

SUPPLEMENT TO PRELIMINARY OFFICIAL STATEMENT

\$30,570,000

CITY OF BROCKTON, MASSACHUSETTS
GENERAL OBLIGATION BOND ANTICIPATION NOTES

This Supplement to Preliminary Official Statement (“Supplement”) is provided by the City of Brockton, Massachusetts (the “City”) to supplement certain information contained in the City’s Preliminary Official Statement dated May 27, 2026 (the “Preliminary Official Statement”) relating to the above-described bond anticipation notes (the “Notes”). All capitalized terms used in this Supplement shall have the respective meanings ascribed to them in the Preliminary Official Statement.

The last paragraph appearing under the heading “State Qualified Bonds” on page 12 of the Preliminary Official Statement is amended in its entirety to read as follows:

The City may issue other bonds as qualified bonds on a parity with the bonds that are expected to be issued to retire the Notes pursuant to Chapter 44A. The City projects the following qualified bonds will be outstanding as of June 30, 2026; \$800,000 of an original \$1,600,000 taxable qualified bonds dated June 22, 2018, \$2,465,000 of an original \$4,885,000 qualified bonds dated June 22, 2018, \$3,000,000 of an original issue of \$5,190,000 qualified bonds dated June 20, 2019, \$3,875,000 of an original issue of \$6,800,000 qualified bonds dated June 17, 2021, \$2,945,000 of an original issue of \$3,785,000 qualified bonds dated June 16, 2022, \$90,615,000 of an original issue of \$93,780,000 qualified bonds dated August 4, 2022, and \$1,830,000 of an original issue of \$1,990,000 qualified bonds dated June 12, 2025. See "INDEBTEDNESS-Coverage of Qualified Debt Service" for a discussion of the projected coverage of qualified debt service by state aid.

The balance of the Preliminary Official Statement is unchanged.

City of Brockton, Massachusetts

/s/ Troy B.G. Clarkson, Ph.D.
Chief Financial Officer

May 28, 2026

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PRELIMINARY OFFICIAL STATEMENT DATED MAY 27, 2026

RATING:
S&P Global Ratings: SP-1+
(see "Rating" herein)

In the opinion of Troutman Pepper Locke LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Notes will not be included in computing the alternative minimum taxable income of individuals. However, interest on the Notes will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under existing law, interest on the Notes is exempt from Massachusetts personal income taxes, and the Notes are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See "Tax Exemption" herein. The Notes will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

CITY OF BROCKTON, MASSACHUSETTS
\$30,570,000
GENERAL OBLIGATION BOND ANTICIPATION NOTES

<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>CUSIP</u>
\$ 30,570,000		%	111746

Dated: June 12, 2026

Due: October 8, 2026

The City of Brockton, Massachusetts (the "City"), is issuing the following described Bond Anticipation Notes (the "Notes") of the City.

\$30,570,000 General Obligation Bond Anticipation Notes (new money). Interest will be computed on a 30-day-month/360-day-year basis (116/360).

The Notes are not subject to redemption prior to maturity. The Notes are issuable only in fully registered form, without coupons, registered in the name of Cede & Co., as Noteowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Notes. Purchases of the Notes will be made in book-entry form in the denomination of \$1,000, or any integral multiple thereof. See "Book Entry Transfer System".

Principal and interest on the Notes will be payable upon maturity in federal reserve funds by U.S. Bank Trust Company, National Association, or its successors, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Noteowner, such payments will be made directly to such Noteowner. The disbursements of such payments to the DTC Participants is the responsibility of DTC, and the disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

Payment of the principal and interest on the Notes is not limited to a particular fund or source of revenue nor is any lien or pledge for such payment created with respect to any such fund or source. The Notes will be valid general obligations of the City and, except to the extent they are paid from the proceeds from the sale of bonds in anticipation of which they are issued or from any other available moneys, the principal of and interest on the Notes are payable from taxes which may be levied upon all taxable property in the City, subject to the limitations imposed by Chapter 59, Section 21C of the General Laws; provided that taxes levied on certain taxable property located within a development district established by the City pursuant to Chapter 40Q of the General Laws may be restricted and unavailable to pay the principal of and interest on the Notes. See "Authorization of the Notes and Use of Proceeds" herein.

The Notes are offered, when, as and if issued by the City and accepted by Stifel, Nicolaus & Company, Incorporated, as underwriter (the "Underwriter"), subject to prior sale, to withdrawal or modification of the offer without notice and to approval as to legality by Troutman Pepper Locke LLP, Boston, Massachusetts, Bond Counsel to the City, and certain other conditions. Certain matters will be passed upon for the Underwriter by Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts. Hilltop Securities, Inc., Boston, Massachusetts, serves as Municipal Advisor to the City.

The Notes, in definitive form, will be delivered to DTC on or about June 12, 2026, against payment to the City in federal reserve funds.

STIFEL

June __, 2026

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances may this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy, nor may there be any sale of these securities in any jurisdictions in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

The CUSIP (Committee on Uniform Securities Identification Procedures) number on the cover of this Official Statement has been assigned by an organization not affiliated with the City or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP number. The CUSIP number is included solely for the convenience of Noteowners and no representation is made as to the correctness of the CUSIP number printed on the cover hereof. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including but not limited to the refunding or defeasance of such issue or the use of secondary market financial products. Neither the City nor the Underwriter has agreed to, nor is there any duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP number printed on the cover hereof. CUSIP® is a registered trademark of the American Bankers Association.

No dealer, broker, sales person or other person has been authorized by the City, the Underwriter, or the Municipal Advisor to give any information or to make any representations with respect to the City or the Notes, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City, the Underwriter, or the Municipal Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale. The Underwriter may offer and sell Notes to certain dealers and others at prices lower than the offering prices stated on the cover page hereof. The offering prices may be changed from time to time by the Underwriter.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed information in this Official Statement as part of, and in accordance with, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Any provisions of the constitution of The Commonwealth of Massachusetts, of all general and special laws and of other documents set forth or referred to in this Official Statement are only summarized, and such summaries do not purport to be complete statements of such provisions. Only the actual text of such provisions can be relied upon for completeness and accuracy.

This Official Statement contains certain forward-looking statements that are subject to a variety of risks and uncertainties that could cause actual results to differ from the projected results, including without limitation general economic and business conditions, conditions in the financial markets, the financial condition of the City and The Commonwealth of Massachusetts, receipt of state aid and federal grants, litigation, arbitration, cybersecurity threats, terrorist events, force majeure events, changes in law, and various other factors that are beyond the control of the City and its various departments and agencies. Because of the inability to predict all factors that may affect future decisions, actions, events or financial circumstances, what actually happens may be different from what is set forth in such forward-looking statements. Forward-looking statements are indicated by use of such words as “may,” “will,” “should,” “intends,” “expects,” “believes,” “anticipates,” “estimates” and others.

The information contained herein has been furnished by the City and certain information has been obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness and is not to be construed as a representation of the Underwriter or, as to information from other sources, the City. Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any such statements will be realized. The information, estimates and assumptions and expressions of opinion in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Notes shall, under any circumstances, create any implication that there has been no change in the affairs of the City since the date of this Official Statement, except as expressly stated. This Official Statement is submitted in connection with the sale of the Notes and may not be reproduced or used, in whole or in part, for any other purpose.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
SUMMARY STATEMENT	4	CITY FINANCES:	
OFFICIAL STATEMENT	5	Budget and Appropriation Process	31
THE NOTES	5	Budget Trends	32
Description of the Notes	5	Revenues (General Fund)	32
Record Date	5	Education Reform	33
Authorization of the Notes and Use of Proceeds	6	State School Building Assistance	33
Anticipated Contemporaneous Debt Issuance	6	Investment of City Funds	33
Sources and Uses of Note Proceeds	6	Accounting Policies	34
Tax Exemption	7	Annual Audits	34
Risk of Future Legislative Changes and/or Court Decisions	8	Delay Audited Financials	35
Certain Financial Information Subject to Change	8	Financial Statements	35
Book-Entry Transfer System	8	Brockton Deficits FY 2023 & FY 2024 and	
Security and Remedies	9	Estimated Deficit For FY 2025	35
Bank Eligibility	11	Combined Balance Sheet – All Fund Types and Account	
Opinion of Bond Counsel	11	Group As of June 30, 2025 (Unaudited)	36
Rating	11	Governmental Funds Balance Sheet	
State Qualified Bond Act	12	As of June 30, 2024	38
Certain Legal Matters	12	Governmental Funds Balance Sheet	
Municipal Advisory Services of Hilltop Securities Inc.	12	As of June 30, 2023	39
Disclosure of Significant Events	13	Governmental Funds Balance Sheet	
CITY OF BROCKTON, MASSACHUSETTS:		As of June 30, 2022	40
General	14	Statement of Revenues, Expenditures & Changes	
Principal Executive Officers	14	In Fund Balance – As of June 30, 2024	41
Municipal Services	14	Statement of Revenues, Expenditures & Changes	
Water Supply	14	In Fund Balance – As of June 30, 2023	42
Climate Resiliency	15	Statement of Revenues, Expenditures & Changes	
Industry, Commerce and Quality of Life	15	In Fund Balance – As of June 30, 2022	43
Completed Projects Downtown Since 2020	17	Statement of Revenues, Expenditures & Changes	
Projects under Construction 2026	18	In Fund Balance – As of June 30, 2021	44
Project which are Committed but in the Planning Stages	18	Statement of Revenues, Expenditure s& Changes	
Projects in the Future	18	In Fund Balance – As of June 30, 2020	44
New Business	18	Fund Balance and Free Cash – General Fund	46
Largest Employers	19	Free Cash – Enterprise Fund	46
Labor Force and Unemployment Rates	20	Reserve Funds	46
Education	20	Tax Increment Financing for Development Districts	47
Public Schools Enrollments	20	Enterprise Funds	47
Transportation and Utilities	21	Parking Authority Fund	47
Cybersecurity	21	INDEBTEDNESS:	
Population, Income and Wealth Levels	22	Authorization Procedure and Limitations	48
Population Trend	22	Debt Limits	48
PROPERTY TAXATION:		Types of Obligations	48
Tax Levy Computation	23	Direct Debt Summary	50
Assessed Valuations and Tax Levies	24	Debt Ratios	50
Classification of Property	24	Principal Payments by Purpose	51
Levy Distribution	24	Debt Service Requirements	52
Tax Rate Per \$1,000 Valuation	25	Authorized Unissued Debt and Prospective Financing	52
Largest Taxpayers	25	Coverage of State Qualified Debt	53
State Equalized Valuation	25	Overlapping Debt	54
Abatements and Overlay	26	Contractual Obligations	54
Tax Levies and Collections	26	RETIREMENT PLAN	55
Taking and Sale	27	Retirement Funding Schedule	57
Taxation to Meet Deficits	27	OTHER POST-EMPLOYMENT BENEFITS	57
Tax Limitations	28	STATUS OF UNION CONTRACTS	59
Sale of Tax Receivables	29	UNDERWRITING	59
Pledged Taxes	29	LITIGATION	59
Community Preservation Act	29	APPENDIX A - Fiscal 2024 Audit	
		APPENDIX B - Proposed Form of Legal Opinion	

The information and expressions of opinion in this Preliminary Official Statement are subject to change without notice. Neither the delivery of this Preliminary Official Statement nor any sale of the Notes shall, under any circumstances, create any implication that there has been no material change in the affairs of the City since the date of this Preliminary Official Statement.

SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Issuer:	City of Brockton, Massachusetts.
Issue:	\$30,570,000 General Obligation Bond Anticipation Notes, see "Book-Entry Transfer System" herein.
Official Statement Dated:	May 27, 2026.
Dated Date of the Notes:	As of their date of delivery.
Principal Due:	October 8, 2026.
Interest Payable:	October 8, 2026.
Purpose and Authority:	The Notes are authorized by the City for various municipal purposes under provisions of the Massachusetts General Laws as detailed herein.
Redemption:	The Notes are not subject to redemption prior to their stated maturity dates.
Security for the Notes:	The Notes are valid general obligations of the City of Brockton, Massachusetts, and except to the extent paid from other sources the principal of and interest on the Notes are payable from taxes that may be levied upon all taxable property within the territorial limits of the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws; provided that taxes levied on certain taxable property located within a development district established by the City pursuant to Chapter 40Q of the General Laws may be restricted and unavailable to pay the principal of and interest on the Notes.
Credit Rating:	S&P Global Ratings has assigned a rating of SP-1+ to the Notes.
Tax Exemption:	Refer to "Tax Exemption" herein.
Continuing Disclosure:	Refer to "Disclosure of Significant Events" herein.
Bank Qualification:	The Notes <u>will not be</u> designated by the City as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Paying Agent:	U.S. Bank Trust Company, Boston, Massachusetts..
Legal Opinion:	Troutman Pepper Locke LLP, Boston, Massachusetts.
Underwriter's Counsel:	Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts
Municipal Advisor:	Hilltop Securities Inc., Boston, Massachusetts.
Delivery and Payment:	It is expected that delivery of the Notes in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about June 12, 2026, against payment in federal funds.
Additional Information:	Questions concerning the Official Statement should be addressed to: Mr. Martin Brophy, Treasurer, City of Brockton, Massachusetts Telephone (508) 580-7159 or Abby Jeffers, Managing Director, Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4404.

**PRELIMINARY OFFICIAL STATEMENT
CITY OF BROCKTON, MASSACHUSETTS
\$30,570,000
GENERAL OBLIGATION BOND ANTICIPATION NOTES**

This Preliminary Official Statement is provided for the purpose of presenting certain information relating to the City of Brockton, Massachusetts (the “City”) in connection with the sale of \$30,570,000 principal amount of its General Obligation Bond Anticipation Notes (the “Notes”). The information contained herein has been furnished by the City except information attributed to another source.

Description of the Notes

The Notes will be dated the date of their delivery (expected to be June 12, 2026) and will mature on October 8, 2026 without the option of prior redemption. The Notes will bear interest calculated on the basis of a 30-day month and a 360-day year at the rate shown on the cover of this Official Statement, payable at maturity.

The Notes are issuable only in fully registered form without coupons, registered in the name of Cede & Co., Noteowner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Notes. Purchases of the Notes will be made in book-entry form, in the denomination of \$1,000, or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Notes purchased. So long as Cede & Co. is the Noteowner, as nominee of DTC, references herein to the Noteowners or Registered Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Notes. See “Book-Entry Transfer System” herein.

Principal and interest on the Notes will be payable upon maturity in federal reserve funds by U.S. Bank Trust Company, National Association, or its successors, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Noteowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

The Notes will be general obligations of the City for which its full faith and credit are pledged. They are not guaranteed by The Commonwealth of Massachusetts (the “Commonwealth”) or any other entity. The security for the Notes is more fully described under the caption “Security and Remedies” herein. See also the caption “Opinion of Bond Counsel” herein.

Record Date

The record date for the payment of interest on the Notes is the close of business on the fifteenth calendar day preceding the maturity date provided that, with respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Noteowners at least ten (10) days before the special record date.

Authorization of the Notes and Use of Proceeds

The following table sets forth the principal amount, purpose, amount authorized, statutory reference, and date of approval for the current offering of Notes. Note proceeds may be transferred or re-appropriated to other capital projects or otherwise as permitted by Chapter 44 of the General Laws and applicable Federal tax law.

The state Municipal Finance Oversight Board approved the Bonds that will permanently finance this issue of Notes to be issued as “qualified bonds” (see “State Qualified Bond Act” herein).

This Issue	Purpose	Original Bond Authorization	Statutory Reference	Dates of Authorization
\$ 26,000,000	Additional Public Safety Complex	\$ 48,000,000	Ch.44, s.7(1)	9/24/2024
500,000	High School Feasibility Study	2,500,000 (1)	Ch.44, s.7(1)	4/9/2024
3,000,000	Various Stormwater Improvements	3,000,000	Ch.44, s.7(1)	6/25/2025
470,000	D.W. Field Golf Course Equipment	470,000	Ch.44, s.7(1)	10/30/2025
600,000	Turf Field	1,700,000	Ch.44, s.7(1)	2/13/2020
<u>\$ 30,570,000</u>				

(1) The City expects approximately 79.58% reimbursement on eligible project costs from the Massachusetts School Building Authority ('MSBA'). To date, the City has received \$415,709 from the MSBA.

The City anticipates that the Notes will be retired at maturity from proceeds from the sale of the long-term bonds in anticipation of which the Notes are issued, proceeds from the sale of renewal bond anticipation notes, MSBA grants, or other available funds of the City, or a combination of such sources. The ability of the City to retire the Notes from the proceeds of the sale of either renewal notes or long-term bonds will be dependent on the marketability of such notes or long-term bonds under market conditions prevailing at the time they are offered for sale, which are subject to change due to factors beyond the control of the City.

Anticipated Contemporaneous Debt Issuance

The City anticipates issuing its General Obligation Pension Bonds (Subject to Federal and Massachusetts Income Taxation) in the principal amount of \$58,645,000 (such amount is preliminary and subject to change) (the “Pension Bonds”) contemporaneously with the Notes. The issuance, sale and delivery of the Notes is not contingent on the issuance, sale or delivery of the Pension Bonds. The Pension Bonds are not offered by this Official Statement; see the City’s separate official statement dated May 27, 2026 for a more detailed description of the Pension Bonds.

Sources and Uses of Note Proceeds

Proceeds of the Notes will be applied as follows:

SOURCES		
Par Amount of Notes		\$
Original Issue Premium		
	Total Sources	<u>\$</u>
USES		
New Money Projects		\$
Underwriter's Discount		
Cost of Issuance*		
Interest Payment on Notes**		
	Total Uses	<u>\$</u>

* Includes cost of professional fees and miscellaneous expenses. The City expects to pay costs of issuance with Note premium.

** Balance of Note premium (net of underwriter’s discount and costs of issuance) to be used for the payment of interest on the Notes at maturity in accordance with M.G.L. Ch. 44, s. 20.

Tax Exemption

In the opinion of Troutman Pepper Locke LLP, Bond Counsel to the City (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is of the further opinion that interest on the Notes will not be included in computing the alternative minimum taxable income of Noteholders who are individuals. However, interest on the Notes will be included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Notes. The Notes will not be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. Failure to comply with these requirements may result in interest on the Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Notes. The City has covenanted to comply with such requirements to ensure that interest on the Notes will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Notes is exempt from Massachusetts personal income taxes, and the Notes are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Notes. Prospective Noteholders should be aware, however, that the Notes are included in the measure of Massachusetts estate and inheritance taxes, and the Notes and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Notes or the income therefrom or any other tax consequences arising with respect to the Notes under the laws of any state other than Massachusetts.

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Notes is sold to the public, as applicable. The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Noteholders should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of purchasers who do not purchase such Notes in the original offering to the public at the reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Notes, or, in some cases, at the earlier redemption date of such Notes (“Premium Notes”), will be treated as having amortizable note premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable note premium in the case of obligations, such as the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, a Noteholder’s basis in a Premium Note will be reduced by the amount of amortizable note premium properly allocable to such Noteholder. Holders of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable note premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Notes may adversely affect the value of, or the tax status of interest on, the Notes.

Although Bond Counsel is of the opinion that interest on the Notes is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Notes may otherwise affect the federal or state tax liability of a Noteholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Notes, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Notes in determining the portion of such benefits that are included in gross income. The nature and extent of all such other

tax consequences will depend upon the particular tax status of the Noteholder or the Noteholder's other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Noteholders should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

Additionally, Noteholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Notes for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Notes may be affected and the ability of Noteholders to sell their Notes in the secondary market may be reduced. The Notes are not subject to special mandatory redemption, and the interest rate on the Notes is not subject to adjustment, in the event of any such change in the tax treatment of interest on the Notes.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Certain Financial Information Subject to Change

Any City financial information set forth herein for the fiscal year ended June 30, 2025 or later is unaudited, preliminary and subject to change. No independent verification has been received with respect to such fiscal year 2025 or later information. See "CITY FINANCES – Availability of Current Financial Information" herein.

