired members and beneficiaries currently receiving benefits	1,977
Active employee members	1,317
Total	<u>3,294</u>

Contributions – The contribution requirements of Plan members and the City are established and may be amended by the City, through negotiation with the City employee unions. Retirees contribute 15 - 30 percent of the calculated contribution through pension benefit deductions. The remainder of the cost is funded by the City. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis plus additional contributions which vary annually. The costs of administering the Plan are paid by the City. For the year ended June 30, 2025, (the measurement date) the City's average contribution rate was 13.1% of covered-employee payroll.

Total OPEB Liability – The City's total OPEB liability of \$290,866,768 was measured as of June 30, 2025 using an actuarial valuation as of July 1, 2024. The City has not accumulated assets in a GASB-compliant trust.

The key assumption change effective in fiscal 2025 was the increase in discount rate from 4.0% to 4.5%.

The total OPEB liability in the most recent actuarial valuation was determined using the following key actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal - Level percentage of payroll
Amortization method	Level percentage of payroll
Asset valuation method	NA - no plan
Investment rate of return	NA - no plan
Municipal bond rate	4.50%
Discount rate	4.50%
Wage inflation	3.00%
Health care trend rate	4.50%
Salary increases	Group 1 and Group 4 employees: 3.0%
Mortality	RP-2014 Blue Collar Employee Mortality Table projected generationally using with Scale MP-2017
	Disability retirement based on RP-2000 set forward six years adjusted based on MP-2015

Sensitivity Analyses – The following presents the City’s total OPEB liability as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate as well as if the healthcare cost trend rates are 1% lower or higher than the current healthcare cost trend rates:

Discount Rate			
Current Rate	1% Decrease	Current Discount	1% Increase
4.50%	\$ 337,265,878	\$ 290,866,768	\$ 258,586,670

Healthcare Trend Rate			
Current Rate	1% Decrease	Current Trend	1% Increase
4.50%	\$ 253,826,454	\$ 290,866,768	\$ 344,344,212

Changes in the total OPEB Liability – The following table summarizes the changes in the total OPEB liability:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at July 1, 2024	\$ 307,805,511	\$ -	\$ 307,805,511
Changes for the year:			
Service cost	8,528,695	-	8,528,695
Interest	12,398,674	-	12,398,674
Difference between expected and actual experience	(18,796,909)	-	(18,796,909)
Changes of assumptions	(6,208,408)	-	(6,208,408)
Benefit payments	(12,860,795)	-	(12,860,795)
Net changes	(16,938,743)	-	(16,938,743)
Balances at June 30, 2025	<u>\$ 290,866,768</u>	<u>\$ -</u>	<u>\$ 290,866,768</u>

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – The City recognized OPEB income of \$27,685,855. Deferred outflows of resources and deferred inflows of resources related to OPEB were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 11,983,014
Changes of assumptions	-	32,187,690
Totals	<u>\$ -</u>	<u>\$ 44,170,704</u>

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

Year Ended June 30,	Amounts
2026	\$ (15,058,008)
2027	(15,058,008)
2028	(10,935,863)
2029	(3,118,825)
Total	<u>\$ (44,170,704)</u>

C. Risk Financing

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

Workers' Compensation – The City is self-insured for their workers' compensation activities which are accounted for in the General Fund where revenues are recorded when earned and are recorded when the liability is incurred. Workers' compensation claims are administered by a third-party and are funded on a pay-as-you-go basis from annual appropriations. The estimated future workers' compensation liability is based on history and injury type. The estimate of the claims liability also includes amounts for non-incremental claim adjustment expenses. The estimated liability for workers' compensation claims totaled \$177,592 at June 30, 2025. This liability is the City's best estimate based on available information.