The City's audited financial statements for the fiscal year ended June 30, 2025 are expected to be available in mid-August 2026 and will be posted to the Electronic Municipal Market Access platform ("EMMA") of the Municipal Securities Rulemaking Board (the "MSRB") when available.

Book-Entry Transfer System

This section shall apply to Notes issued in book-entry form through the facilities of The Depository Trust Company, New York, NY ("DTC").

DTC will act as securities depository for the Notes. The Notes will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each interest rate, each in the aggregate principal amount bearing such interest rate, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+

from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each security deposited with DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities deposited with DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with it; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the City or the Paying Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the City or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "Serial Bonds and Notes" under "INDEBTEDNESS – Types of Obligations") and setoffs of state distributions as described below (see "State Distributions" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year “all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments”. Specific provision is also made for including in the next tax levy payments of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid, if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See “Tax Limitations” under “PROPERTY TAXATION” below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

No Lien. Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other moneys to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See “INDEBTEDNESS-Debt Limits” below.) Subject to the approval of the State Director of Accounts for judgments above \$10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See “Tax Limitations” under “PROPERTY TAXATION” below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry fee, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, community preservation and affordable housing and related purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately held property in the city or town for certain energy conservation and renewable energy projects and may borrow to establish such fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “*Serial Bonds and Notes*” under “INDEBTEDNESS – Types of Obligations” below) and any other sums due and payable by the city or town to The Commonwealth of Massachusetts (the “Commonwealth”) or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority (“MBTA”) or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority (“MWRA”) if the city or town is within the territory served by the MWRA, for any debt service due on obligations issued to the Massachusetts School Building Authority (“MSBA”), or for charges necessary to meet obligations under the Commonwealth’s Clean Water and/or Drinking Water Revolving Loan Programs, administered by the Massachusetts Clean Water Trust (“MCWT”) including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town. The City is not within the territory served by the MWRA. The City has outstanding obligations to the MCWT and MSBA. See “INDEBTEDNESS – Principal Payments by Purpose” and “INDEBTEDNESS – Debt Service Requirements”.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the State legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, however, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Bank Eligibility

The Notes will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

Opinion of Bond Counsel

The Underwriter will be furnished the legal opinion of the firm of Troutman Pepper Locke LLP, Bond Counsel to the City. The opinion will be dated and given on and will speak only as of the date of original delivery of the Notes, approving the legality of the Notes. The opinion will state, among other things, that interest on the Notes is excluded from gross income of the owners of the Notes for federal income tax purposes and is exempt from Massachusetts personal income taxes, and that the Notes are exempt from Massachusetts personal property taxes. In addition, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. However, interest on the Notes will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Internal Revenue Code of 1986. See "Tax Exemption" above. The opinion will also indicate that the Notes and the enforceability thereof may be subject to bankruptcy and other laws affecting creditor's rights and their enforceability may also be subject to exercise of judicial discretion in appropriate cases. The Notes will be valid general obligations of the City and, except to the extent they are paid from the proceeds of bonds in anticipation of which they are issued or from any other sources, the principal of and interest on the Notes are payable from taxes which may be levied upon all taxable property in the City, subject to the limit imposed by Chapter 59, Section 21C of the Massachusetts General Laws; provided that taxes levied on certain taxable property located within a development district established by the City pursuant to Chapter 40Q of the General Laws may be restricted and unavailable to pay the principal of and interest on the Notes.

Rating

S&P Global Ratings ("S&P") has assigned a rating of SP-1+ to the Notes. Any explanation of the significance of such rating may be obtained only from S&P. There is no assurance that any rating will continue for any given period of time or that any rating might not be revised, either upwards or downwards, or withdrawn if in the judgment of the rating agency assigning such rating, circumstances so warrant.

State Qualified Bond Act

The Bonds expected to be issued to retire this issue of Notes will constitute “qualified bonds” pursuant to Chapter 44A of the General Laws. Pursuant to Chapter 44A the City Treasurer shall at the delivery date of the Bonds certify to the State Treasurer the maturity schedule, interest rates, and dates of payment of debt service on such qualified bonds. The State Treasurer shall pay the debt service on qualified bonds and after payment shall withhold from the distributable aid (as defined in Chapter 44A) payable to the City an amount which will be sufficient to pay the debt service on the qualified bonds or, if the amount of such distributable aid in any year is insufficient for the purpose, from any other amounts payable by the Commonwealth to the City under any provision of law. From the time withheld by the State Treasurer, all such distributable aid or amounts so withheld and paid shall be exempt from being levied upon, taken, sequestered, or applied toward paying the debts of the City other than for payment of debt service on such qualified bonds.

The Commonwealth covenants in Section 8 of Chapter 44A with the purchasers, holders and owners, from time to time, of qualified bonds that it will not repeal, revoke, rescind, modify, or amend the above described provisions so as to create any lien or charge on or pledge, assignment, diversion, withholding of payment, or other use of or deduction from any distributable aid or other amounts to be paid to any holder of qualified bonds which is prior in time or superior in right to the payment required by said provisions; provided, however, that nothing therein contained shall be deemed or construed to require the Commonwealth to continue to make payments of distributable aid or other amounts or to limit or prohibit the Commonwealth from repealing or amending any law heretofore or hereafter enacted for the payment or apportionment of such aid or other amounts, or of the manner, time, or amount thereof.

Chapter 44A also provides that the certification to the State Treasurer as to the amount payable in any year for debt service on qualified bonds shall be fully conclusive as to such qualified bonds from and after the time of issuance of such qualified bonds, notwithstanding any irregularity, omission, or failure as to compliance with any of the provisions of Chapter 44A with respect to such qualified bonds.

Chapter 44A further provides that nothing therein shall be construed to relieve the City of the obligation imposed on it by law to appropriate and to include in its annual tax levy amounts necessary to pay, in each year, the principal and interest maturing and becoming due on any qualified bonds issued by the City; provided, however, that to the extent of the amounts of distributable aid or other amounts payable to the City which have been or are to be applied to the payment of such qualified bonds, the State Treasurer shall certify to the City Auditor the amounts so withheld and thereafter such amounts shall be credited to the appropriations of the City for the current fiscal year; and provided, further that to the extent to which distributable aid is not appropriated by the Commonwealth in any fiscal year, such appropriated amounts of the City shall be used to pay the debt service maturing and becoming due in such year on such qualified bonds of the City.

Nothing in Chapter 44A shall be construed to pledge the credit and assets of the Commonwealth to the support of any qualified bonds or to guarantee payment or stand as surety for the payment of any qualified bonds.

S&P currently rates State Qualified Bonds AA+ based on their rating of the State Qualified Bond Act program rating.

The City may issue other bonds and notes as qualified bonds and notes on a parity with the Notes pursuant to Chapter 44A. In addition to this issue of Notes, the City projects the following qualified bonds will be outstanding as of June 30, 2026; \$800,000 of an original \$1,600,000 taxable qualified bonds dated June 22, 2018, \$2,465,000 of an original \$4,885,000 qualified bonds dated June 22, 2018, \$3,000,000 of an original issue of \$5,190,000 qualified bonds dated June 20, 2019, \$3,875,000 of an original issue of \$6,800,000 qualified bonds dated June 17, 2021, \$2,945,000 of an original issue of \$3,785,000 qualified bonds dated June 16, 2022, \$90,615,000 of an original issue of \$93,780,000 qualified bonds dated August 4, 2022, and \$1,830,000 of an original issue of \$1,990,000 qualified bonds dated June 12, 2025. See "INDEBTEDNESS--Coverage of Qualified Debt Service" for a discussion of the projected coverage of qualified debt service by state aid.

Certain Legal Matters

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approval of Troutman Pepper Locke LLP, Boston, Massachusetts, Bond Counsel. The approving opinion of Bond Counsel, as described under the heading “Opinion of Bond Counsel” above, will be delivered with the Notes. Certain legal matters will be passed upon for the Underwriter by its counsel, Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., Boston, Massachusetts.

Municipal Advisory Services of Hilltop Securities Inc.

Hilltop Securities Inc., Boston, Massachusetts, serves as Municipal Advisor to the City.

Disclosure of Significant Events

In order to assist the Underwriter in complying with the requirements of paragraph (b)(5)(i)(C) of Rule 15c2-12 promulgated by the Securities and Exchange Commission (as amended, the "Rule") applicable to municipal securities having a stated maturity of 18 months or less, the City will covenant for the benefit of the owners of the Notes to file with the MSRB, notices of the occurrence of any of the following events with respect to the Notes within ten business days of such occurrence: (a) principal and interest payment delinquencies; (b) non-payment related defaults, if material; (c) unscheduled draws on debt service reserves reflecting financial difficulties; (d) unscheduled draws on credit enhancements reflecting financial difficulties; (e) substitution of credit or liquidity providers, or their failure to perform; (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (g) modifications to rights of owners of the Notes, if material; (h) bond calls, if material, and tender offers; (i) defeasances; (j) release, substitution or sale of property securing the repayment of the Notes, if material; (k) ratings changes on the Notes; (l) bankruptcy, insolvency, receivership or similar event of the City; (m) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (n) appointment of a successor or additional trustee or the change of name of a trustee, if material; (o) incurrence of a financial obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect the owners of the Notes, if material; and (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the City, any of which reflect financial difficulties.

The covenant will be included in a Significant Events Disclosure Certificate to be executed by the signers of the Notes and incorporated by reference in the Notes. The sole remedy available to the owners of the Notes for the failure of the City to comply with any provision of the certificate shall be an action for specific performance of the City's obligations under the certificate and not for money damages; no other person shall have any right to enforce any provision of the certificate.

The City is a member of the Southeastern Regional Vocational Technical School District, Massachusetts (the "District") and became obligated to file annual disclosure of certain financial information with EMMA in connection with an offering by the District that took place in 2020. To date, the City has filed all such annual financial information on a timely basis, however, due to a technical oversight, the CUSIPs for the District's 2020 issue were not linked to the City's annual filings on EMMA until October 6, 2021.

In the past five years, the City believes that it has complied, in all material respects, with its previous undertakings to provide annual reports or notices of significant events in accordance with the Rule.

CITY OF BROCKTON, MASSACHUSETTS

General

The City of Brockton is an industrial-residential city located in Plymouth County, 20 miles southwest of Boston. The City has a population of approximately 105,643 (2020 federal census) and occupies a land area of 21.4 square miles. Brockton is the population center of a primary metropolitan statistical area of approximately 170,000 persons. Settled in 1649 and incorporated as a city in 1881, it is governed by an elected mayor and an 11-member city council.

Principal Executive Officers

The following table sets forth the principal executive officers of the City.

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
Mayor	Moises M. Rodrigues	January 2028
Chief Financial Officer	Troy Clarkson	February 2028
City Auditor	Juan Gonzalez	October 2028
Treasurer/Collector	Martin S. Brophy	August 2027
City Clerk	Timothy J. Cruise	December 2027
Chairman-Board of Assessors	John O'Donnell	December 2027

Municipal Services

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

The City distributes water from Silver Lake in Halifax, the Brockton Reservoir in Avon, and the desalination plant owned by Aquaria in Dighton to its residents and to a portion of several area towns. The City has complete (approximately 98%) and separate storm and sanitary sewer systems. The Water, Sewer, Refuse, and Renewable Energy Departments operate under separate enterprise funds.

Water Supply

The City has met its long-term need for additional water by connecting to a water system through a joint effort by Bluestone Energy Inc. and the Spanish company, Inima. The joint venture (called Aquaria) constructed a desalinization (reverse osmosis) plant on the tidal estuary of the Brockton River in the Town of Dighton. In 2002, the City executed a twenty-year contract which requires the payment of a fixed price attached to an increasing volume commitment, regardless of the amount of water actually taken, plus an additional charge for water actually delivered. Effective January 1, 2020, an amendment was signed and this contract now expires in 2028. Upon its termination in 2028, the contract provides the City with four renewal options, each for an additional five year term which provides the City financial flexibility allowing for continued access to water without a significant impact on the City's finances. The Mayor, Chief Financial Officer, and DPW Commissioner, working as a team, have recommended fee increases to the City Council, including the implementation of a new \$15 quarterly user fee, which has stabilized the revenue for the water enterprise. The most recent water rate increase was passed on November 9, 2024 the \$15 quarterly fee was instituted on November 11, 2020.

The schedule for the City's fixed purchase commitment resembles the projected growth in water demand for the City, but the schedule somewhat exceeds this curve, especially in years three to eight. In the event that other water purchase contracts are executed with other municipalities, the City has the right to offset its fixed commitment with the volume commitment of other long-term purchasers or the right to reduce by about 50%, on a gallon-for-gallon basis, its fixed price for its fixed volume commitment.

The City Council approved the implementation of a user fee for water and sewer customers, making additional funds available for infrastructure investment. The \$15 quarterly fee has provided a much-needed revenue boost for the water and sewer enterprise funds and allowed the City to embark on a \$19 million water infrastructure initiative without providing additional pressure on rates. The revenue from this fee will also provide long-term stability to the revenues for the enterprises, reducing reliance on retained earnings as a source of revenue to balance the budget.

Climate Resiliency

The City has undertaken significant steps to plan for adverse weather events in addition to advancing resiliency efforts. In 2019, the City was awarded a Municipal Vulnerability Preparedness (MVP) Planning Grant to develop a Community Resiliency Plan that identified the City's top natural and climate related issues; determined existing and future strengths and vulnerabilities; and provide immediate opportunities to advance actions that would increase resiliency. After meeting with City leaders from the Department of Public Works, Public Property, Information Technology, Emergency Management Agency, Parks and Recreation, Police, and Fire, it was determined that flooding as a result of overflow issues from the Salisbury River and Ellis Brett Pond were in need of immediate attention. As a result, Brockton was awarded an MVP Action Grant in FY2023 to provide nature-based solutions that addressed the concerns of flood-prone areas in proximity to the Salisbury River. Nature-based resiliency efforts included the excavation and ecological enhancement of Ellis Brett Pond, floodplain restoration of undeveloped parcels, and potential relocation and floodplain restoration at developed sites.

Flood mitigation continues to be one of the City's top priorities. The City's Parks and Recreation Department is engaged in ongoing collaboration with the Town of Avon and Wildlands Trust to apply for MVP Action Grant funding to address the significant flooding at D.W. Field Park, one of the largest parks in the Greater Brockton region.

As it relates to Brockton's climate resiliency efforts, the City continues to be an active member of the Green Communities program and pursue annual energy efficiency funding. In fiscal year 2023, the City was awarded a Green Communities Competitive Grant to install 31 electric vehicle charging stations across the City. Furthermore, the City of Brockton was awarded the Energy Efficiency and Conservation Block Grant from the U.S. Department of Energy to achieve its energy use reduction goals, which decreases its dependence on fossil fuels and benefits the local climate. The Green Communities funds have been received and the City is in the process of installing the EV charging stations. The EED CBG funds have not been received, but the City is in constant contact with the federal government and such funds have not been cut or rescinded.

Industry, Commerce and Quality of Life

Originally a farming community, Brockton serves as the primary industrial, trade and medical center for the approximately 170,000 persons of the Brockton Primary Metropolitan Statistical Area. Brockton functions both as a suburb to Boston and as the central city within the Greater Brockton area.

There are three hospitals located within the City: the Boston Medical Center South, Brockton Hospital and the V.A. Medical Center. The City also is host to other health facilities such as Brockton Neighborhood Health, Physician One Urgent Care, and Signature Urgent Care, as well as other clinical and professional offices and convalescent facilities. The City is also host to the "Metro South Chamber of Commerce".

There are four industrial parks totaling approximately 283 acres located in Brockton: Brockton Business Center, Oak Hill Way Industrial Park, Campanelli Industrial Park and Northeast Industrial Park. Brockton Business Center includes such tenants as Copeland Toyota, Copeland Chevrolet, Paul Clark VW, Ocean Honda, McGovern Hyundai, J.N. Kidds Food Distributors, Mi Niña Tortilleria, Enterprise Car Rental, Concord Foods, Sign Design, Liberty Bakery Kenworth Trucks, InkStone Printing, US Department of Treasury, Rockland Trust Bank and Rolane Transportation. The Oak Hill Way Industrial Park includes such tenants as Eversource, First Student Transportation, New England Market, LLC a restaurant food wholesaler, IPC Lydon, LLC, Capela Bakery, City of Brockton Recycle Center, UPS, City of Brockton Wastewater Treatment Plant, Cindy's Kitchen, Zoots Cleaning Laboratory, WB Mason, and Air Energy Group. The Northeast Industrial Park includes Pizzeria Uno materials production plant, David Gooding, Inc, Therapedic Mattress, Montilio's Baking Company, and J. Derenzo Co. a site development company.

One of New England's first regional malls, the 615,000 square foot Westgate Mall, is situated at the junction of routes 24 and 27 in Brockton.

Open space in Brockton consists primarily of a 756-acre recreational area known as D.W. Field Park. The park includes six ponds, bike and foot paths, and an 18-hole golf course. There are also more than 35 neighborhood playgrounds and parks.

The Brockton Recycling Program, formerly a limited and self-sufficient program managed and operated by its residents, has been significantly expanded, with curbside pickup now offered by the City's contract vendor for trash pickup. Curbside

recycling includes newspapers, bottles, cans and plastics. Other materials such as paints, electronics, automotive products and hazardous materials can be recycled by drop-off at the City recycling center.

Cultural offerings for the public include the Brockton Historical Society, Brockton Symphony Orchestra, Opera of New England of Greater Brockton and the Brockton Art Centre-Fuller Memorial, which has won several architectural design awards. The Brockton Shoe Museum was erected in 1981, serving as a continuing reminder of Brockton's past as a leader in the manufacture of men's shoes.

Today, Brockton is a diversified commercial center and industrial-residential city. The following tables list the major categories of employment and aggregate annual wage and payroll data.

Industry	Calendar Year Average				
	2020	2021	2022	2023	2024
Construction	1,066	1,329	1,337	1,223	1,131
Manufacturing	1,963	2,005	1,969	1,917	1,908
Trade, Transportation and Utilities	7,793	7,783	7,800	7,789	7,703
Information	240	246	271	260	259
Financial Activities	876	804	767	744	691
Professional and Business Services	2,758	2,811	3,158	3,127	2,987
Education and Health Services	16,339	16,867	16,886	16,075	16,461
Leisure and Hospitality	2,280	2,468	2,604	2,635	2,617
Other Services	3,349	1,908	2,069	2,254	2,334
Total Employment	36,664	36,221	36,861	36,024	36,091
Number of Establishments	3,479	3,647	3,757	3,662	3,357
Average Weekly Wages	\$ 1,121	\$ 1,144	\$ 1,197	\$ 1,232	\$ 1,293
Total Wages	\$ 2,137,556,771	\$ 2,249,657,415	\$ 2,397,902,107	\$ 2,422,047,216	\$ 2,550,403,960

Source: Massachusetts Executive Office of Labor and Workforce Development. Data based upon place of employment, not place of residence. Due to the reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

The following table sets forth the trend in single-family residential sales in the City.

Year	Median Selling Price	% Change
2024	\$491,000	5.6 %
2023	465,000	5.7
2022	440,000	8.6
2021	405,000	14.1
2020	355,000	9.6
2019	324,000	5.9
2018	306,000	11.3
2017	275,000	12.2
2016	245,000	11.4
2015	220,000	9.5

Completed projects Downtown since 2020

47 W Elm Street-A newly constructed 44 unit market rate apartment complex completed in September 2020 and fully occupied November 1, 2020. The project was developed by Geoffrey Anatole.

The \$17 million Mayor Bill Carpenter Garage with 414 parking spaces located on Petronelli Way opened to the public in March 2020.

226 Main Street- A long vacant building was demolished and a new \$28.1 million building consisting of 35,484 sf was constructed for the Department of Unemployment Assistance. The building has a state-of-the art call center and hearing department. Massasoit Community College has some classrooms in the building.

121 Main Street Sycamore on Main-A 48 unit mixed affordable housing complex which was constructed by NeighborWorks Housing Solutions. The first floor is being leased to Brockton Beer Company, a minority-owned brewpub.

19 Main Street- A long vacant building has been repurposed into a mixed-use building by Joseph Goncalves. The first floor consists of 2,800 sf of commercial space. The second and third floors are 20 market rate residential units. The 20 residential units were rented and occupied by March 2023.

Trinity Financial began construction in May 2021 on Phase 2 of the Enterprise Block with 111 residential income restricted and market rate units. The units were completed and occupied by the fall of 2023. Phase 1 was completed in 2015 with 113 residential units and commercial units.

28 Petronelli Way- An historic 4 story dwelling which was developed into 18 market rate residential units by Concord Square Planning & Development, Inc. The project was completed and occupied in the Fall of 2023.

93 Centre Street was developed into a 55 unit mixed use building by Ted Carmen from Concord Square Planning & Development. There are 44 market rate units, 11 affordable units and a 1,500 sf commercial space. The project was completed in January 2024 and fully occupied as of May 1, 2024.

127 Centre Street- New construction composed of 40 market rate residential units and a 2,500 sf commercial space on the first floor. The project was completed in December 2024 and all units have been rented.

Lincoln School Senior Housing is located at 70 Highland Street. It is the conversion of a long vacant school building into 37 senior housing units by NeighborWorks Housing Solutions. The project was completed in February 2025.

Projects under construction in 2026

157 Centre Street-Is the conversion of a long-time vacant factory building into 24 market rate residential units. The building had a fire and the completion of the project has been delayed. As of December 1, 2025, construction has not restarted.

4 Brockton South T.O.D.-Is new construction located at 1200 Montello Street. There will be 94 residential affordable rate units located in the Campello section of the City at a commuter rail station. This will be the fourth project for NeighborWorks Housing Solution in the City of Brockton. The developer began construction in December 2024 and is expected to be completed in the fall of 2026.

142 Main Historic LLC- Is the conversion of the historic Kennedy Building into 30 housing units, with 20 affordable to families, including five deeply affordable below 30% AMI. The first floor will remain commercial. Causeway Development (formerly Traggorth Companies) is the developer. The project is the historic adaptive re-use of a downtown property close to city hall as mixed-income multifamily housing and retail. The developer began construction in December 2024 and is expected to be completed in the fall of 2026.

40 Petronelli Way – Will be new construction of 54 residential market rate units. This will be the second project in the downtown by Joe Goncalves. Construction has started on this project.

31 W Elm Street I – Is the expected conversion of a historic building from a hotel into 49 residential market rate units. The owner is Bryant Hotel LLC and the managing member is Steven Young. Mr. Young is a registered architect who has completed a number of renovation projects on historical brownstones in the City of Boston. Building permits were issued in May 2026 and this project is expected to be complete in August 2026.

Projects which are Committed but in the Planning Stages

46 Montello Street – Will be new construction of 54 residential market rate units. This will be the third project in the downtown by Geoffrey Anatole. He has begun the permitting process but the project is delayed due to an issue with the MBTA.

0 Franklin Street- Is expected to be new construction of 32 residential market rate units. This is expected to be the second project in the downtown by Joe Goncalves. The developer is hoping to be under construction in the next 12 months.

137 Main Street-Is expected to be new construction mixed use development by Dakota Partners. There is expected to be a 1,600 sf café on the first level. The 2nd to 4th floors are expected to be a mixture of 1, 2 and 3 bedroom affordable rental units. The 5th floor is expected to be comprised of 27 units for ownership. The developer does not have a definitive date when construction will begin.

Residences at the Grayson-Is the conversion of a long time vacant building into 16 housing units by NeighborWorks Housing Solutions. This will be the third project in the downtown by the developer. The developer owns the property but does have a definitive date when construction will begin.

Projects in the Future

The Brockton Fair Grounds-Is a privately owned approximately 64 acre parcel of land located at 500 Belmont Street. This is the largest parcel in the City for redevelopment. It is anticipated the property will be sold in the near future and be redeveloped into a mix use development.

The Downtown Trout Brook (CSX Area)-The parcel is a vacant approximately 31 acre parcel of land which is prime land for development. The City has completed a Master Plan on the area. The City Planning Department is working with a private developer to acquire the property.

New Business

Air Energy Group-Has leased 75,000 sf of a new industrial building located at 105 Industrial Blvd. Air Energy is consolidating 3 offices and relocating to Brockton. Air Energy has outfitted and occupied the space and is building the workforce toward the goal of approximately 102 employees located in the Brockton location. The company moved in October 2024.

Largest Employers

The following table lists the largest employers in Brockton as of May 2025, including the City itself.

Name	Product/Function	Approximate Number of Employees
City of Brockton School Department	City Schools	3400-3600
Signature Health (including Goddard Park)	Hospital	1000-4999
Boston Medical Center South	Hospital	1000-4999
Old Colony YMCA	Social Services	1000-4999
BAMSI	Human Services	1000-4999
WB Mason	Business Supplies	1000-4999
Massasoit Community College	Education	1000-4999
VA Boston Healthcare System	Hospital	1000-4999
City of Brockton	City Government	700-800
BayPointe Rehabilitation Center	Hospital	500-999
South Bay Mental Health Services	Hospital	500-999
US Post Office	Post Office	500-999
Eastern Bank	Finance	250-499
Verizon Communications	Communications	250-499
PharMerica	Pharmacy	250-499
Eversource	Utilities	250-499
Self Help	Social Service	100-249
Concord Foods	Food Preparation	100-249
U.S. Laboratory Corp	Medical Laboratory	100-249
Uno Foods	Restaurant	100-249
Wal-Mart	Department Store	100-249
West Acres Nursing Home	Skilled Nursing Care	100-249
Brockton Area Transit	Transportation	100-249
Nutramex Products Inc	Manufacturing	100-249
Old Colony Elder Services	Aging Services	100-249
Shaw's Supermarket	Grocery Store	100-249
Whites Pastry Shop	Retail Bakery	100-249
Brockton Visiting Nurses Association	Hospital	100-249
Lowe's	Home Centers	100-249
Barbour Corporation	Manufacturing	100-249
Home Depot	Home Centers	100-249
Copeland Toyota/Chevy	Car Dealership	100-249
St. Joseph Manor Health Care	Skilled Nursing Care	100-249

SOURCE: Massachusetts Department of Revenue.

Labor Force and Unemployment Rates

According to the Massachusetts Executive Office of Labor and Workforce Development data, in March 2026 the City had a total labor force of 53,296 of which 50,411 were employed and 2,885 or 5.4% were unemployed as compared with 4.6% for the Commonwealth. The following table sets forth the City's average labor force and unemployment rates for calendar years 2021 through 2025 and the unemployment rates for the State and U.S. as a whole for the same period.

<u>Year</u>	<u>Labor Force</u>	City of Brockton <u>Unemployment</u> <u>Rate</u>	Massachusetts <u>Unemployment</u> <u>Rate</u>	U.S. <u>Unemployment</u> <u>Rate</u>
2025 (1)	54,678	5.6%	4.5%	4.3%
2024	54,515	5.0	4.0	4.0
2023	47,895	4.7	3.4	3.6
2022	47,955	5.1	3.8	3.6
2021	38,960	8.9	5.7	5.4

SOURCE: Massachusetts Executive Office of Labor and Workforce Development, Federal Reserve Bank of Boston and U.S. Bureau of Labor Statistics. Data based upon place of residence, not place of employment.

(1) Due to the federal government shut down, monthly labor force and unemployment statistics are not available for October 2025.

Education

Education in the Brockton area is available at all levels. The City's school department maintains 24 schools: 11 elementary schools, four alternative education centers (grades 5 through 12), seven middle schools, one comprehensive high school, a preschool and kindergarten diagnostic and service center, and a kindergarten center. Through its Community Schools division, the school department also operates a self-sustaining Evening High School Diploma program, various self-sustaining and grant-funded remedial, enrichment and child care programs with extended-day and summer school options, as well as a 90% grant-funded Adult Learning Center providing services to more than 700 in adult basic education, GED preparation, English-as-a-second language and family literacy.

The following table sets forth the actual public school enrollments for 2021 through 2025.

	Public School Enrollments – October 1,				
	2021	2022	Actual 2023	2024	2025
Pre-School	345	518	496	528	537
Kindergarten	1,160	1,096	1,178	1,272	1,156
Elementary 1-5	5,829	5,728	5,780	5,987	6,118
Junior High 6-8	3,616	3,500	3,333	3,257	3,014
Senior High	4,555	4,297	4,103	4,174	3,845
Other (1)	61	62	64	62	60
Totals	15,566	15,201	14,954	15,280	14,730

(1) Ungraded enrollment.

The school department also has an evening academy with over 225 grade 9 through 12 students, many of whom had previously dropped out of school, included in "Senior High" in the table above.

Higher education in Brockton is offered by Massasoit Community College, a two-year state institution with approximately over 400 full-time (102) and part-time (304) faculty members, along with approximately 250 administrators, professionals, and support staff. The college spans 100 acres across 10 buildings and offers more than 60 degree and certificate programs to around 8,000 credit students annually, plus an additional 1,500 students in community education. Classes are available in-person at the Brockton, Canton, and Middleborough locations, as well as online.

Parochial schools in Brockton enroll approximately 1,100 students from grades K-12 at three separate campuses. Approximately 45% of these students are from Brockton and the others from surrounding towns.

The State School Choice, Charter and Technical/Vocational Schools

During the 2025/26 school year, approximately 335 Brockton students in grades K-12 are attending other public schools under the state sponsored school choice program, 1,701 are attending charter schools and 1,029 are attending technical/vocational high schools.

The New Heights Charter School received a five-year Charter from the Commonwealth and opened in Brockton in September 2016. A renewal charter was approved in 2021 and 2026. The school has phased in 735 seats in the past 5 years.

Private Schools in the City of Brockton

As of January 2025, approximately 48 Brockton-residing students were enrolled in the City's seven private schools in grades K-12. The individual student population/enrollment of these three schools, including students who do not live in Brockton, ranges from 75 to 600. Approximately 45% of these students receive home-to-school-and-back transportation provided by the Brockton School Department.

The School Assignment Plan

In 1995, the Massachusetts Board of Education approved a school assignment plan submitted by the School Committee. Brockton's plan is comprehensive in promoting informed parental choice of local educational opportunities. Enrollment is monitored for class size and a fair representation of the demographic makeup of the school system.

Because a substantial percentage of the parents select schools outside of their neighborhood, the plan has improved the distribution of class sizes without the periodic adjustment of fixed school boundaries. Typically, more than 90% of the first grade and seventh grade parents receive assignments to their first or second choice schools. The school assignment process is coordinated by the School Registration and Parent Information Center located across the street from the school's central administration building.

Transportation and Utilities

The major highway serving the City is State Route 24. Other highways within a ten-mile radius include Interstates 93, 95 and 495 and State Routes 3 and 128. Public bus service is provided by the Brockton Area Transit Authority (BAT). Rail freight service is provided by Conrail.

Commuter rail service was reinstated in September 1997 on the "Old Colony Line". One branch of this line runs from Boston's South Station through Brockton to the Middleborough/Lakeville area about 45 miles south of Boston. There are three train stops in Brockton: one in the north end (Montello), one in the south end (Campello) and one in the City center. This downtown station was constructed next to the police station, two blocks from Main Street and three blocks from City Hall. In order to create a transportation center at this station, in February 1999 Brockton Area Transit Intermodal Center was relocated across Commercial Street.

Gas and electric services are provided by established private utilities with both major offices and distribution centers located within the City.

Cybersecurity

The City, like many other large public and private entities, relies on a large and complex technology environment to conduct its operations, including devices, connectivity, servers and software. As a recipient and provider of personal, private, or sensitive information, the City may be subject to cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized access to the City's digital systems for the purposes of misappropriating assets or information or causing operational disruption and damage.

The City's commitment to cybersecurity has been to identify and leverage resources to implement a training strategy designed to help employees understand the critical role they play in combating security breaches. The Mayor's Office in

collaboration with the Information Technology Center (ITC) has instituted cybersecurity training for employees that acknowledge and prevent the dangers of malicious software and phishing techniques often used to maliciously attack information technology through email. General awareness practices have been instituted by ITC which include email security best practices, interactive videos, and continued computer-based training. Similarly, the IT Department prioritizes internal training and awareness to assist in recognizing the latest cybersecurity threats and further specialized training necessary to make City departments more adept to the evolving threats that are presented. Brockton is committed to furthering its cybersecurity commitment through an approach that builds upon specialized training for both City staff and the IT Department to be further adept to the challenging cyber threats that are presented. This includes training on the use of external hard drives on City computers and the dangers that presents to the City's network. As thorough as the training and preventative measures the City has taken have been, the City suffered a cybersecurity incident in the past. While the threat was impactful, it was not crippling to the City due to the foresight and training currently in place.

Additional awareness for City departments will include:

- The importance of strong passwords and password controls.
- Secure e-mail practices.
- Secure practices for working remotely.
- Avoiding malicious software.
- Secure browsing practices, including on City issued mobile devices.
- Email threats-phishing and email address spoofing.

Internal controls provided by ITC to improve overall response will include: protecting all systems against malware and regularly updating anti-virus software; continuing to develop and maintain secure systems and applications; restricting access to external media; tracking and monitoring network resources; and finally, regularly testing all security systems and processes.

Population, Income and Wealth Levels

	<u>Brockton</u>	<u>Massachusetts</u>	<u>U.S.</u>
Median Age			
2020	37.5	39.9	38.8
2010	35.2	39.1	37.2
2000	34.0	36.5	35.3
1990	31.5	33.6	32.9
Median Family Income			
2020	\$74,630	\$106,526	\$80,069
2010	57,861	81,165	62,982
2000	46,235	61,664	50,046
1990	38,544	44,367	35,225
Per Capita Income			
2020	\$27,877	\$43,761	\$34,103
2010	22,254	33,966	27,334
2000	17,163	25,952	21,587
1990	13,455	17,224	14,420

On the basis of the 2020 Federal Census, the City has a population density of 4,398 persons per square mile.

Population Trends

<u>2020</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>	<u>1980</u>
105,643	93,810	94,304	92,788	95,172

SOURCE: Federal Census.

PROPERTY TAXATION

In addition to state aid, one of the principal revenue sources of the City is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from available funds. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations" below. The estimated receipts for a fiscal year from other sources may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from available funds for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years. Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay" below), no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items. (See "Taxation to Meet Deficits" below).

Tax Levy Computation

The following table illustrates the trend in the manner in which the tax levy is determined.

TAX LEVY COMPUTATION

	Fiscal 2022	Fiscal 2023	Fiscal 2024 (5)	Fiscal 2025	Fiscal 2026
Total Appropriations(1)	\$ 500,504,989	\$ 484,641,885	\$ 511,316,582	\$ 564,261,497	\$ 609,344,135
Additions:					
State and County Assessments	26,693,204	30,199,411	35,635,034	37,557,890	40,160,339
Overlay Reserve	2,352,055	2,912,156	199,132	571,991	1,482,872
Other Additions(2)	311,403	352,670	18,653,937	504,618	446,840
Total Additions	<u>29,356,662</u>	<u>33,464,237</u>	<u>54,488,103</u>	<u>38,634,499</u>	<u>42,090,051</u>
Gross Amount to be Raised	<u>529,861,651</u>	<u>518,106,122</u>	<u>565,804,685</u>	<u>602,895,995</u>	<u>651,434,186</u>
Deductions:					
Local Estimated Receipts(3)	70,772,553	70,995,234	86,077,580	100,024,270	100,925,053
State Aid:	240,652,952	256,604,133	275,514,574	290,469,060	315,557,352
Available Funds(4)	57,915,721	23,663,002	31,024,925	32,822,945	48,457,640
Total Deductions	<u>369,341,226</u>	<u>351,262,369</u>	<u>392,617,079</u>	<u>423,316,276</u>	<u>464,940,045</u>
Net Amount to be Raised (Tax Levy)	<u>\$ 160,520,425</u>	<u>\$ 166,843,753</u>	<u>\$ 173,187,607</u>	<u>\$ 179,579,720</u>	<u>\$ 186,494,141</u>

- (1) Includes additional appropriations from taxation and other revenues voted subsequent to adoption of the annual budget but prior to setting of the tax rate. Includes sewer and water enterprises.
- (2) Includes state educational offsets, overlay deficits and other deficits.
- (3) Includes sewer and water enterprise revenue.
- (4) Transfers from available funds, including "free cash", generally made as an offset to a particular appropriation item.
- (5) Increase in revenue raised to address fiscal year 2023 school deficit.

Assessed Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created four classes of taxable property: (1) residential real property, (2) open space land, (3) commercial and (4) industrial. Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 35 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every five years, or pursuant to a revised schedule as may be issued by the Commissioner.

Related statutes provide that certain agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property.

The City has used multiple tax rates under classification since fiscal 1984 when it first revalued all real and personal property in the City to full value. The most recent professional revaluation took place in fiscal 2026.

Classification of Property

The following table sets forth the trend in the City's assessed valuations, tax levies, and tax levies per capita.

<u>Fiscal Year</u>	<u>Real Estate Valuation</u>	<u>Personal Property Valuation</u>	<u>Total Assessed Valuation</u>	<u>Tax Levy</u>	<u>Tax Levy Per Capita(1)</u>
2026 (2)	\$ 13,601,113,290	\$ 450,845,080	\$ 14,051,958,370	\$ 186,494,141	\$ 1,765
2025	12,569,379,975	416,660,530	12,986,040,505	179,579,720	1,700
2024	12,216,140,374	385,353,070	12,601,493,444	173,187,607	1,639
2023	10,881,934,094	339,246,320	11,221,180,414	166,843,753	1,579
2022	9,657,350,710	311,245,800	9,968,596,510	160,520,425	1,519

(1) Fiscal years 2022 through 2024 based on the 2010 federal census; Fiscal Years 2025 through 2026 based on 2020 federal censuses..

(2) Revaluation year.

Levy Distribution

<u>Fiscal Year</u>	<u>% of Levy</u>	
	<u>Residential</u>	<u>Commercial, Industrial/Personal Property</u>
2026	75.2%	24.8%
2025	75.1	24.9
2024	74.9	25.1
2023	74.7	25.3
2022	73.7	26.3

Tax Rate Per \$1,000 Valuation

<u>Fiscal Year</u>	<u>Residential Real Property</u>	<u>All Other (Commercial, Industrial and Personal Property)</u>
2026	\$11.63	\$23.23
2025	12.11	24.20
2024	12.02	24.05
2023	12.98	26.02
2022	13.97	28.18

Largest Taxpayers

The following is a list of the largest taxpayers in the City and the fiscal 2026 valuation of each. All taxpayers listed below are current in their tax payments.