Changes in the reported liability since July 1, 2023, are as follows:

	Balance at Beginning of Year	Claims and Changes in Estimates	Claims Payments	Balance at End of Year	Current Portion
Fiscal Year 2025	\$ 306,000	\$ 678,827	\$(807,235)	\$ 177,592	\$44,398
Fiscal Year 2024	\$ 181,000	\$ 1,415,000	\$(1,290,000)	\$ 306,000	\$46,000

D. Commitments and Contingencies

The City is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters is not always predictable with assurance. Although the amount of liability, if any, at June 30, 2025, cannot be ascertained, management believes that any resulting liability, if any, should not materially affect the basic financial statements of the City at June 30, 2025.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The amount of penalties, if any, cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

E. Landfill Closure and Post-Closure Care Costs

Federal and state laws and applicable regulations require that the City place a final cover on its landfill after closure and perform certain ongoing maintenance and monitoring functions at the site after closure. The City had operated a solid waste landfill that ceased operations in 1996. A portion of the landfill is owned by Holcim-Northeast Region, and the closure costs will be split between the City and Holcim-Northeast Region Inc., and the City will cover 100% of the post-closure costs. The City's estimated cost of landfill closure and post-closure liability at June 30,

2025, was \$10,350,000. Actual costs may fluctuate due to inflation, changes in technology, or changes in regulations.

F. Implementation of GASB Pronouncements

Current Year Implementations –

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of this Statement became effective in fiscal year 2025. The adoption of this accounting standard did not have a material effect on the City's financial statements.

In December 2023, the GASB issued GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The provisions of this Statement became effective in fiscal year 2025. The adoption of this accounting standard did not have a material effect on the City's financial statements.

Future Implementations –

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

In September 2024, the GASB issued GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2025 (fiscal year 2026). The City is currently evaluating whether adoption will have a material impact on its financial statements.

IV. Restatement and Reclassification of Prior Year Balances

During the fiscal year ended June 30, 2025 the City discovered multiple errors were made to the prior year financial statements.

These included the failure to record receivables for expenditure driven intergovernmental grants in deficit, the categorization of balances between expendable funds and private purpose trust funds, errors in the calculation of the City's landfill liability, the failure to completely record unbilled utility user charges, the misclassification of debt between governmental and business-type fund categories, the failure to record receivables for draw downs pending.

In addition, there were changes associated with major and nonmajor funds and conforming balances to the current year presentation.

The impact of these multiple errors and revisions are summarized in the following table:

	Governmental	General	School	COVID-19	Nonmajor	Private	Business-type	Proprietary	
	Activities	Fund	Capital Projects	Fund	Governmental	Purpose	Activities	Water	Sewer
			Fund			Funds			
Prior year, as previously reported	\$ (270,361,825)	\$ 30,021,620	\$ 30,191,683	\$ (2,419,318)	\$ 18,686,195	\$ 6,176,557	\$ 35,677,774	\$ 18,474,242	\$ 17,203,532
Change in the financial reporting entity	-	-	-	2,419,318	(2,419,318)	-	-	-	-
Conforming error	(2,250,980)	-	-	-	(2,250,980)	-	-	-	-
Error in intergovernmental receivables	3,452,953	-	-	-	3,452,953	-	-	-	-
Error in trust fund categorization	378,754	-	-	-	378,754	(378,754)	-	-	-
Error in landfill estimate	3,370,000	-	-	-	-	-	(251,116)	-	(251,116)
Error in capital project classification	2,005,536	-	-	-	2,005,536	-	(2,005,536)	(1,680,590)	(324,946)
Error in unbilled receivables	-	-	-	-	-	-	(1,444,417)	(541,445)	(902,972)
Error in recording debt	-	-	-	-	-	-	-	30,000	(30,000)
Error in MCWT receivable	-	-	-	-	-	-	(399,318)	-	(399,318)
Prior year, as restated	<u>\$ (263,405,562)</u>	<u>\$ 30,021,620</u>	<u>\$ 30,191,683</u>	<u>\$ -</u>	<u>\$ 19,853,140</u>	<u>\$ 5,797,803</u>	<u>\$ 31,577,387</u>	<u>\$ 16,282,207</u>	<u>\$ 15,295,180</u>