<u>Name</u>	<u>Nature of Business</u>	<u>Fiscal 2026 Assessed Valuation</u>	<u>% of Total Assessed Value</u>
Eversource	Utility	\$ 211,965,710	1.51 %
Mass Electric Co.	Utility	106,585,990	0.76
Verizon New England, Inc.	Utility	48,240,900	0.34
Charles Haggar	Apartments/Commercial	73,982,600	0.53
Beacon Pine Associates	Residential Apartments	79,230,100	0.56
New Westgate	Retail Mall	25,674,195	0.18
Arcadia Crescent Plaza	Retail	23,153,100	0.16
Battles Farm	Apartments/Commercial	37,749,800	0.27
Harbor One Credit Union	Bank	16,762,700	0.12
Park 132 Campanelli Industrial Drive	Industrial Space	16,628,000	0.12
Total		<u>\$ 639,973,095</u>	<u>4.55 %</u>

State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the full and fair cash value of the taxable property in each municipality as of January 1 of even numbered years. This is known as the "equalized value". The following table sets forth the trend in equalized valuations of the City.

<u>January 1,</u>	<u>State Equalized Valuations</u>
2024	\$ 13,376,784,600
2022	10,593,077,300
2020	8,886,561,300
2018	7,675,101,300
2016	6,479,586,800

Abatements and Overlay

The City is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay reserve, the excess is required to be added to the next tax levy. Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. But uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus.

The following table sets forth the trend in overlay reserves and abatements for recent levies.

Fiscal Year	Net Tax Levy (1)	Overlay Reserve		Abatements Granted through June 30, 2025	Surplus (Deficiency) Through June 30, 2025
		Dollar Amount	As a % of Net Levy		
2025	\$ 179,007,729	\$ 571,991	0.32 %	\$ 899,499	\$ (327,458)
2024	172,988,475	199,132	0.12	1,193,434	(994,302)
2023	163,931,597	2,912,156	1.78	1,320,706	1,591,450
2022	158,168,370	2,352,055	1.49	871,263	1,480,792
2021	153,631,041	1,382,595	0.90	1,526,960	(144,365)

(1) Tax levy prior to addition of overlay reserve.

Tax Levies and Collections

The City issues tax bills which are payable in four installments. Under the statute, preliminary tax payments are due on August 1 and November 1 with payment of the actual tax bill (after credit is given for the preliminary payments) in installments on February 1, and May 1, if actual tax bills are mailed by December 31. Interest accrues on delinquent taxes currently at the rate of 14% per annum. Real property (land and buildings) is subject to a lien for the taxes assessed upon it (subject to any paramount federal lien and subject to bankruptcy and insolvency laws). If the property has been transferred, an unenforced lien expires on the fourth December 31 after the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

The following table compares the trend in the City's net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies.

Fiscal Year	Gross Tax Levy	Overlay Reserve for Abatements	Net Tax Levy	Collections During Fiscal Year Payable		Collections as of June 30, 2025 (2)	
				Dollar Amount(1)	% of Net Levy	Dollar Amount(1)	% of Net Levy
2025	\$ 179,579,720	\$ 571,991	\$ 179,007,729	\$ 173,356,855	96.8 %	\$ 173,356,855	96.8 %
2024	173,187,607	199,132	172,988,475	167,290,299	96.7	169,060,681	97.7
2023	166,843,753	2,912,156	163,931,597	160,536,994	97.9	163,426,783	99.7
2022	160,520,425	2,352,055	158,168,370	154,845,825	97.9	157,322,541	99.5
2021	155,013,636	1,382,595	153,631,041	148,491,177	96.7	151,760,235	98.8

(1) Actual dollar collections net of refunds. Does not include abatements or proceeds of tax titles redemptions attributable to each levy.

(2) Collections for the current fiscal year are comparable previous fiscal years.

Taking and Sale

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes thereon. In either case, the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within 12 months (which may be extended in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of like any land held for municipal purposes. The municipality must notify the former property owner of its intent to retain possession of or sell the property, as well as any "excess equity" (i.e., any remaining surplus amount above taxes, fees, and charges owed to or incurred by the municipality) the former owner may be entitled to in either case. The former owner may submit a claim for return of any excess equity within 18 months of being notified. Any excess equity not yet returned to the former owner must be held in a separate interest-bearing account.

Former owners of property foreclosed upon on or before May 24, 2021 are not eligible to submit claims for return of excess equity. At this time, it is not clear whether such owners may be able to make constitutional claims for return of excess equity outside of the statutory scheme concerning property foreclosed upon before May 24, 2021.

The following table sets forth the amount of tax titles and possessions outstanding at fiscal year-end and the amount realized through the redemption of tax title accounts during the fiscal year. Amounts collected through such redemptions are treated as general receipts of the City and are not credited back to specific tax levies.

<u>Fiscal Year</u>	<u>Tax Titles at Fiscal Year End</u>	<u>Tax Possessions at Fiscal Year End</u>	<u>Amount Realized From Redemption of Tax Titles During Fiscal Year</u>
2025	\$7,928,536	\$1,444,522	\$1,438,500
2024	6,926,157	1,677,383	915,527
2023	6,329,580	1,639,502	768,082
2022	5,503,431	1,644,429	1,148,036
2021	4,566,979	1,644,429	1,276,550

In order to maximize the collection efforts, the City has implemented a system of collection whereby a minimum of three notices of delinquency are sent to the payers. Also, the City instituted a notice of previous taxes owed on the current tax bill. This notice gives taxpayers an additional five notices per year when taxes are delinquent. By targeting the fiscal years before these accounts are placed in tax title, the City has reduced the amount of delinquent taxes that fall into tax title. In order to maximize the collection of tax title accounts and forestall foreclosure proceedings, the City requires payment in full or, with a minimum of 25% down, a written agreement with the delinquent taxpayer to make timely payments on current tax bills, and pay the balance in full within 12 months. The City has a property disposition plan in place to sell foreclosed properties. City owned buildings and large parcels of land are sold at public auction or through a sealed bid process. This maximizes the influx of cash while putting the sold properties back on the tax rolls.

Taxation to Meet Deficits

Overlay deficits, i.e., tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the next tax levy (at least to the extent not covered by surplus revenue). Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, established utility rates and certain established salaries, e.g., civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

All deficits and overdrafts in existence at the time the City's tax rates have been set have been provided for as required by Massachusetts law.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, subject to any overall limits on tax levies, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that free cash deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including

sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence. See "CITY FINANCES –Free Cash – General Fund."

Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 ½ percent, subject to exceptions for property added to the tax rolls or for property which has had an increase other than as part of a general revaluation, in its assessed valuation over the prior year's valuation. This "growth" limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the "growth" limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit "to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year".

Proposition 2 ½ further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligation for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water and sewer purposes, provided that the municipality's sewer or water charges are reduced accordingly.

In addition, Proposition 2 ½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the Massachusetts Water Resources Authority, and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year's assessments and (b) "any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option". Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district's governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2 ½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

The City has been in full compliance with Proposition 2½ since fiscal 1984 following completion of a professional revaluation of all real and personal property in the City to full value. Revaluations were subsequently completed by the City for use in fiscal years 1987, 1990, 1993, 1996, 1999, 2002, 2005, 2008, 2011, 2014, 2017, 2021 and 2026. The City has never voted to override or exclude taxes from the tax-levy limit imposed by Proposition 2½.

The following table sets forth the trend in the City's tax levies and levy limits under Proposition 2½.

Fiscal Year	Total Assessed Valuation	Primary Levy Limit	Secondary Levy Limit	Actual Levy	Under (Over) Primary Limit	Under (Over) Secondary Levy Limit
2026	\$ 14,051,958,370	\$ 351,298,959	\$ 186,588,610	\$ 186,494,141	\$ 164,804,818	\$ 94,469
2025	12,986,040,505	324,651,013	179,674,766	179,579,720	145,071,293	95,046
2024	12,601,493,444	315,037,336	173,245,070	173,187,607	141,849,729	57,463
2023	11,221,180,414	280,529,510	166,849,147	166,843,753	113,685,757	5,394
2022	9,968,596,510	249,214,913	160,629,125	160,520,425	88,694,488	108,700

Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables at public sale or auction, either individually or in bulk. The City does not expect to utilize this option at the present time.

Pledged Taxes

Taxes on the increased value of certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. (See "CITY FINANCES - Tax Increment Financing for Development Districts" below).

The City has established a development district under chapter 40Q of the Massachusetts General Laws in the downtown area of the City. The City's development district contains approximately 2.83% of the City's assessed valuation in fiscal year 2025.

Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and community housing, and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge on the real property tax levy and any other revenue dedicated pursuant to the CPA. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited

into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on real property taxes, the amounts of other dedicated revenues and the amounts received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for community housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and other dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The City has not adopted a CPA surcharge.

CITY FINANCES

Budget and Appropriation Process

In a city, within 170 days (unless otherwise provided by special legislation) after the annual organization of the city government (which is ordinarily in early January), the mayor or city manager is required to submit a budget of proposed expenditures for the fiscal year beginning on the next July 1. The city council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the mayor or city manager, the council may not make any appropriation for a purpose not included in the proposed budget, except by a two-thirds vote in case of a failure of the mayor or city manager to recommend an appropriation for such a purpose within 7 days after a request from the city council. The council may not increase any item without the recommendation of the mayor or city manager (except as provided by legislation, subject to local acceptance, under which the school budget or regional school district assessment can be increased upon recommendation of the school committee or regional district school committee and by two-thirds vote of the council, provided that such increase does not cause the total annual budget to exceed property tax limitations). If the council fails to act on any item of the proposed budget within 45 days, that item takes effect.

Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor or city manager, may transfer amounts appropriated for use of one department (except for the use of a municipal light department or a school department) to another appropriation for the same department for the use of any other department.

If the mayor or city manager does not make a timely budget submission, provision is made for preparation of a budget by the council. Provision is also made for supplementary appropriations upon recommendation of the mayor or city manager.

Water and Sewer department expenditures are included in the budget adopted by the city council. Gas and electric department expenditures may be appropriated by municipal light boards. Under certain legislation any city or town which accepts the legislation may provide that the appropriations for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts. The school budget is limited to the total amount appropriated by the city council, but the school committee retains full power to allocate the funds appropriated, subject to the provisions of the Education Reform Act of 1993, which is further discussed herein under "Education Reform".

City department heads are generally required to submit their budget requests to the Finance Department for compilation and recommendation to the Mayor between December 1 and January 31. This does not apply to the school department, which must submit its requests to the Finance Department for review and recommendation in time for the Mayor to include them in the Mayor's submission to the council.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy.

In the City of Brockton, the Finance Department independently develops revenue estimates and evaluates the impact of each proposed spending request as the Chief Financial Officer is required under Chapter 324 of the Acts of 1990 to certify in writing to the Mayor and the City Council as to the affordability of any spending request.

Budget Trends

The following table sets forth the trend in operating budgets in the format recommended by the Mayor and voted by the City Council. Each of the budgets are inclusive of expenditures for state and county assessments, overlay for tax abatements and deficits to be raised.

COMPARATIVE BUDGET TRENDS General and Enterprise Funds

	Fiscal 2022 (5)	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026
Water (1)	\$ 18,458,946	\$ 19,136,312	\$ 23,293,516	\$ 23,816,360	\$ 24,665,313
Sewer (1)	20,655,842	17,948,448	22,197,673	24,043,114	23,085,410
Other Public Works and Trash	18,292,978	20,446,104	15,259,217	15,464,961	18,451,637
Fire	32,073,763	32,292,181	34,063,581	37,040,300	37,490,863
Police	28,606,625	32,940,192	33,035,862	34,453,056	35,407,061
Public Property	3,331,871	3,261,494	3,884,109	4,031,789	4,212,705
City Schools	208,627,523	218,463,709	231,113,157	244,787,808	268,570,700
Regional School Assessment	4,082,900	4,408,899	4,798,398	5,299,614	5,386,607
General Government and Other	27,666,057	26,250,804	28,732,525	33,536,724	39,869,165
Employees/Retiree Health Insurance	54,435,964	61,714,832	59,608,470	59,176,787	69,813,026
Retirement	29,625,595	7,556,157	14,735,581	14,819,329	8,651,695
Capital	158,000	-	-	-	-
Debt Service (2)	13,170,615	27,723,343	35,967,723	48,034,157	41,937,037
Overlay Reserve	1,400,000	1,406,585	200,000	200,000	1,106,660
State County Charges	26,693,204	30,308,430	33,978,473	36,853,027	40,116,791
Reserves (3)	424,481	-	-	-	-
Total(4)	<u>\$ 487,704,364</u>	<u>\$ 503,857,490</u>	<u>\$ 540,868,285</u>	<u>\$ 581,557,026</u>	<u>\$ 618,764,670</u>

- (1) Enterprise Funds capital expenditures included in the Capital category.
- (2) Debt service includes all City debt service, including enterprise funds and debt issued under the State Qualified Bond Act. All debt service is General Obligation debt.
- (3) Consists of additions to the stabilization and supplemental reserve funds, at budget time.
- (4) Totals include cash appropriations for departmental capital spending.
- (5) The City utilized the \$650,000 from the ambulance receipts, \$1,125,000 from parking authority reserves and \$1,000,000 from Stabilization Fund to balance the fiscal 2022 budget.

Revenues (General Fund)

Local Options Room Occupancy Tax: Under this tax, local governments may tax the provision of hotel, motel and lodging house rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. The tax is paid by the operator of the hotel, motel or lodging house, and bed and breakfast to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located in quarterly distributions. In 2009, the City increased the local room occupancy excise tax from 4% to 6% as permitted under G.L. c. 64G section 3A. City collected \$451,038 in fiscal 2021, \$631,826 in fiscal 2022, \$749,283 in fiscal 2023, \$846,425 in fiscal 2024 and \$874,537 in fiscal 2025.

Local Option Meals Tax: On June 6, 2010, the City adopted the local meals excise tax to be effective October 1, 2010. In fiscal year 2011, the local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. The City collected \$1,264,021 from this tax in fiscal 2021, \$1,402,345 in fiscal 2022, \$1,513,860 in fiscal 2023, \$1,644,253 in fiscal 2024 and \$1,705,994 in fiscal 2025.

Property Taxes: Property taxes are a major source of revenue for the City. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION - Tax Limitations" above.

State Aid: In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, legislation was enacted placing limits on the growth of state tax revenues. In essence, the growth in state tax revenue is limited to the average rate of growth in wages and salaries in the Commonwealth over the previous three calendar years. The effect of this legislation could be to restrict the amount of state tax revenue available to provide state financial assistance to the Commonwealth's cities, towns and regional school districts.

Motor Vehicle Excise: An excise is imposed on the registration of motor vehicles (subject to exemptions) at a rate of \$25 per \$1,000 of valuation. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12% per annum. Provision is also made, after notice to the owner, for suspension of the owner's operating license or registration by the registrar of motor vehicles.

Trash Fees: In fiscal 2002 the City assessed a fee of \$110 per household for the pickup and disposal of residential trash. For fiscal 2003, an ordinance change raised trash fees from \$110 to \$220 per household effective July 1, 2002 and to \$280 per household effective July 1, 2003. The fee increased to \$100 per quarter in April 2024. The City is proposing an increase to the quarterly trash fee to \$130 but such increase has not yet been approved.

Cannabis Tax: The City approved a 3.0% cannabis tax effective July 1, 2019. The City collected \$1,892,349 revenue from this tax in fiscal 2024 and \$1,949,453 in fiscal 2025.

Enterprise Revenues: See "Enterprise Funds" herein.

Other: Other major sources of revenue include penalties and interest on taxes, investment income, fines, licenses and permits. The CFO and Mayor regularly review City fees and bring increases to the City Council when necessary.

Education Reform

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. In every year since passage of the act, the City's school related appropriations have exceeded the minimum required funding.

State School Building Assistance

Under its school building assistance program, the Commonwealth provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "MSBA") to finance and administer the school building assistance program. The MSBA has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the MSBA to finance the program.

The range of reimbursement rates for new project grant applications submitted to the MSBA is between 31% and 80% of approved project costs. The MSBA promulgated new regulations with respect to the application and approval process for projects submitted after July 1, 2007. The MSBA expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the MSBA and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

Investment of City Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Massachusetts General Laws Chapter 44, Section 55. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC - registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with Section 54 of Chapter 44, which permits a broader range of investments than Section 55, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by Sections 54 and 55 do not apply to city and town retirement systems.

Accounting Policies

Please refer to the City's audited financial statements set forth in Appendix A.

General Fund Revenues

The City of Brockton's year to date general fund total revenues as of June 30, 2024 of \$493 million increased by almost \$34 million over the prior year's year to date general fund total revenues as of June 30, 2023 of \$460 million which represents an overall percentage increase in year to date general fund revenues of 7.4%. The City finished the fiscal year ending June 30, 2024 with an unassigned general fund balance \$40.9 million.

Business Type Activities

Year To Date Summary Revenue Analysis
of Business Type Activities
(\$ in millions)

Year to date	6/30/2024 Revenues (millions)	6/30/2023 Revenues (millions)	2024/2023 Increase (Decrease) Revenues (millions)	Overall % Increase (Decrease) Revenues
Sewer enterprise fund	\$20.17	\$19.93	0.24 %	1.20 %
Water enterprise fund	\$21.73	\$21.26	0.47	2.21
Refuse enterprise fund	\$8.28	\$8.01	0.27	3.37
Parking authority enterprise fund	\$1.85	\$2.32	(0.47)	(20.26)
Stormwater enterprise fund	\$1.63	\$1.15	0.48	41.74

Certified Retained Earnings

The City generally utilizes certified retained earnings from the business type activities of the enterprise funds to augment the subsequent year's expenditures, typically for debt service.

Annual Audits

Audits covering all funds of the City for the fiscal year 2024 have been performed by Clifton Larson Allen, certified public accountants and is attached hereto as Appendix A. Said audit reports the City's operations in accordance with the new accounting standards of GASB 34. Copies of prior year audits are available upon request. A similar audit for the fiscal year ended June 30, 2025 is currently underway and is expected to be complete in mid-August 2026.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Delay of Audited Financials

The City's audited financial statements for the fiscal year ended June 30, 2025 (the "FY 2025 Audit") were not available at the time the City filed its annual report pursuant to its existing continuing disclosure undertakings with EMMA. The City will file the FY 2025 Audit on EMMA when it is available, which is expected to be mid-August 2026. The primary reason for the delay was staff turnover in the Auditing Office. A permanent Auditor and Assistant Auditor have been hired, and the audited financials for fiscal year 2026 are expected to be completed in a timely manner.

Financial Statements

Set forth on the following pages are the following tables and financial statements of the City of Brockton: a Combined Balance Sheet for the fiscal year ended June 30, 2025 (internally generated), Governmental Funds Balance Sheets for fiscal years 2024, 2023 and 2022 and Statements of Revenues, Expenditures and Changes in Fund Equity - General Fund for fiscal 2024 through fiscal 2020. Said financials were extracted from the City's audited financial statements with the exception of fiscal 2025 balance sheet. The fiscal 2025 balance sheet was extracted from draft internally generated financial statements which are unaudited and drafted in accordance with the Massachusetts System of Accounting, and therefore not comparable to GAAP audit accounting standards and subject to revision and change.

Brockton Deficits FY 2023 & FY 2024 and Estimated Deficit for FY 2025

In August 2023, it came to the City's attention that the Brockton Public Schools had been operating in a deficit throughout fiscal year 2023, due primarily to lack of oversight and mismanagement, resulting at year end in a \$19 million deficit. The City closed this deficit with the use of the majority of its liquid reserves, including Free Cash, the release of certain reserves approved by the Commonwealth, and \$10 million in available excess local receipts. To understand the magnitude and detail of the situation, the Brockton Public Schools at the direction of the State Department of Education, hired Open Architects, an independent consulting firm, to conduct a financial analysis and evaluation of the operations of the Brockton Public Schools. The results revealed significant cost pressures in special education, transportation costs and various contracting issues, among other areas. The fiscal 2024 school deficit was covered with circuit breaker funds, ESSER funds, and budgetary savings. On March 14, 2024, the City received notice that its AA- rating with S&P Global Ratings had been placed on Credit Watch with negative implications. On June 6, 2024, however, S&P Global Ratings affirmed its AA- rating (stable outlook) and removed the rating from CreditWatch with negative implications.