CITY OF HAVERHILL, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS

YEARS ENDED JUNE 30, 2025

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

Year Ended December 31,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	94.51%	\$ 121,261,462	\$ 54,765,337	221.42%	70.94%
2023	94.52%	135,847,784	50,082,987	271.25%	66.76%
2022	94.61%	154,654,494	46,915,571	329.64%	61.74%
2021	94.62%	117,695,045	45,121,636	260.84%	70.31%
2020	94.65%	155,275,432	42,206,333	367.90%	59.84%
2019	95.70%	173,505,636	39,656,687	437.52%	54.32%
2018	95.06%	185,458,181	39,241,159	472.61%	49.48%
2017	95.06%	169,102,486	38,828,347	435.51%	53.14%
2016	95.35%	169,524,586	36,801,857	460.64%	50.12%
2015	95.39%	154,851,511	38,734,500	399.78%	51.36%

SCHEDULE OF THE CITY'S CONTRIBUTIONS TO PENSION PLAN

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 23,699,609	\$ 23,731,326	\$ (31,717)	\$ 60,241,871	39.39%
2024	22,834,887	22,866,584	(31,697)	55,091,286	41.51%
2023	22,367,876	22,400,035	(32,159)	51,607,128	43.40%
2022	21,091,391	21,124,405	(33,014)	49,633,800	42.56%
2021	20,056,420	20,074,204	(17,784)	46,426,966	43.24%
2020	19,326,327	19,359,641	(33,314)	43,622,356	44.38%
2019	16,935,463	16,962,293	(26,830)	43,165,275	39.30%
2018	16,612,725	16,940,056	(327,331)	42,711,182	39.66%
2017	15,685,281	15,724,771	(39,490)	40,482,043	38.84%
2016	15,086,263	15,113,837	(27,574)	42,607,950	35.47%

See accompanying independent auditors' report.

CITY OF HAVERHILL, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEARS ENDED JUNE 30, 2025**

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

Year Ended June 30, *	Commonwealth's Proportionate Share of the Collective Net Pension Liability	City's Proportion Share of the Collective Net Pension Liability	Commonwealth's Proportionate Share of the Net Pension Liability Associated with the City	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	100.0%	0.0%	\$ 211,592,162	\$ 17,465,159	61.45%
2024	100.0%	0.0%	202,494,571	19,373,796	58.48%
2023	100.0%	0.0%	202,358,604	16,645,970	57.75%
2022	100.0%	0.0%	169,929,346	13,636,122	62.03%
2021	100.0%	0.0%	201,387,819	24,874,281	50.67%
2020	100.0%	0.0%	181,206,442	21,974,426	53.95%
2019	100.0%	0.0%	168,923,687	17,117,970	54.84%
2018	100.0%	0.0%	160,435,307	16,745,100	54.25%
2017	100.0%	0.0%	153,786,397	15,687,221	52.73%
2016	100.0%	0.0%	142,197,190	11,533,458	55.38%

* Amounts determined for the previous year ended June 30.

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

See accompanying independent auditors' report.

CITY OF HAVERHILL, MASSACHUSETTS

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS**

	Year Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:								
Service cost	\$ 8,528,695	\$ 6,133,608	\$ 5,869,481	\$ 2,533,184	\$ 2,424,100	\$ 1,808,347	\$ 1,808,348	\$ 1,730,476
Interest	12,398,674	12,100,251	11,878,223	10,608,907	10,568,148	13,741,765	14,226,433	14,007,718
Differences between expected and actual experience	(18,796,909)	(21,308,318)	-	(57,848,451)	-	(27,088,121)	(24,730,591)	-
Changes of assumptions	(6,208,408)	(22,501,462)	-	(79,485,786)	-	130,649,365	-	-
Benefit payments	(12,860,795)	(12,306,981)	(11,040,296)	(11,537,109)	(11,045,207)	(10,569,576)	(9,207,179)	(10,745,972)
Net change in total OPEB liability	(16,938,743)	(37,882,902)	6,707,408	(135,729,255)	1,947,041	108,541,780	(17,902,989)	4,992,222
Total OPEB liability - beginning of year	307,805,511	345,688,413	338,981,005	474,710,260	472,763,219	364,221,439	382,124,428	377,132,206
Total OPEB liability - end of year (a)	<u>\$ 290,866,768</u>	<u>\$ 307,805,511</u>	<u>\$ 345,688,413</u>	<u>\$ 338,981,005</u>	<u>\$ 474,710,260</u>	<u>\$ 472,763,219</u>	<u>\$ 364,221,439</u>	<u>\$ 382,124,428</u>
Covered payroll	\$ 98,406,441	\$ 83,748,549	\$ 82,024,313	\$ 79,250,544	\$ 77,665,533	\$ 76,112,222	\$ 74,589,978	\$ 73,098,178
Net OPEB liability as a percentage of covered-employee payroll	295.58%	367.54%	421.45%	427.73%	611.22%	621.14%	488.30%	522.76%

Note:

This schedule is presented to illustrate the requirement to show information for 10 years.
However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See independent auditors' report.

CITY OF HAVERHILL, MASSACHUSETTS

**SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS**

	Year Ended June 30,							
	2025	2024	2023	2022	2021	2020	2019	2018
Contractually-determined contribution	\$ 12,860,795	\$ 12,306,981	\$ 11,040,296	\$ 11,537,109	\$ 11,045,207	\$ 10,569,576	\$ 9,207,179	\$ 10,745,972
Contributions in relation to the actuarially-determined contribution	(12,860,795)	(12,306,981)	(11,040,296)	(11,537,109)	(11,045,207)	(10,569,576)	(9,207,179)	(10,745,972)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 98,406,441	\$ 83,748,549	\$ 82,024,313	\$ 79,250,544	\$ 77,665,533	\$ 76,112,222	\$ 74,589,978	\$ 73,098,178
Contribution as a percentage of covered payroll	13.07%	14.70%	13.46%	14.56%	14.22%	13.89%	12.34%	14.70%

CITY OF HAVERHILL, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual		Actual	Variance
	Original	Final	Budgetary		Budgetary	Postive
	Budget	Budget	Amounts	Encumbrances	Adjusted	(Negative)
Revenues						
Real estate and personal property taxes, net	\$ 132,886,756	\$132,886,756	\$ 132,878,065	\$ -	\$ 132,878,065	\$ (8,691)
Intergovernmental	102,667,226	102,667,226	103,134,166	-	103,134,166	466,940
Motor vehicle and other excises	9,206,759	9,206,759	10,472,410	-	10,472,410	1,265,651
Hotel & meal tax	1,499,950	1,499,950	1,629,056	-	1,629,056	129,106
Licenses and permits	2,374,375	2,374,375	3,254,813	-	3,254,813	880,438
Departmental and other revenue	4,686,693	4,686,693	5,655,151	-	5,655,151	968,458
Penalties and interest on taxes	730,115	730,115	743,874	-	743,874	13,759
Fines and forfeitures	700,000	700,000	674,504	-	674,504	(25,496)
Investment income	800,000	800,000	3,144,963	-	3,144,963	2,344,963
Total Revenues	255,551,874	255,551,874	261,587,002	-	261,587,002	6,035,128
Expenditures						
General government	11,067,420	11,067,420	8,631,104	1,550,470	10,181,574	885,846
Public safety	30,629,604	30,629,604	30,280,778	229,611	30,510,389	119,215
Education	140,376,471	140,376,471	134,746,915	5,614,544	140,361,459	15,012
Public works	12,595,998	13,095,998	12,107,342	766,875	12,874,217	221,781
Health and human services	1,163,047	1,163,047	1,107,740	5,540	1,113,280	49,767
Culture and recreation	2,179,269	2,179,269	2,146,095	13,028	2,159,123	20,146
Pensions and fringe benefits	52,725,346	52,725,346	52,211,370	-	52,211,370	513,976
State and county tax assessments	9,344,393	9,344,393	9,268,509	-	9,268,509	75,884
Debt service	7,707,216	7,707,216	5,651,601	-	5,651,601	2,055,615
Total Expenditures	267,788,764	268,288,764	256,151,454	\$ 8,180,068	264,331,522	3,957,242
Other Financing Sources (Uses)						
Transfers in	970,257	970,257	990,257		990,257	(20,000)
Transfers out	-	(1,148,942)	(1,238,942)		(1,238,942)	90,000
Total Other Financing Sources (Uses)	970,257	(178,685)	(248,685)		(248,685)	70,000
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses						
Of Prior Year Budgetary Fund Balance	(11,266,633)	(12,915,575)	5,186,863		\$ (2,993,205)	\$ 10,062,370
Other Budgetary Items						
Use of free cash (unassigned fund balance)	5,300,000	6,948,942				
Prior year encumbrances	5,612,451	5,612,451				
Other items	354,182	354,182				
	<u>\$ -</u>	<u>\$ -</u>				