The City produced a balanced budget for fiscal year 2025. As part of that effort, the Commonwealth of Massachusetts Department of Revenue recertified FY 2025 Free Cash from \$10,166,151 to \$12,042,811 in FY2025. In addition, the City worked closely with the School Department, providing oversight and assistance in its fiscal management. Brockton Public Schools finished fiscal year 2025 without the need for further subsidies in net school spending.

The City produced a balanced budget for fiscal year 2026. Fiscal 2025 Free Cash, recertified as noted above at \$12,042,811, was used to extinguish the following deficits: \$134,735 for Refuse Enterprise, \$1,609,443 for the Brockton Redevelopment Authority and \$6,992,153 for the Health Insurance Trust Fund.

The Mayor filed a balanced FY 2027 budget with the City Council. That balanced budget includes using funds accumulated in the Chapter 324 reserve and remaining free cash. The City is estimating an operating budget surplus of at least \$10 million in the current fiscal year to continue the practice of robust free cash each year. See "Reserve Funds – Pension Stabilization Fund" herein.

CITY OF BROCKTON, MASSACHUSETTS
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
As of June 30, 2025 (Unaudited)

	Governmental Fund Types			Proprietary Fund Types		Fiduciary	Account	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprises	Internal Services	Trust and Agency	Long-Term Debt	
ASSETS								
Cash and cash equivalents	\$ 75,666,254	\$ 29,753,443	\$ 24,847,149	\$ 16,609,935	\$ 4,373,242	\$ 41,843,905	\$ -	\$ 193,093,928
Investments	-	-	-	-	-	-	-	-
Receivables:	-	-	-	-	-	-	-	-
Personal property taxes	3,380,694	-	-	-	-	-	-	3,380,694
Real estate taxes	9,777,940	-	-	-	-	-	-	9,777,940
Allowance for abatements and exemptions	(1,451,891)	-	-	-	-	-	-	(1,451,891)
Tax liens	7,928,459	642,481	-	-	-	-	-	8,570,940
Deferred taxes	-	-	-	-	-	-	-	-
Motor vehicle excise	4,037,625	-	-	-	-	-	-	4,037,625
Other excises	3,322	-	-	-	-	-	-	3,322
User fees	-	-	-	16,546,791	-	-	-	16,546,791
Utility liens added to taxes	-	-	-	1,891,620	-	-	-	1,891,620
Departmental	130,572	91,619	-	-	-	-	-	222,191
Special assessments	45	-	-	-	-	-	-	45
Due from other governments	307,792	12,063,397	3,488,373	-	-	-	-	15,859,562
Other receivables	-	-	-	236,401	11,302,900	486,994	-	12,026,295
Foreclosures/possessions	1,450,457	-	-	-	-	-	-	1,450,457
Prepays	-	-	-	-	-	-	-	-
Due to/from other funds	-	-	-	-	-	-	-	-
Working deposit	-	-	-	-	-	-	-	-
Inventory	-	-	-	-	-	-	-	-
Fixed assets, net of accumulated depreciation	-	-	-	-	-	-	-	-
Amounts to be provided - payment of bonds	-	-	-	-	-	-	477,717,366	477,717,366
Amounts to be provided - vacation/sick leave	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 101,231,269	\$ 42,550,940	\$ 28,335,522	\$ 35,284,747	\$ 15,676,142	\$ 42,330,899	\$ 477,717,366	\$ 743,126,884

Continuing on next page.

CITY OF BROCKTON, MASSACHUSETTS
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUP
As of June 30, 2025 (Unaudited)

	Governmental Fund Types			Proprietary Fund Types		Fiduciary	Account	Total (Memorandum Only)
	General	Special Revenue	Capital Projects	Enterprises	Internal Services	Trust and Agency	Long-Term Debt	
LIABILITIES AND FUND EQUITY								
LIABILITIES								
Warrants payable	\$ -	\$ -	\$ -	-	-	-	-	\$ -
Accounts payable	7,109,792	6,578,731	6,158,298	5,185,564	7,398,404	18,178	-	32,448,967
Accrued payroll	23,867,084	955,162	-	196,768	3,790	214,588	-	25,237,392
Withholdings	600	-	-	-	-	-	-	600
Accrued claims payable	-	-	-	-	-	-	-	-
Due to/from other funds	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-
Other liabilities	64,562	714,516	0.01	21,357	(174)	480,969	-	1,281,230
Deferred revenue:								
Real and personal property taxes	12,421,716	-	-	-	-	-	-	12,421,716
Tax liens	6,926,157	-	-	-	-	-	-	6,926,157
Deferred taxes	-	-	-	-	-	-	-	-
Foreclosures/possitons	1,677,383	-	-	-	-	-	-	1,677,383
Motor vehilce excise	4,040,598	-	-	-	-	-	-	4,040,598
Other excises	-	-	-	-	-	-	-	-
User fees	-	-	-	25,493	-	-	-	25,493
Utility liens added to taxes	-	-	-	-	-	-	-	-
Departmental	130,572	734,100	270,680	18,606,142	-	486,994	-	20,228,488
Special assessments	-	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-
Prepaid taxes/fees	-	-	-	-	-	-	-	-
Tailings	643,985	-	-	-	-	-	-	643,985
IBNR	-	-	-	-	3,957,217	-	-	3,957,217
Agency funds	-	-	-	-	-	-	-	-
Notes payable	-	-	2,179,948	-	-	-	-	2,179,948
Bonds payable	-	-	28,300,000	-	-	-	477,717,366	506,017,366
Vacation and sick leave liability	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	\$ 56,882,451	\$ 8,982,508	\$ 36,908,926	\$ 24,035,324	\$ 11,359,237	\$ 1,200,729	\$ 477,717,366	\$ 617,086,542
Fund Equity:								
Reserved for encumbrances	1,207,456	730,987	3,527,694	216,998	6,157	5,073	-	5,694,366
Reserved for expenditures	6,465,839	-	-	3,627,712	-	-	-	10,093,551
Chapter 324 supplemental reserve	8,106,226	-	-	-	-	-	-	8,106,226
Reserved for net school spending carryo	7,498,000	-	-	-	-	-	-	7,498,000
Reserved for continuing appropriations	-	-	-	-	-	-	-	-
Reserved for petty cash	-	-	-	-	-	-	-	-
Reserved for appropriation deficit	(1,609,443)	-	-	-	-	-	-	(1,609,443)
Reserved for snoa and ice deficit	-	-	-	-	-	-	-	-
Reserved for COVID-19 deficit	-	-	-	-	-	-	-	-
Reserved for debt service	-	-	-	-	-	-	-	-
Reserved for premiums	-	-	-	-	-	-	-	-
Reserved for working deposit	-	-	-	-	-	-	-	-
Undesignated fund balance	22,680,739	32,837,445	(12,101,098)	-	4,310,747	41,125,097	-	88,852,930
Unreserved retained earnings	-	-	-	7,404,712	-	-	-	7,404,712
Investment in capital assets	-	-	-	-	-	-	-	-
TOTAL FUND EQUITY	44,348,818	33,568,431	(8,573,404)	11,249,423	4,316,905	41,130,170	-	126,040,343
TOTAL LIABILITIES AND FUND EQUITY	\$ 101,231,269	\$ 42,550,940	\$ 28,335,522	\$ 35,284,747	\$ 15,676,142	\$ 42,330,899	\$ 477,717,366	\$ 743,126,884

SOURCE: Unaudited and estimated in accordance with the Massachusetts System of Accounting,
and therefore not comparable to GAAP audit accounting standards and subject to revision and change.

**CITY OF BROCKTON, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024 (1)**

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

(1) Extracted from audited financial statements of the City.

**CITY OF BROCKTON, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023 (1)**

	General	Public Safety Building	American Recue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Investments	\$ 109,614,899	\$ 91,129,438	\$ 23,736,613	\$ 37,354,222	\$ 261,835,172
Receivables, Net:					
Property Taxes (Net of \$1,268,319 Allow ance)	11,640,843	-	-	-	11,640,843
Motor Vehicle Excise (Net of \$1,278,212 Allow ance)	2,634,304	-	-	-	2,634,304
Tax Liens	6,329,625	-	-	-	6,329,625
Intergovernmental	-	-	-	9,953,992	9,953,992
Opioid Settlement	3,478,755	-	-	-	3,478,755
Departmental and Other	93,047	-	-	1,435,456	1,528,503
Total Receivable	<u>24,176,574</u>	<u>91,129,438</u>	<u>23,736,613</u>	<u>11,389,448</u>	<u>35,566,022</u>
Tax Possessions	1,639,502	-			1,639,502
Other Assets	1,034,999	-			
Deposits with Health Claims Agent	9,158,600	-			9,158,600
TOTAL ASSETS	<u><u>\$ 145,624,574</u></u>	<u><u>\$ 91,129,438</u></u>	<u><u>\$ 23,736,613</u></u>	<u><u>\$ 48,743,670</u></u>	<u><u>\$ 308,199,296</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	\$ 12,517,674	\$ 1,020,867	\$ 1,127,073	7,059,735	\$ 21,725,349
Accrued Liabilities					-
Tax Abatement refunds	854,500	-	-	-	854,500
Payroll and Related Withholdings	17,400,618	-	-	1,781,329	19,181,947
Health Claims Payable	4,014,509	-	-	-	4,014,509
Other Liabilities	-	-	-	538,566	538,566
Unearned Revenue	-	-	22,609,540	5,914,206	28,523,746
Bond Anticipation Notes Payable	-	-	-	2,900,600	2,900,600
TOTAL LIABILITIES	<u><u>\$ 34,787,301</u></u>	<u><u>\$ 1,020,867</u></u>	<u><u>\$ 23,736,613</u></u>	<u><u>\$ 18,194,436</u></u>	<u><u>\$ 77,739,217</u></u>
DEFERRED INFLOWS OF REVENUES					-
Unavailable Revenue	24,715,294	-	-	-	24,715,294
FUND BALANCES:					
Nonspendable	-	-	-	9,834,498	9,834,498
Restricted	44,669,820	90,108,571	-	29,466,863	164,245,254
Committed	19,000,000	-	-	3,137,116	22,137,116
Assigned	2,218,288	-	-	-	2,218,288
Unassigned	20,233,871	-	-	(11,889,243)	8,344,628
TOTAL FUND BALANCES	<u><u>86,121,979</u></u>	<u><u>90,108,571</u></u>	<u><u>-</u></u>	<u><u>30,549,234</u></u>	<u><u>206,779,784</u></u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 145,624,574</u></u>	<u><u>\$ 91,129,438</u></u>	<u><u>\$ 23,736,613</u></u>	<u><u>\$ 48,743,670</u></u>	<u><u>\$ 309,234,295</u></u>

(1) Extracted from audited financial statements of the City.

**CITY OF BROCKTON, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022 (1)**

	General	ARPA Fund	Other Governmental	Total Governmental Funds
ASSETS				
Cash and Investments	\$ 121,616,093	\$ 22,481,019	\$ 40,596,555	\$ 184,693,667
Receivables, Net:				
Property Taxes (Net of \$1,098,437 Allowance)	10,887,772	-	-	10,887,772
Motor Vehicle Excise (Net of \$1,104,281 Allowance)	2,438,125	-	-	2,438,125
Tax Liens	5,503,476	-	-	5,503,476
Intergovernmental	26,059	-	9,411,094	9,437,153
Departmental and Other	932,108	-	847,195	1,779,303
Total Receivable	19,787,540	22,481,019	10,258,289	30,045,829
Tax Possessions	1,644,429	-	-	1,644,429
Deposits with Health Claims Agent	8,608,200	-	-	8,608,200
TOTAL ASSETS	\$ 151,656,262	\$ 22,481,019	\$ 50,854,844	\$ 224,992,125
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Warrants and Accounts Payable	\$ 14,780,358	\$ 175,972	7,505,642	\$ 22,461,972
Accrued Liabilities				-
Tax Abatement refunds	854,500	-	-	854,500
Payroll and Related Withholdings	22,134,705	-	1,969,003	24,103,708
Health Claims Payable	4,365,373	-	-	4,365,373
Other Liabilities	-	-	599,417	599,417
Unearned Revenue	-	22,305,047	1,441,322	23,746,369
Bond Anticipation Notes Payable	-	-	7,249,600	7,249,600
TOTAL LIABILITIES	\$ 42,134,936	\$ 22,481,019	\$ 18,764,984	\$ 83,380,939
 DEFERRED INFLOWS OF REVENUES				
Unavailable Revenue	19,609,934	-	-	19,609,934
 FUND BALANCES:				
Nonspendable	-	-	9,189,863	9,189,863
Restricted	41,878,210	-	27,265,441	69,143,651
Committed	15,000,000	-	6,763,083	21,763,083
Assigned	3,085,077	-	-	3,085,077
Unassigned	29,948,105	-	(11,128,527)	18,819,578
TOTAL FUND BALANCES	89,911,392	-	32,089,860	122,001,252
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 151,656,262	\$ 22,481,019	\$ 50,854,844	\$ 224,992,125

(1) Extracted from audited financial statements of the City.

CITY OF BROCKTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024 (1)

	General Fund	Public Safety Building	American Recue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Real and Personal Property Taxes, Net	\$ 172,867,876	\$ -	\$ -	\$ -	\$ 172,867,876
Motor Vehicle and Other Excise	14,490,484	-	-	-	14,490,484
Penalties and Interest on Taxes	2,369,825	-	-	-	2,369,825
Payments in Lieu of Taxes	114,360	-	-	-	114,360
User Charges and Other Revenue	1,034,700	-	-	3,783,402	4,818,102
Fees	1,405,569	-	-	5,510,192	6,915,761
Licenses and Permits	5,901,191	-	-	-	5,901,191
Intergovernmental	276,353,405	-	21,495,618	53,726,751	351,575,774
Intergovernmental (MTRS On Behalf of Contribution)	41,785,265	-	-	-	41,785,265
Fines	103,692	-	-	6,484	110,176
Investment Income	7,931,991	-	-	1307929	9,239,920
Contributions	-	-	-	439,945	439,945
Other Revenues	-	-	-	350,117	350,117
Total Revenues	524,358,358	-	21,495,618	65,124,820	610,978,796
Expenditures:					
Current:					
General Government	20,593,576	-	409,952	1,139,432	22,142,960
Public Safety	65,304,118	-	-	7,647,017	72,951,135
Education	230,959,663	-	-	48,993,389	279,953,052
Public Works	6,433,426	-	-	783,848	7,217,274
Economic Development	711,108	-	3,400	1,933,276	2,647,784
Human Services	2,421,872	-	-	883,985	3,305,857
Culture and Recreation	2,555,799	-	-	350,788	2,906,587
State and County Assessments	35,105,598	-	-	-	35,105,598
Pension and Fringe Benefits	82,985,651	-	-	-	82,985,651
Pension (MTRS On Behalf of Payment)	41,785,265	-	-	-	41,785,265
Court Judgments	1,884,625	-	-	-	1,884,625
Capital Outlay	45,602	32,877,370	21,082,266	3,546,035	57,551,273
Debt Service	34,806,697	-	-	184,675	34,991,372
Total Expenditures	525,593,000	32,877,370	21,495,618	65,462,445	645,428,433
Excess (deficiency) of Revenues Over Expenditures	(1,234,642)	(32,877,370)	-	(337,625)	(34,449,637)
Other Financing Sources (Uses):					
Operating Transfers In	9,163,264	-	-	2,802,367	11,965,631
Operating Transfers Out	(4,392,797)	-	-	(5,389,887)	(9,782,684)
Premiums fro Issuance of Bonds and Notes Payable	-	-	-	30,619	30,619
Total Other Financing Sources (Uses)	4,770,467	-	-	(2,556,901)	2,213,566
Net Change in Fund Balance	3,535,825	(32,877,370)	-	(2,894,526)	(32,236,071)
Fund Balance - Beginning	86,121,979	90,108,571	-	30,549,234	206,779,784
Fund Balance - End of Year	\$ 89,657,804	\$ 57,231,201	-	\$ 27,654,708	\$ 174,543,713

(1) Extracted from audited financial statements of the City.

CITY OF BROCKTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023 (1)

	General Fund	Public Safety Building	American Recue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Real and Personal Property Taxes, Net	\$ 164,343,139	\$ -	\$ -	\$ -	\$ 164,343,139
Motor Vehicle and Other Excise	13,052,221	-	-	-	13,052,221
Penalties and Interest on Taxes	1,852,988	-	-	-	1,852,988
Payments in Lieu of Taxes	101,400	-	-	-	101,400
User Charges and Other Revenue	3,480,431	-	-	3,576,241	7,056,672
Fees	2,081,666	-	-	6,247,097	8,328,763
Licenses and Permits	6,317,259	-	-	-	6,317,259
Intergovernmental	257,650,305	-	3,978,612	66,950,629	328,579,546
Intergovernmental (MTRS On Behalf of Contribution)	36,129,908	-	-	-	36,129,908
Fines	159,205	-	-	6,048	165,253
Investment Income (loss)	3,964,145	-	-	1135693	5,099,838
Contributions	162,493	-	-	845,764	1,008,257
Other Revenues	-	-	-	2,330	2,330
Total Revenues	489,295,160	-	3,978,612	78,763,802	572,037,574
Expenditures:					
Current:					
General Government	17,613,122	-	1,970,718	2,070,721	21,654,561
Public Safety	61,205,460	-	-	6,316,996	67,522,456
Education	241,369,061	-	-	53,533,070	294,902,131
Public Works	5,362,683	-	-	1,725,562	7,088,245
Economic Development	639,876	-	6,835	3,689,320	4,336,031
Human Services	2,701,905	-	-	1,647,223	4,349,128
Culture and Recreation	2,635,936	-	-	584,729	3,220,665
State and County Assessments	30,908,649	-	-	-	30,908,649
Pension and Fringe Benefits	69,489,185	-	-	-	69,489,185
Pension (MTRS On Behalf of Payment)	36,129,908	-	-	-	36,129,908
Court Judgments	1,337,413	-	-	-	1,337,413
Capital Outlay	85,758	2,110,221	2,001,059	5,992,033	10,189,071
Debt Service	25,782,686	-	-	404,770	26,187,456
Total Expenditures	495,261,642	2,110,221	3,978,612	75,964,424	577,314,899
Excess (deficiency) of Revenues					
Over Expenditures	(5,966,482)	(2,110,221)	-	2,799,378	(5,277,325)
Other Financing Sources (Uses):					
Operating Transfers In	3,885,131	-	-	101,350	3,986,481
Operating Transfers Out	(1,708,062)	-	-	(770,854)	(2,478,916)
Proceeds from Issuance of Bonds and Notes Payable	-	85,900,000	-	-	85,900,000
Premiums fro Issuance of Bonds and Notes Payable	-	4,220,000	-	257,559	4,477,559
Total Other Financing Sources (Uses)	2,177,069	90,120,000	-	(411,945)	91,885,124
Net Change in Fund Balance	(3,789,413)	88,009,779		2,387,433	86,607,799
Fund Equity, Beginning, As Originally Reported	89,911,392	-	-	32,089,860	122,001,252
Adjustments	-	2,098,792	-	(3,928,059)	(1,829,267)
Fund Balance - Beginning, As Adjusted	89,911,392	2,098,792		28,161,801	120,171,985
Fund Balance - End of Year	\$ 86,121,979	\$ 90,108,571		\$ 30,549,234	\$ 206,779,784

(1) Extracted from audited financial statements of the City.

CITY OF BROCKTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2022 (1)

	General Fund	ARPA Fund	Other Governmental	Total Governmental Funds
Revenues:				
Real and Personal Property Taxes, Net	\$ 157,890,916	\$ -	\$ -	\$ 157,890,916
Motor Vehicle and Other Excise	12,051,934	-	-	12,051,934
Penalties and Interest on Taxes	2,153,587	-	-	2,153,587
Payments in Lieu of Taxes	74,200	-	-	74,200
User Charges and Other Revenue	2,406,030	-	4,726,502	7,132,532
Fees	1,384,304	-	6,460,514	7,844,818
Licenses and Permits	4,662,608	-	-	4,662,608
Intergovernmental	245,007,112	12,285,747	88,273,426	345,566,285
Intergovernmental (MTRS On Behalf of Contribution)	29,272,341	-	-	29,272,341
Fines	191,238	-	419,787	611,025
Investment Income (loss)	(47,816)	-	-211,094	(258,910)
Contributions	-	-	1,404,936	1,404,936
Total Revenues	<u>455,046,454</u>	<u>12,285,747</u>	<u>101,074,071</u>	<u>568,406,272</u>
Expenditures:				
Current:				
General Government	16,720,360	2,405,057	936,585	20,062,002
Public Safety	62,774,400	2,223,415	6,593,558	71,591,373
Education	214,576,499	25,500	74,297,331	288,899,330
Public Works	6,828,052	596,200	541,731	7,965,983
Economic Development	563,122	-	3,052,234	3,615,356
Human Services	2,711,122	7,500	1,611,679	4,330,301
Culture and Recreation	2,763,539	13,000	572,083	3,348,622
State and County Assessments	28,215,875	-	-	28,215,875
Pension and Fringe Benefits	68,445,408	-	-	68,445,408
Pension (MTRS On Behalf of Payment)	29,272,341	-	-	29,272,341
Court Judgments	217,472	-	-	217,472
Capital Outlay	7,517,402	6,958,774	22,138,351	36,614,527
Debt Service	12,991,233	-	387,514	13,378,747
Total Expenditures	<u>453,596,825</u>	<u>12,229,446</u>	<u>110,131,066</u>	<u>575,957,337</u>
Excess (deficiency) of Revenues Over Expenditures	1,449,629	56,301	(9,056,995)	(7,551,065)
Other Financing Sources (Uses):				
Operating Transfers In	4,384,144	-	2,416,675	6,800,819
Operating Transfers Out	(3,632,191)	(56,301)	(1,839,172)	(5,527,664)
Leases	1,930,956	-	-	1,930,956
Proceeds from Issuance of Bonds and Notes Payable	-	-	11,971,000	11,971,000
Premiums from Issuance of Bonds and Notes Payable	-	-	400,050	400,050
Total Other Financing Sources (Uses)	<u>2,682,909</u>	<u>(56,301)</u>	<u>12,948,553</u>	<u>15,575,161</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Sources	4,132,538	-	3,891,558	8,024,096
Special Items:				
Special Item - Issuance of Pension Obligation Bonds	301,835,000	-	-	301,835,000
Special Item - Pension Obligation Bond Issuance Costs	(1,835,000)	-	-	(1,835,000)
Special Item - Contribution to Pension Trust	(300,000,000)	-	-	(300,000,000)
Total Special Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Changes in Fund Balance	4,132,538	-	3,891,558	8,024,096
Fund Equity, at Beginning of Year, as restated	<u>85,778,874</u>	<u>-</u>	<u>28,198,302</u>	<u>113,977,176</u>
Fund Equity, at End of Year	<u>\$ 89,911,412</u>	<u>\$ -</u>	<u>\$ 32,089,860</u>	<u>\$ 122,001,272</u>

(1) Extracted from audited financial statements of the City.

CITY OF BROCKTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021 (1)

	General Fund	Public Safety Complex	COVID Fund	ARPA Fund	Other Governmental	Total Governmental Funds
Revenues:						
Real and Personal Property Taxes, Net	\$ 154,355,112	\$ -	\$ -	\$ -	\$ -	\$ 154,355,112
Motor Vehicle and Other Excise	10,979,164	-	-	-	-	10,979,164
Penalties and Interest on Taxes	2,551,202	-	-	-	-	2,551,202
Payments in Lieu of Taxes	73,870	-	-	-	-	73,870
User Charges and Other Revenue	1,307,969	-	-	-	4,616,710	5,924,679
Fees	1,997,265	-	-	-	3,305,433	5,302,698
Licenses and Permits	4,602,887	-	-	-	-	4,602,887
Intergovernmental	217,546,718	-	13,629,110	-	52,025,049	283,200,877
Intergovernmental (MTRS On Behalf of Contribution)	56,811,472	-	-	-	-	56,811,472
Fines	455,047	-	-	-	250,449	705,496
Investment Income	549,407	-	-	-	2,073,280	2,622,687
Contributions	-	-	-	-	1,345,522	1,345,522
Total Revenues	451,230,113	-	13,629,110	-	63,616,443	528,475,666
Expenditures:						
Current:						
General Government	14,924,972	-	1,396,870	-	1,455,620	17,777,462
Public Safety	52,747,757	-	6,200,822	-	7,027,271	65,975,850
Education	184,568,198	-	9,688,928	-	42,560,781	236,817,907
Public Works	5,957,027	-	17,049	-	343,989	6,318,065
Economic Development	423,760	-	-	-	3,276,508	3,700,268
Human Services	2,454,547	-	69	-	1,108,181	3,562,797
Culture and Recreation	2,395,834	-	46,249	-	158,916	2,600,999
State and County Assessments	23,720,285	-	-	-	-	23,720,285
Pension and Fringe Benefits	80,723,923	-	-	-	-	80,723,923
Pension (MTRS On Behalf of Payment)	56,811,472	-	-	-	-	56,811,472
Court Judgments	286,997	-	-	-	-	286,997
Capital Outlay	631,681	1,729,802	-	-	7,139,712	9,501,195
Debt Service	12,428,560	-	-	-	192,470	12,621,030
Total Expenditures	438,075,013	1,729,802	17,349,987	-	63,263,448	520,418,250
Excess (deficiency) of Revenues Over Expenditures	13,155,100	(1,729,802)	(3,720,877)	-	352,995	8,057,416
Other Financing Sources (Uses):						
Operating Transfers In	3,657,877	-	-	-	2,425,637	6,083,514
Operating Transfers Out	(4,019,616)	-	-	-	(2,747,985)	(6,767,601)
Proceeds from Issuance of Bonds and Notes Payable	-	-	-	-	299,778	2,997,789
Proceeds from Refunding Bonds (Current)	3,225,000	-	-	-	-	3,225,000
Premiums from Issuance of Bonds and Notes Payable	-	-	-	-	631,226	631,226
Premiums from Issuance of Refunding Bonds (Current)	593,944	-	-	-	-	593,944
Debt Service - Principal - Current Refunding	(3,710,000)	-	-	-	-	(3,710,000)
Total Other Financing Sources (Uses)	(252,795)	-	-	-	3,306,667	3,053,872
Changes in Fund Balance	12,902,305	(1,729,802)	(3,720,877)	-	3,659,662	11,111,288
Fund Equity, at Beginning of Year, as restated	72,876,569	-	(3,609,177)	-	33,598,496	102,865,888
Fund Equity, at End of Year	\$ 85,778,874	\$ (1,729,802)	\$ (7,330,054)	\$ -	\$ 37,258,158	\$ 113,977,176

(1) Extracted from audited financial statements of the City.

**CITY OF BROCKTON, MASSACHUSETTS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020 (1)**

	General Fund	Other Governmental	Total Governmental Funds
Revenues:			
Real and Personal Property Taxes, Net	\$ 146,314,123	\$ -	\$ 146,314,123
Motor Vehicle and Other Excise	10,705,764	-	10,705,764
Penalties and Interest on Taxes	1,754,083	-	1,754,083
Payments in Lieu of Taxes	74,200	-	74,200
User Charges and Other Revenue	1,140,321	1,555,253	2,695,574
Fees	1,968,953	6,653,422	8,622,375
Licenses and Permits	3,457,803	-	3,457,803
Intergovernmental	215,853,142	45,277,719	261,130,861
Intergovernmental (MTRS On Behalf of Contribution)	49,772,697	-	49,772,697
Fines	442,146	256,425	698,571
Investment Income	1,208,195	750,901	1,959,096
Contributions	-	693,902	693,902
Total Revenues	<u>432,691,427</u>	<u>55,187,622</u>	<u>487,879,049</u>
Expenditures:			
Current:			
General Government	14,565,239	980,480	15,545,719
Public Safety	52,769,192	4,693,606	57,462,798
Education	182,492,850	37,899,914	220,392,764
Public Works	6,147,343	435,895	6,583,238
Economic Development	400,936	1,577,984	1,978,920
Human Services	2,421,528	781,499	3,203,027
Culture and Recreation	2,658,244	329,814	2,988,058
State and County Assessments	20,804,863	-	20,804,863
Pension and Fringe Benefits	77,511,360	-	77,511,360
Pension (MTRS On Behalf of Payment)	49,772,697	-	49,772,697
Court Judgments	2,807,761	-	2,807,761
Capital Outlay	1,400,888	10,813,870	12,214,758
Debt Service	12,877,329	186,417	13,063,746
Total Expenditures	<u>426,630,230</u>	<u>57,699,479</u>	<u>484,329,709</u>
Excess (deficiency) of Revenues Over Expenditures	6,061,197	(2,511,857)	3,549,340
Other Financing Sources (Uses):			
Transfers in	2,353,173	181,000	2,534,173
Transfers Out	(3,034,613)	(1,873,128)	(4,907,741)
Proceeds from Issuance of Bonds and Notes Payable	-	647,465	647,465
Total Other Financing Sources (Uses)	<u>(681,440)</u>	<u>(1,044,663)</u>	<u>(1,726,103)</u>
Changes in Fund Balance	5,379,757	(3,556,520)	1,823,237
Fund Equity, at Beginning of Year, as restated	<u>67,496,812</u>	<u>33,819,087</u>	<u>101,315,899</u>
Fund Equity, at End of Year	<u>\$ 72,876,569</u>	<u>\$ 30,262,567</u>	<u>\$ 103,139,136</u>

(1) Extracted from audited financial statements of the City.

Fund Balance and Free Cash – General Fund

Under Massachusetts law, an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this amount, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Communities can recertify or recalculate free cash in coordination with the Department of Revenue if circumstances change and a recertification will result in additional funds available for appropriation. Brockton has made use of that opportunity the last few years – see chart below.

The following table compares free cash under the UMAS system with Unreserved General Fund Balance and total General Fund Balance under GAAP. See "Brockton Deficits FY2023 & FY2024 and estimated deficit for FY2025" herein.

<u>Fiscal Year</u>	<u>General Fund Balance (GAAP – June 30)</u>	<u>Unassigned General Fund Balance (GAAP – June 30)</u>	<u>Free Cash (UMAS- As of July 1)</u>
2025	N.A.	\$23,400,000 (est.)	\$10,166,151 (1)
2024	\$89,657,804	40,990,314	21,463,671 (2)
2023	86,121,979	20,233,872	4,094,886 (3)
2022	89,911,362	29,948,105	22,553,999
2021	85,778,874	34,745,587	17,589,301
2020	72,876,569	26,403,096	19,305,255

- (1) Reduction in fund balance attributable to increased health insurance costs and weaker revenues in fiscal 2025 compared to fiscal 2024. Following the amounts used to extinguish deficits in FY2025 and subsequent certification in March 2026, total Free Cash was approximately \$10.03 million, of which \$9 million was placed into the Supplemental Reserve Fund – see "Reserve Funds" below.
- (2) The increase in free cash in 2024 was a direct result of resolving the fiscal 2023 school deficit. Since then, despite the challenges of emerging from the deficit, the City has been vigilant with spending and has been able to produce significant free cash numbers each year.
- (3) Free Cash was recertified at \$12,042,811 for fiscal 2023, all of which was used to balance the fiscal 2024 budget.

Free Cash – Enterprise Funds

In addition, the State Bureau of Accounts annually certifies the amount of "free cash" in each of the City's enterprise funds, as set forth below.

<u>July 1</u>	<u>Water Enterprise Fund</u>	<u>Sewer Enterprise Fund</u>	<u>Recreation Enterprise Fund</u>	<u>Refuse Enterprise Fund</u>	<u>Renewable Energy Fund</u>	<u>Stormwater Enterprise Fund</u>	<u>Parking Enterprise Fund</u>
2025	\$ 1,373,876	\$ 1,718,811	\$ 391,492	\$ (138,096)	\$ -	\$ 1,104,852	\$ 2,340,707
2024	12,417,821 (1)	(1,419,992) (2)	941,365	(1,491,860) (2)	-	(73,761) (2)	1,648,148
2023	3,723,851	782,468	510,967	1,286,138	-	762,210	1,918,643
2022	3,723,851	782,468	510,967	1,286,138	-	762,210	1,918,643
2021	5,213,525	2,144,037	451,669	870,776	-	-	-

- (1) Increase attributable to increased revenue as a result of rate increases.
- (2) Decrease attributable to increasing costs of operation along with static fees. City Council has since added rate increases to address these challenges going forward.

Reserve Funds

Supplemental Reserve Fund

Based on Chapter 324 of the Massachusetts Acts of 1990, the City of Brockton maintains a special reserve fund for extraordinary and unforeseen expenditures called the "Supplemental Reserve Fund". Since fiscal 1992, one and one-half percent of the "Gross Amount to be Raised" on the annual tax computation form for the previous fiscal year has been appropriated to this fund in the budget for the current fiscal year. Expenditures from this fund can be made only by the Mayor, with City Council approval. The Supplemental Reserve Fund is accounted for in the General Fund balance sheet as "Unreserved: Designated for Extraordinary and Unforeseen Expenditures". The balance of the Supplemental Reserve Fund was \$9,043,440 as of April 2026. The balance in the Supplemental Reserve Fund has been drawn down in its entirety and subsequently replaced to balance each year's budgets, since FY 2023.

Stabilization Fund

Since fiscal year 1993, the City has maintained a Stabilization Fund. Funded by an annual appropriation, the Stabilization Fund plus interest income may be appropriated for any municipal purpose by a two thirds majority vote of the City Council. It is accounted for in the General Fund balance sheet as "Unreserved: Designated for Stabilization".

Pension Stabilization Fund

The City maintains a Contingency Reserve Fund (CRF) in connection with its outstanding pension obligation bonds, which has a balance of \$23,381,935 as of April 2026.

Tax Increment Financing for Development Districts

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½. (See "Tax Limitations" under "PROPERTY TAXATION" above.)

The City has established a development district under chapter 40Q of the Massachusetts General Laws in the downtown area of the City. The City's development district contains approximately 2.83% of the City's assessed valuation in fiscal year 2025.

Enterprise Funds

The City of Brockton has five Enterprise Funds which are accounted for as Proprietary Funds in the City's audited financial statements.

Water Enterprise Fund. The Water Enterprise Fund was established in FY 1990. Effective with the creation in 1995 of the water commission, rates are recommended by the water commission, subject to approval by the City Council. Prior to the creation of the commission, water rates were set by the Mayor at the recommendation of the Commissioner of Public Works. The City Council adopted the implementation of a user fee to provide ongoing revenue for infrastructure investment purposes, relieving rate pressure. See "City of Brockton, Massachusetts – Municipal Services" above.

Sewer Enterprise Fund. The Sewer Enterprise Fund was established in fiscal 1992. Sewer rates are set by the City Council with the approval of the Mayor. The City has expended from retained earnings to help fund necessary capital projects with an objective of annually generating the reserve balance at about 10% of the revenues. This fund is fully self-supporting, including paying for the full costs of the 2006 Consent Decrees entered into by the City and the U.S. Environmental Protection Agency relating to sewage treatment system improvements and other capital projects.

City rates were increased in phases in 2005, 2006, 2007, 2008, 2009, and 2024. The rate increases in the aggregate were more than 60% but still leave City sewer rates competitive with those of MWRA communities.

Recreation Enterprise Fund. In fiscal 1993, the City established the Recreation Enterprise Fund. Fees for golf and recreation activities are set by the Parks and Recreation Commission. The General Fund subsidizes the Recreation Fund for the specific purposes which otherwise could not be afforded. The subsidy for Recreation Fund programs in the fiscal years from 2021 through 2025 was \$443,775, \$145,358, \$600,000, \$888,290 and \$200,000. The direct subsidy amount for the Recreation Fund is expected to total \$775,000 in 2026.

Refuse Enterprise Fund – In fiscal year 2002, the City established the Refuse Enterprise Fund for the pick-up and disposal of garbage, trash, and other refuse from the City's residential properties. The City provides service weekly. The City charges a flat fee per single family unit (\$100 per quarter). Single family residences are limited to one barrel per week for this fee. Additional pickup/disposal service may be obtained at the price of \$1.00 per bag. Initially, the City's General Fund subsidized the Refuse Fund. For fiscal 2003, the subsidy was \$2.113 million. In fiscal 2004, the Mayor budgeted a subsidy of \$1.112 million, but the fund actually required only \$634 thousand and thus generated a surplus for retained earnings. Accordingly, beginning in fiscal 2005, the City has no longer subsidized the Refuse Enterprise Fund. Instead, the Retained Earnings balance from the prior year's operations has been used to help pay for budgeted operating costs.

Parking Authority Fund

The Brockton Parking Authority was originally established as a revolving fund. Beginning in the 2023 Fiscal Year, the City Council established the authority as an enterprise fund. The current balance of unreserved retained earnings for the Brockton Parking Authority is \$2,340,707.

INDEBTEDNESS

Authorization Procedure and Limitations

Bonds and notes are generally authorized on behalf of the City by vote of two-thirds of all the members of the city council. Provision is made for a referendum on the filing of a petition bearing the requisite number of signatures within twenty days of final passage on a loan order. Borrowings for certain purposes require state administrative approval. Temporary loans in anticipation of current revenues and in anticipation of federal and state grants may be made by the Treasurer with the approval of the Mayor.

Debt Limits

General Debt Limit. The General Debt Limit of the City consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The City can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Municipal Finance Oversight Board consisting of the Attorney General, the State Treasurer, the State Auditor, and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit if such debt is authorized by a two-thirds vote of the city or town and such debt is payable within the periods so specified in Mass. Gen. Laws. c. 44, §8. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes; emergency loans; loans exempted by special laws; certain school bonds, certain sewer bonds, solid waste disposal facility bonds and economic development bonds supported by tax increment financing, bonds for water, housing, urban renewal and economic development (subject to various debt limits), and electric, gas, community antenna television systems, and telecommunications systems. Revenue bonds are not subject to these debt limits. The General Debt Limit applies at the time the debt is authorized. The special debt limits generally apply at the time the debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year, to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "PROPERTY TAXATION - Taxation to Meet Deficits," above.) In any event, the period from an original borrowing to its final maturity cannot exceed one year.

Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue ("DOR"). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the Bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as “qualified bonds” with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as “tax credit bonds” to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. The maximum term of bonds issued to refund bond anticipation notes is measured from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements for any purpose for which the city or town may be able to incur debt that may be payable over a term of five years or longer. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth’s Clean Water or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and towns which are members of the New England Power Pool may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the Department of Public Utilities.