See notes to the required supplementary information of this schedule.

See accompanying independent auditors' report.

CITY OF HAVERHILL, MASSACHUSETTS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION YEAR ENDED JUNE 30, 2025

I. Budgetary Basis of Accounting

Budgetary Information – An annual budget is legally adopted for the General Fund. Financial orders are initiated by department heads, recommended by the Mayor, and approved by the City Council. Expenditures may not legally exceed appropriations at the department level. Department heads may transfer, without City Council approval, appropriation balances from one expenditure account to another within their department or budget. City Council, however, must approve any transfer of unencumbered appropriation balances between departments. At the close of each fiscal year, unencumbered appropriation balances lapse or reverts to unassigned fund balance.

The City adopts an annual budget for the general fund in conformity with the guidelines described above. During fiscal year 2025, City Council approved subsequent changes between appropriations that increased the total budget by an immaterial amount. The City Auditor has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted by City Council. Budgetary control is exercised through the City's accounting system.

Budgetary-to-GAAP Reconciliation – The City's general fund is prepared on a basis of accounting other than GAAP. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2025, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 261,587,002
Stabilization revenue	\$ -	\$ 934,128	934,128
Change in accruing tax revenues	(43,914)	-	(43,914)
Change in recording tax refunds payable	485,252	-	485,252
On behalf payments	17,465,159	-	17,465,159
Revenues on a GAAP basis	<u>\$ 17,906,497</u>	<u>\$ 934,128</u>	<u>\$ 280,427,627</u>
Expenditures on a budgetary basis			\$ 256,151,454
Reclass of enterprise indirects cost to expenditures	\$ (890,257)	\$ -	(890,257)
Change in accruing payroll expenditures	707,159	-	707,159
On behalf payments	17,465,159	-	17,465,159
Expenditures on a GAAP basis	<u>\$ 17,282,061</u>	<u>\$ -</u>	<u>\$ 273,433,515</u>
Other financing sources (uses) on a budgetary basis			\$ (248,685)
Reclass of enterprise indirects cost to expenditures	\$ (890,257)	\$ -	(890,257)
Other financing sources (uses) on a GAAP basis	<u>\$ (890,257)</u>	<u>\$ -</u>	<u>\$ (1,138,942)</u>

Excess of Expenditures Over Appropriations – During the fiscal year ended, expenditures exceeded appropriations in the General Fund for snow and ice removal by \$494,647. This over-expenditure was funded in fiscal 2026.