**City of Brockton
Direct Debt Summary
As of June 30, 2025,
Including This Issue**

Long Term Debt Outstanding:		
School (1)	\$ 7,880,400	
Water (2)	1,769,600	
General (3)	106,570,000	
MCWT (4)	45,248,366	
Pension Obligation Bonds ("POB") (5)	315,970,000	
Total Outstanding		\$ 477,438,366
Pending Pension Obligation Bonds (5)		58,645,000 *
Temporary Notes:		
This Issue - Bond Anticipation Notes (6)	30,570,000	
Total Short Term Outstanding		30,570,000
Total Direct Debt after This Issue		\$ 566,653,366

*Preliminary, subject to change.

- (1) \$2,385,400 of the outstanding school bonds is outside the debt limit.
- (2) Expected payment from self-supporting enterprise. Outside the debt limit.
- (3) Includes library, land acquisition and planning debt.
- (4) Expected payment from self-supporting enterprise. Bonds issued to Massachusetts Clean Water Trust, for water and sewer projects. Gross amount does not reflect subsidies from the MCWT. \$43,207,431 of the outstanding MCWT bonds is outside the debt limit.
- (5) Outside the debt limit, taxable. See "Retirement Plan" herein.
- (6) This issue, payable October 8, 2026.

Debt Ratios

The following table sets forth the ratio of debt to estimated full valuation and per capita debt ratios at the end of the five most recent fiscal years. The table considers the principal amount of general obligation bonds of the City of Brockton only and does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole or part (i.e. water, sewer and school debt) by non-tax revenue.

<u>Fiscal Year End</u>	<u>General Obligation Bonds Outstanding</u>	<u>Population (1)</u>	<u>State Equalized Valuation (2)</u>	<u>Per Capita Debt</u>	<u>Ratio Debt to State Equalized Valuation (2)</u>
2025	\$ 477,438,366	105,643	\$ 13,376,784,600	\$ 4,519	3.57 %
2024	501,506,235	105,643	10,593,077,300	4,747	4.73
2023	527,482,622	105,643	10,593,077,300	4,993	4.98
2022	449,340,319 (3)	105,643	8,886,561,300	4,253	5.06
2021	160,449,312	105,643	8,886,561,300	1,519	1.81

- (1) 2020 Federal Census for fiscal years 2021 through 2025.
- (2) 2020 State Equalized Valuation used for fiscal 2021 and 2022; 2022 State Equalized Valuation used for fiscal 2023 and 2024; 2024 State Equalized Valuation used for fiscal 2025.
- (3) Reflects issuance of Pension Obligation Bonds in 2021. See "Retirement Plan" herein.

Principal Payments by Purpose

The following table sets forth the principal payments by purpose on outstanding general obligation bonds of the City of Brockton as of June 30, 2025.

City of Brockton, Massachusetts Bonded Debt Principal Payments by Purpose As of June 30, 2025

Fiscal Year	School	Water	General	MCWT	POB	Total
2026	\$ 845,400	\$ 174,600	\$ 2,820,000	\$ 7,914,023	\$ 24,540,000	\$ 36,294,023
2027	855,000	170,000	2,805,000	6,488,928	26,005,000	36,323,928
2028	865,000	170,000	2,920,000	4,322,595	26,585,000	34,862,595
2029	880,000	170,000	3,030,000	2,992,306	27,310,000	34,382,306
2030	885,000	90,000	3,140,000	2,678,897	27,920,000	34,713,897
2031	895,000	90,000	3,250,000	2,708,930	28,590,000	35,533,930
2032	505,000	90,000	3,310,000	2,150,604	29,310,000	35,365,604
2033	505,000	90,000	3,440,000	2,170,042	30,090,000	36,295,042
2034	505,000	90,000	3,575,000	1,783,195	30,940,000	36,893,195
2035	490,000	85,000	3,715,000	1,794,656	31,855,000	37,939,656
2036	150,000	85,000	3,755,000	1,687,454	32,825,000	38,502,454
2037	150,000	65,000	3,645,000	1,607,652	-	5,467,652
2038	150,000	65,000	3,425,000	1,345,512	-	4,985,512
2039	150,000	60,000	3,490,000	1,347,476	-	5,047,476
2040	50,000	50,000	3,255,000	1,179,981	-	4,534,981
2041	-	45,000	3,425,000	1,042,504	-	4,512,504
2042	-	45,000	3,600,000	619,853	-	4,264,853
2043	-	45,000	3,765,000	618,884	-	4,428,884
2044	-	45,000	3,920,000	426,936	-	4,391,936
2045	-	45,000	4,080,000	367,939	-	4,492,939
2046	-	-	4,245,000	-	-	4,245,000
2047	-	-	4,420,000	-	-	4,420,000
2048	-	-	4,595,000	-	-	4,595,000
2049	-	-	4,790,000	-	-	4,790,000
2050	-	-	4,985,000	-	-	4,985,000
2051	-	-	5,190,000	-	-	5,190,000
2052	-	-	4,890,000	-	-	4,890,000
2053	-	-	5,090,000	-	-	5,090,000
	<u>\$ 7,880,400</u>	<u>\$ 1,769,600</u>	<u>\$ 106,570,000</u>	<u>\$ 45,248,366</u>	<u>\$ 315,970,000</u>	<u>\$ 477,438,366</u>

Debt Service Requirements

The following table shows the total debt service due on outstanding general obligation indebtedness of the City.

City of Brockton, Massachusetts Debt Service Requirements As of June 30, 2025

Fiscal Year	Outstanding as of June 30, 2025		Total Debt Service
	Principal	Interest	
2026	\$ 36,294,023	\$ 14,246,110	\$ 50,540,133
2027	36,323,928	13,139,047	49,462,975
2028	34,862,595	11,931,744	46,794,338
2029	34,382,306	10,897,723	45,280,029
2030	34,713,897	10,043,831	44,757,728
2031	35,533,930	9,141,609	44,675,538
2032	35,365,604	8,200,208	43,565,812
2033	36,295,042	7,205,922	43,500,964
2034	36,893,195	6,140,700	43,033,895
2035	37,939,656	5,009,335	42,948,991
2036	38,502,454	3,823,868	42,326,321
2037	5,467,652	3,112,950	8,580,601
2038	4,985,512	2,908,588	7,894,099
2039	5,047,476	2,708,793	7,756,269
2040	4,534,981	2,514,184	7,049,165
2041	4,512,504	2,323,581	6,836,085
2042	4,264,853	2,127,962	6,392,814
2043	4,428,884	1,951,116	6,380,000
2044	4,391,936	1,785,886	6,177,822
2045	4,492,939	1,617,400	6,110,339
2046	4,245,000	1,443,300	5,688,300
2047	4,420,000	1,270,000	5,690,000
2048	4,595,000	1,089,700	5,684,700
2049	4,790,000	902,000	5,692,000
2050	4,985,000	706,500	5,691,500
2051	5,190,000	503,000	5,693,000
2052	4,890,000	301,400	5,191,400
2053	5,090,000	101,800	5,191,800
Total	<u>\$ 477,438,366</u>	<u>\$ 127,148,255</u>	<u>\$ 604,586,621</u>

Authorized Unissued Debt and Prospective Financing

Following the delivery of the Bonds, the City will have approximately \$100,000,000 in authorized unissued long-term debt. Of this amount \$48,000,000 is authorized for a public safety complex, and \$6,158,612 represents excess authorization for two elementary school projects, expected to be rescinded. The remaining balance is authorized for various purposes.

At the same time as the Bonds, the City expects to issue approximately \$29.97 million General Obligation Bond Anticipation Notes for the primary purpose of funding additional capital needs for its public safety complex (\$26 million) and the balance for other capital projects.

Within the next five years, the City may authorize approximately \$800 million high school construction bonds for which the City would seek state school construction reimbursement grants from the Massachusetts School Building Authority, which would reduce the City's local share to approximately \$390 million. Any such debt would be contingent on a debt exclusion.

Coverage of State Qualified Debt Service

The following table presents debt service on the City's outstanding state qualified bonds and the coverage ratio of total state aid to the City's debt service on outstanding state qualified bonds.

Fiscal Year	Outstanding State Qualified Bonds Debt Service	Total State Aid (1)	Coverage Ratio Total State Aid to Qualified Debt Service
2026	\$ 7,948,723	\$ 314,622,693	39.58
2027	7,801,494	320,915,147	41.14
2028	7,755,094	327,333,450	42.21
2029	7,707,794	333,880,119	43.32
2030	7,570,269	340,557,721	44.99
2031	7,516,044	347,368,876	46.22
2032	7,020,794	354,316,253	50.47
2033	6,995,825	361,402,578	51.66
2034	6,965,875	368,630,630	52.92
2035	6,914,213	376,003,242	54.38
2036	6,803,325	383,523,307	56.37
2037	6,491,888	391,193,773	60.26
2038	6,097,288	399,017,649	65.44
2039	5,982,513	406,998,002	68.03
2040	5,800,913	415,137,962	71.56
2041	5,744,663	423,440,721	73.71
2042	5,742,013	431,909,535	75.22
2043	5,739,688	440,547,726	76.75
2044	5,738,963	449,358,681	78.30
2045	5,736,881	458,345,854	79.89
2046	5,688,300	467,512,771	82.19
2047	5,690,000	476,863,027	83.81
2048	5,684,700	486,400,287	85.56
2049	5,692,000	496,128,293	87.16
2050	5,691,500	506,050,859	88.91
2051	5,693,000	516,171,876	90.67
2052	5,191,400	516,171,876	99.43
2053	5,191,800	526,495,314	101.41
Total	<u>\$ 178,596,954</u>	<u>\$ 11,892,902,355</u>	

(1) Includes total state aid available for coverage. State aid is taken from the estimated fiscal 2026 cherry sheet and is shown in this table to be increasing at an estimated rate of 2% each year thereafter. The State aid figures above no longer reflect school building assistance grants as such grants are no longer paid by the Commonwealth; they are now paid by the Massachusetts School Building Authority. Therefore, such payments no longer constitute "distributable aid" of the Commonwealth under the Qualified Bond Act.

Overlapping Debt

The City of Brockton is a member of Plymouth County, the Southeastern Regional Vocational School District and the Brockton Area Transit Authority. The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of each overlapping entity, and the City of Brockton's estimated share of such debt and the fiscal 2026 dollar assessment for each.

	Bonded Debt as of 6/30/25 (1)	City's Estimated Share of Debt	FY 2026 Dollar Assessment
Plymouth County (2)	\$ -	9.39 %	\$189,158
Southeastern Regional Vocational School District (3)	5,610,000	65.00	5,386,307
Brockton Area Transit Authority (4)	-		2,898,623

(1) Omits debt of the Commonwealth.

(2) Source: Plymouth County Treasurer's Office. Assessment includes debt service and other County expenses assessed upon the City in proportion to its equalized valuation. Legislation enacted in 1997 abolished the county governments of Franklin and Middlesex counties as of July 1, 1997, with their assets, functions, debts and other obligations being assumed by the Commonwealth. The abolishment of the Middlesex County government was in part in response to a default by the county in the payment of general obligation notes of the county. The legislation also abolished the county governments of Hampden and Worcester counties as of July 1, 1998. Legislation enacted in 1998 abolished the county governments of Hampshire, Essex and Berkshire counties as of January 1, 1999, July 1, 1999 and July 1, 2000, respectively. The legislation requires the state secretary for administration and finance to establish a plan to recover the Commonwealth's expenditures for the liabilities and other debts assumed and paid by the Commonwealth on behalf of an abolished county. Unless these provisions are changed by further legislation, the state treasurer shall assess upon each city and town within the jurisdiction of an abolished county an amount not exceeding or equal to the county tax paid by each such city and town for the fiscal year immediately prior to the abolishment of the county (or two years prior in the case of Essex county) until such expenditures by the Commonwealth are recovered. It is possible that similar legislation will be sought to provide for the abolishment of county government in all the remaining counties

(3) Source: Treasurer's Office, Southeastern Regional Vocational School District. Other District members are: East Bridgewater, Easton, Foxborough, Sharon, Stoughton and West Bridgewater.

(4) Source: Brockton Area Transit Authority.

Contractual Obligations

Municipal contracts are generally limited to currently available appropriations. Contracts with specified purposes can be granted extensions by statutory authority but are also subject to maximum term limits. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interest, but only when funds are available for the first fiscal year; obligations for succeeding fiscal years are subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long-term obligations not subject to annual appropriation, including contracts for refuse disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. The City may have implied authority to require long-term contracts to carry out authorized municipal functions, such as contracts to purchase water from private water companies. Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

Since October 1991, the City has contracted with independent vendors for the pick-up and disposal of residential trash. A procurement process in fiscal 2018 resulted in the city awarding the contract to Allied Waste. The annual cost of the trash services under the new contract is about \$540,000 per month, subject to a 2% annual increase. The contract also includes a provision which provides residents with new 35-gallon solid waste containers and 96-gallon single-stream recycle containers.

The contractor provides trash services for residents of five residential units or less. Commercial entities and residences of more than five units must contract independently. In the City contract, residents must purchase specially marked trash bags in order to place trash in excess of one 35-gallon container at the curb. Under the new contract, recycling pickups were changed from a weekly schedule to a bi-weekly schedule. Residents also receive yard waste removal in season and the

pickup by appointment of bulky items and white goods. Provisions are also made for separate handling of household hazardous waste.

In the summer of 1998 the Commonwealth authorized the City, through approval of a home rule petition enacted as Chapter 199 of the Acts of 1998, to enter into a contract for the operation and maintenance of the City's water and wastewater treatment plant for a period not to exceed twenty (20) years. As of September 1, 2021, the City entered into a ten (10) year contract with Veolia Water North America – Northeast LLC for the operation, maintenance and management services for water and wastewater facilities.

The City has also entered into a 20-year water supply contract for the purchase of its water since extended to 2028. (See "City of Brockton, Massachusetts – Municipal Services"). Pursuant to special legislative authority, the City's payment obligations under the contract constitute general obligations of the City which are not subject to annual appropriation. Nonetheless, \$5,309,375 was appropriated for fiscal 2011, \$5,571,250 was appropriated for fiscal 2012 and \$6,111,000 was appropriated for fiscal 2013 for the full cost of the year's obligation to be offset with water revenues. The fiscal year 2025 cost of this contract was \$10,947,581 and the City budgeted \$9,222,000 for fiscal year 2026.

RETIREMENT PLAN

Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, teachers and county, city and town employees. Teachers participate in a separate statewide retirement system, while substantially all non-teacher employees of participating cities and towns are covered by local, county or regional retirement systems. The Public Employee Retirement Administration Commission ("PERAC") oversees and regulates all Massachusetts public retirement systems.

The Brockton Contributory Retirement System (the "Retirement System") covers employees of the City of Brockton (the "City"), the Brockton Housing Authority, the Brockton Redevelopment Authority and the Brockton Area Transit Authority. The Retirement System is administered by the Brockton Retirement Board (the "Retirement Board").

Under Massachusetts law, pension obligations of cities and towns are contractual obligations and are required to be included in the annual tax levy. Retirement systems are funded through a combination of employee contributions, investment earnings and employer appropriations determined under actuarially developed funding schedules approved by PERAC.

Pursuant to Chapter 188 of the Acts of 2010, Massachusetts retirement systems may establish funding schedules designed to fully fund unfunded actuarial liabilities by no later than June 30, 2040, subject to certain statutory conditions. The Retirement Board previously adopted a funding schedule with a target full funding date of fiscal year 2032, which was earlier than the statutory deadline.

To assist in funding its unfunded pension liability, the City issued pension obligation bonds in the aggregate principal amounts of approximately \$101.5 million in 2005 and \$301.8 million in 2021. The proceeds of these issues were applied for the benefit of the City in reducing the City's unfunded pension liability.

In connection with the 2021 pension obligation bond issuance, the City established a Contingency Reserve Fund ("CRF") (discussed under "THE BONDS – Plan of Finance") with the expectation, but not the obligation, of making additional contributions when financially feasible. The CRF is managed by the City, not the Retirement System, and is intended to help mitigate budgetary volatility associated with pension costs. The CRF is not pledged to the Bonds.

At its October 30, 2025 meeting, based on illustrative funding schedules prepared for the City's portion of the Retirement System's unfunded actuarial accrued liability (UAAL), the Retirement Board voted to accept certain assumption and policy changes, including an investment return assumption of 7.00% and scheduled increases to the cost of living adjustment (COLA) base. The illustrative schedules reflected a projected full funding date of fiscal year 2038 for the City's portion of the Retirement System. The January 1, 2026 actuarial valuation remains in progress, and the final actuarial liabilities, funded status, funding schedule and contribution requirements remain subject to completion of the valuation process and Retirement Board review and approval.

The Retirement Board utilizes an asset smoothing method, adopted in 2012, intended to reduce the effect of short-term market volatility on annual pension appropriations while continuing to reflect the long-term market value of plan assets. Under this method, investment gains and losses are recognized over a five-year period, subject to a corridor limiting the actuarial value of assets to between 80% and 120% of market value.

The following table summarizes the Retirement System’s market value of assets, actuarial value of assets (AVA) and the ratio of AVA to market value for the periods indicated:

<u>Valuation Date</u>	<u>Market Value</u>	<u>Actuarial Value</u>	<u>AVA as a % of MVA</u>
January 1, 2026 (estimated)	\$915,642,453	\$867,616,938	94.8%
January 1, 2025	825,640,243	837,792,109	101.5%
January 1, 2024	780,791,927	817,788,973	104.7%

The Retirement System does not participate in the Pension Reserves Investment Trust Fund (“PRIT Fund”), a statewide investment program available to Massachusetts public retirement systems.

COLAs for local retirement systems in Massachusetts are funded solely by the applicable local retirement system and only if the system has adopted an approved funding schedule. The City accepted responsibility for funding COLAs granted by the Retirement Board, and the associated costs are incorporated into the Retirement System’s funding schedule.

Effective July 1, 2025, the Retirement Board approved a 3% COLA applied to each retiree’s retirement allowance up to a COLA base of \$14,000. At its October 30, 2025 meeting, the Retirement Board also adopted scheduled increases to the COLA base of \$1,000 annually from fiscal year 2027 through fiscal year 2032, at which time the COLA base will equal \$20,000.

The following table sets forth contributory and non-contributory pension appropriations of the City for the fiscal years indicated:

<u>Fiscal Year</u>	<u>Contributory (1)</u>	<u>Non-Contributory</u>
2027 (budgeted) (2)	\$12,293,006	\$ -
2026 (budgeted) (2)	12,000,068	-
2025	14,819,329	-
2024	14,354,019	17,562
2023	7,538,595	17,562
2022	7,322,839	16,261
2021	28,451,613	16,261

(1) The FY2022 and FY2023 budgeted amounts of \$32,182,645 and \$34,113,604, respectively, were reduced as a result of the issuance of over \$301.8 million of pension obligation bonds in 2021.

(2) The FY2026 and FY2027 budgeted amounts of \$17,268,266 and \$20,162,254, respectively, are reduced in anticipation of the issuance of the remaining pension obligation bonds associated with this financing.

According to the Retirement System’s most recent completed actuarial valuation as of January 1, 2024, the Retirement System has an actuarial accrued liability (AAL) of approximately \$927.4 million and an actuarial value of assets (AVA) of approximately \$817.8 million, resulting in a UAAL of \$109.6 million and a funded ratio of 88.2%. The City’s portion of the Retirement System’s UAAL was approximately \$81.2 million, and the City’s funded ratio was approximately 90.9%.

The January 1, 2026 actuarial valuation remains in progress and the final actuarial assumptions, liabilities, funding schedule and contribution requirements remain subject to completion of the valuation process and Retirement Board review and approval. Based on preliminary estimates, the Retirement System’s actuarial value of assets is expected to equal approximately \$867.6 million, with the City’s portion equal to approximately \$858.3 million. The City’s estimated UAAL at January 1, 2026 is approximately \$83.1 million, based on a preliminary roll-forward estimate of liabilities from the January 1, 2024 actuarial valuation.

The following table reflects the Retirement System funding schedule adopted by the Retirement Board, including separate amounts attributable to the City and other participating entities:

Brockton Contributory Retirement System Funding Schedule January 1, 2024

Fiscal Year Ending	City of Brockton						All Others						Total Appropriation	Increase Over Prior Year
	Employer Normal Cost	Net 3(8)(c) Transfers	Amortization Payment of UAL	Total Employer Cost	Increase Over Prior Year	Unfunded Actuarial Liability	Employer Normal Cost	Net 3(8)(c) Transfers	Amortization Payment of UAL	Total Employer Cost	Increase Over Prior Year	Unfunded Actuarial Liability		
2025	\$11,039,903	\$818,087	\$2,961,338	\$14,819,328		\$81,199,626	\$338,782	\$31,913	\$2,219,773	\$2,590,468		\$28,438,348	\$17,409,796	
2026	11,181,981	818,087	5,268,198	17,268,266	16.53%	83,620,949	343,142	31,913	2,483,656	2,858,711	10.36%	28,064,469	20,126,977	15.61%
2027	11,474,919	818,087	7,869,248	20,162,254	16.76%	83,822,267	352,132	31,913	2,733,399	3,117,444	9.05%	27,392,710	23,279,698	15.66%
2028	11,746,937	818,087	10,975,591	23,540,615	16.76%	81,349,772	342,662	31,913	3,023,740	3,398,315	9.01%	26,417,573	26,938,930	15.72%
2029	12,002,366	818,087	14,646,736	27,467,189	16.68%	75,500,912	348,106	31,913	3,340,115	3,720,134	9.47%	25,076,634	31,187,323	15.77%
2030	12,281,229	818,087	18,949,402	32,048,718	16.68%	65,464,231	350,609	31,913	3,689,909	4,072,431	9.47%	23,318,303	36,121,149	15.82%
2031	12,567,212	818,087	24,009,144	37,394,443	16.68%	50,304,565	362,617	31,913	4,063,561	4,458,091	9.47%	21,079,879	41,852,534	15.87%
2032	12,839,319	818,087	29,853,148	43,510,554	16.36%	28,893,902	366,651	31,913	4,481,708	4,880,272	9.47%	18,304,304	48,390,826	15.62%
2033	13,191,592	818,087	-	14,009,679	-67.80%	-	378,601	31,913	4,931,920	5,342,434	9.47%	14,909,349	19,352,113	-60.01%
2034	13,491,987	818,087	-	14,310,074	2.14%	-	379,459	31,913	5,436,990	5,848,362	9.47%	10,820,075	20,158,436	4.17%
2035	13,765,900	818,087	-	14,583,987	1.91%	-	390,852	31,913	6,129,905	6,552,670	12.04%	5,932,938	21,136,657	4.85%
2036	14,142,339	818,087	-	14,960,426	2.58%	-	398,498	31,913	-	430,411	-93.43%	-	15,390,837	-27.18%
2037	14,438,694	818,087	-	15,256,781	1.98%	-	402,540	31,913	-	434,453	0.94%	-	15,691,234	1.95%
2038	14,783,260	818,087	-	15,601,347	2.26%	-	413,377	31,913	-	445,290	2.49%	-	16,046,637	2.26%
2039	15,137,498	818,087	-	15,955,585	2.27%	-	416,755	31,913	-	448,668	0.76%	-	16,404,253	2.23%
2040	15,496,907	818,087	-	16,314,994	2.25%	-	429,770	31,913	-	461,683	2.90%	-	16,776,677	2.27%
2041	15,888,956	818,087	-	16,707,043	2.40%	-	434,111	31,913	-	466,024	0.94%	-	17,173,067	2.36%
2042	16,268,897	818,087	-	17,086,984	2.27%	-	440,799	31,913	-	472,712	1.44%	-	17,559,696	2.25%
2043	16,661,855	818,087	-	17,479,942	2.30%	-	452,610	31,913	-	484,523	2.50%	-	17,964,465	2.31%
2044	17,090,571	818,087	-	17,908,658	2.45%	-	459,235	31,913	-	491,148	1.37%	-	18,399,806	2.42%
2045	17,528,848	818,087	-	18,346,935	2.45%	-	471,733	31,913	-	503,646	2.54%	-	18,850,581	2.45%
2046	17,983,596	818,087	-	18,801,683	2.48%	-	477,318	31,913	-	509,231	1.11%	-	19,310,914	2.44%

Source: Brockton Contributory Retirement System Actuarial Valuation as of January 1, 2024, prepared by KMS Actuaries, LLC.

OTHER POST EMPLOYMENT BENEFITS

The City offers health, dental and life insurance coverage to eligible City employees upon retirement that are negotiated through a Public Employee Committee Agreement ratified in 2021. The Brockton City Council accepted Section 19 of Chapter 32B of the Massachusetts General Laws (the "M.G.L.") on November 1, 2012, creating the Public Employee Committee (the "PEC") and authorized the PEC as the exclusive bargaining representative for the coalition of public employee bargaining units and retirees of the City and Brockton Public Schools with respect to health insurance coverage. These benefits are offered pursuant to the provisions of Sections 21-23 of Chapter 32B of the M.G.L. Changes to the plan design and contribution rates are negotiated through the PEC.

The City offers three health insurance plan options to retirees prior to meeting Medicare eligibility that are self-insured and two fully insured Medicare supplement plans to Medicare-eligible retirees. In addition, the City reimburses Medicare-eligible retirees 75% of the Medicare Part B premiums.

Section 18A of M.G.L. Chapter 32B requires Medicare-eligible retirees to enroll in Medicare Parts A and B and further requires such retirees to transfer to a Medicare supplemental health plan offered by the City. Further, the City must pay the amount of any late-enrollment Medicare Part B premium penalty due to Medicare for a retiree who is enrolling in Medicare subsequent to the date when he was eligible to do so.

City retirees contribute 25% to the cost of their City health insurance plan. For retirees age 65 or older as of July 1, 2003 with annual household incomes under 200% of the federal poverty rate, the contribution rate is 10%. Benefits are paid by the City on a "pay as you go" basis.

The City has established an irrevocable trust pursuant to Section 20 of Chapter 32B of the Massachusetts General Laws for the purpose of accumulating assets to prefund the OPEB liabilities. Plan assets segregated and restricted in an OPEB

trust are dedicated to providing plan benefits to retirees and beneficiaries in accordance with the terms of the plan and must be legally protected from creditors of the City. Further, City contributions to the trust are irrevocable. The City contributed \$250,000 to the OPEB trust in fiscal 2022.

The Governmental Accounting Standards Board (“GASB”) Statement Nos. 74 and 75 addresses accounting and financial reporting for OPEB that is provided to employees of state and local governmental employers. These accounting standards do not require pre-funding the payment of these costs but provide recognition of the OPEB liability and comprehensive measure of OPEB expense. Cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits in a similar manner as traditional pension benefits.

The City is required to implement the GASB reporting requirements for other post-employment benefits. The City engaged Danzinger & Markhoff LLP to perform its OPEB actuarial valuation pursuant to the GASB requirements. As of June 30, 2024, the date of the most recent actuarial valuation, the total OPEB liability for benefits was \$633,547,210 and the plan fiduciary net position was \$301,107, resulting in a net OPEB liability of \$633,246,103. The total OPEB liability is based on a discount rate of 4.21%, the rate that reflects a tax-exempt, high quality municipal bond rate. The municipal bond rate of 4.21% is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2024. The actuarially determined contribution (ADC) is an amount determined by the actuary which represents a level of funding that, if paid on an ongoing basis, is projected to cover the service cost each year and amortize any unfunded actuarial liabilities over 20 years. As of June 30, 2024, the ADC was \$78,520,604. The City has since joined the Plymouth County OPEB Trust (PCOT) and has funded an initial amount of \$250,000. The balance in the OPEB Trust Fund as of June 30, 2025 was \$340,652.

The City has contributed the following amounts toward OPEB.

<u>Fiscal Year</u>	<u>OPEB Pay-As-You-Go</u>
2026 (Budgeted)	\$25,531,518
2025	22,298,269
2024	21,036,103
2023	19,871,670
2022	17,256,394
2021	12,493,000

SOURCE: The source of all of the above tabular information is from The City’s actuaries.

STATUS OF UNION CONTRACTS

The City employs approximately 4,500 full-time and part-time workers, 3,414 of whom are employed at the school department, 204 at the police department, 230 at the fire department, 134 at the public works department and the balance of 209 persons in various other departments of the City. City employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment. Approximately 3,600 City employees are represented by unions including employees of the school, police, fire, public works and various other departments. The following are the bargaining units for City employees:

Union	Expiration Date (1)	Approximate Number of Employees
City:		
Brockton Association of Engineers, Technicians and Inspectors	6/30/2026	31
Brockton Building and Construction Trades Council	6/30/2026	7
Brockton City Employees Union	6/30/2026	48
Brockton City Hall Administrative Services Association	6/30/2026	69
Brockton Departments Heads' Association - SEIU Local #8888	6/30/2026	11
Brockton Laborers' Local #1162	6/30/2026	63
Brockton Laborers' Local #1162 - Water/Sewer	6/30/2026	42
Brockton Police Association	6/30/2025	141
Brockton Police Supervisors' Union	6/30/2026	43
Brockton Public Library Association - Full Time	6/30/2026	20
Brockton Public Library Association - Part Time	6/30/2026	12
Fire - Local #144	6/30/2026	226
School:		
Brockton Education Association (includes School Nurses)	8/31/2025	1,404
Independent Brockton Admin. Assistants & Technical Employee Assoc - IBAA & TEA	6/30/2025	126
Brockton School Custodians' Association	6/30/2025	152
Brockton Education Support Professional Association	8/31/2025	602
Brockton Food Service SEIU, Local 888	8/31/2026	165
International Brotherhood of Police Officers Local 566	6/30/2027	13
Monitors & Teachers Assistants	8/31/2025	16
Principals	8/31/2025	24
Bus Drivers for Transportation Department	6/30/2025	144
Teamsters Local Union 653, Access Control Officers	6/30/2027	4
Safety & Security Specialists	8/31/2025	17
Total:		3,380

(1) Expired contracts are currently in negotiations.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), has agreed, subject to certain conditions, to purchase from the City the Notes described in this Official Statement at a purchase price of \$_____ and to reoffer the Notes at no greater than the initial public offering price, or to produce yield no less than the initial yield, set forth on the inside cover page hereof, reflecting an Underwriter's discount of \$_____ including expenses. The Notes may be offered and sold to certain dealers (including dealers depositing the Notes into investment trusts) and other investors at prices lower than such public offering prices, and such prices may be changed from time to time, by the Underwriter. The Underwriter will be obligated to purchase all of the Notes if any such Notes are purchased.

LITIGATION

In the opinion of the City Solicitor for the City of Brockton, based on consultation with the City's Chief Financial Officer, there is no litigation pending, or to the City's knowledge, threatened, that is likely to result, either individually or in the aggregate, in final judgments against the City that would materially affect its financial position or its ability to timely pay the Bonds.

CITY OF BROCKTON, MASSACHUSETTS
/s/ Mr. Martin Brophy, Treasurer

May 27, 2026

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APPENDIX A
FISCAL 2024 AUDIT

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



CPAs | CONSULTANTS | WEALTH ADVISORS

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

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
STATEMENT OF NET POSITION	17
STATEMENT OF ACTIVITIES	18
BALANCE SHEET — GOVERNMENTAL FUNDS	19
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	20
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE — GOVERNMENTAL FUNDS	21
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	22
STATEMENT OF NET POSITION — PROPRIETARY FUNDS	23
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION — PROPRIETARY FUNDS	24
STATEMENT OF CASH FLOWS — PROPRIETARY FUNDS	25
STATEMENT OF NET POSITION — FIDUCIARY FUNDS	26
STATEMENT OF CHANGES IN NET POSITION — FIDUCIARY FUNDS	27
NOTES TO BASIC FINANCIAL STATEMENTS	28
REQUIRED SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE — GENERAL FUND	70
PENSION PLAN SCHEDULES AND OPEB SCHEDULE	71
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION	77
ADDITIONAL INFORMATION	
BUDGETARY COMPARISON SCHEDULE — WATER ENTERPRISE FUND	81
BUDGETARY COMPARISON SCHEDULE — SEWER ENTERPRISE FUND	82



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
City of Brockton, Massachusetts

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
April 10, 2026

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

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

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

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

Financial Highlights

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

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

Overview of the Financial Statements

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

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general administration, public safety, education, public works, human services, and cultural development. The business-type activities of the City include water and sewer systems and stormwater, recreational, refuse, parking and renewable energy activities.

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

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

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

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

Proprietary Funds – Enterprise funds (one type of proprietary fund) are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer systems and its refuse, recreational, renewable energy, stormwater, and parking activities.

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

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

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

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

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

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

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

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

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

Government-Wide Financial Analysis

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

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

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

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

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

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

Total Net Position

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

Governmental Activities – Assets

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

Governmental Activities – Liabilities

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

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

Business Type Activities – Assets

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

Business Type Activities – Liabilities

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

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

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

Governmental Activities – Statement of Activities

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

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

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

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

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

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

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

Business Type Activities – Statement of Activities

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

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

Financial Analysis of the City's Governmental Funds

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

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

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

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

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

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

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

For General Fund Balance

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Proprietary Funds

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

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

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

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

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

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

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

Budgetary Highlights

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

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

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

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

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

Capital Assets and Debt Administration

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

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

Major capital assets included the following:

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

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

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

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

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

Economic Factors and Next Year's Budgets

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

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

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

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

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

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

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

Requests for Information

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

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

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

See accompanying Notes to Basic Financial Statements.

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

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

See accompanying Notes to Basic Financial Statements.

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

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

See accompanying Notes to Basic Financial Statements.

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

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

See accompanying Notes to Basic Financial Statements.

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

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

See accompanying Notes to Basic Financial Statements.

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

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

See accompanying Notes to Basic Financial Statements.

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

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

See accompanying Notes to Basic Financial Statements.

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

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

See accompanying Notes to Basic Financial Statements.

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

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

See accompanying Notes to Basic Financial Statements.

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

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

See accompanying Notes to Basic Financial Statements.

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

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

See accompanying Notes to Basic Financial Statements.

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

NOTE 1 REPORTING ENTITY

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

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

Government-Wide Statements

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

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

Fund Financial Statements

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

Additionally, the City reports the following fiduciary fund types:

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

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

Measurement Focus, Basis of Accounting

Government-Wide, Proprietary, and Fiduciary Fund Financial Statements

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting (Continued)

Governmental Funds Financial Statements

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

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

Cash and Cash Equivalents

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

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

Investments

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

Accounts Receivable

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

Property Taxes and Excise Taxes

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

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

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

Customer Receivables (Water and Sewer)

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

Intergovernmental

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

Opioid Settlements

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

Allowance for Uncollectible Accounts

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

Unearned Revenue

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

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until that time.

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

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue is reported in the governmental funds balance sheet.

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

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

Pensions

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Liability

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

Capital Assets

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

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

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Balance

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

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Bond Discounts, Premiums and Issuance Costs

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

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

Use of Estimates

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

NOTE 3 DEPOSITS AND INVESTMENTS

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

Custodial Credit Risk

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

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

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

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

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Policy

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

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

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

Interest Rate Risk

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

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

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

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

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

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

Credit Risk

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

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

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

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

Concentration Risk

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

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

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

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

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Foreign Currency Risk

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

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

Fair Value Measurements

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

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

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

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

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

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

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

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

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

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

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

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

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

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

Reconciliation of Cash and Investments to the Statements of Net Position

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

Cash and Investments - Per Note

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

Cash and Investments - Per Statement of Net Position

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

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

NOTE 4 CAPITAL ASSETS

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

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

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

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

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

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

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

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

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

NOTE 5 TEMPORARY BORROWINGS

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

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

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

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

NOTE 5 TEMPORARY BORROWINGS (CONTINUED)

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

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

Subsequent Events

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

NOTE 6 LONG-TERM OBLIGATIONS

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

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

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

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

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

Maturity of Bond Indebtedness

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

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

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

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Maturity of Bond Indebtedness (Continued)

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

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

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

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

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

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

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Maturity of Bond Indebtedness (Continued)

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

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

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

Subsequent Events

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

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

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

NOTE 7 PENSION PLANS

BROCKTON CONTRIBUTORY RETIREMENT SYSTEM (SYSTEM)

General Information

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

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

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

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

Benefits Provided

Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The plan provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

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

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

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

NOTE 7 PENSION PLANS (CONTINUED)

Benefits Provided (Continued)

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

When a member's retirement becomes effective, their deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth of Massachusetts' state law during those years are borne by the Commonwealth and are deposited into the Pension Fund. Cost-of-living adjustments granted after 1997 must be approved by the System and all costs are borne by the System.

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

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

Contributions

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

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

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

NOTE 7 PENSION PLANS (CONTINUED)

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

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

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

At June 30, 2024, the City reported a liability of \$125,640,310 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024 which was rolled back to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2023, the City's proportion was 85.68234%, which compared to the 77.24364% proportion measured as of December 31, 2022.

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

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

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

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

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

NOTE 7 PENSION PLANS (CONTINUED)

Actuarial Assumptions

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

Assumptions:

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

Investment Policy and Rates of Return

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

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

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

NOTE 7 PENSION PLANS (CONTINUED)

Investment Policy and Rates of Return (Continued)

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate used in the prior fiscal year was 6.75%.

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

NOTE 7 PENSION PLANS (CONTINUED)

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

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

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

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

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

MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM (MTRS)

Plan Description

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

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

NOTE 7 PENSION PLANS (CONTINUED)

Benefits Provided

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

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

Contributions

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

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributing entity in MTRS.

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

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

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

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

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

NOTE 7 PENSION PLANS (CONTINUED)

Actuarial Assumptions

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

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

Rates of Return

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2023 are summarized in the following table:

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

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

NOTE 7 PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the MTRS's total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position

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

SUMMARIZED PENSION EXPENSE

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

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

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

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

Plan Membership

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

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

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

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Benefits Provided

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

Contributions

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

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

Net OPEB Liability (Plan Reporting)

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

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

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

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

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

Net OPEB Liability (Plan Reporting) (Continued)

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

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

Actuarial Assumptions

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

Assumptions:

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

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

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

Actuarial Assumptions (Continued)

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

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

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

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

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

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

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

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

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

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

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

Actuarial Assumptions (Continued)

Net OPEB Liability (City Reporting)

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

Changes in Total OPEB Liability

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

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

OPEB Expense and Deferred Outflows and Inflows of Resources

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

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

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

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

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

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

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

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

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

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

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

NOTE 9 LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

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

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

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

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

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

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

NOTE 10 FUND DEFICITS

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

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

NOTE 11 FUND BALANCE

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

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

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

NOTE 11 FUND BALANCE (CONTINUED)

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

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

NOTE 12 OPERATING TRANSFERS AND INTERFUND RECEIVABLES, PAYABLE

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

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

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

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

NOTE 13 RISK MANAGEMENT

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

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

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

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

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

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

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

NOTE 13 RISK MANAGEMENT (CONTINUED)

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

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

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

NOTE 14 COMMITMENTS

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

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

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

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

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

NOTE 14 COMMITMENTS (CONTINUED)

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

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

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

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

NOTE 15 CONTINGENCIES

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

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

NOTE 15 CONTINGENCIES (CONTINUED)

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

NOTE 16 TAX ABATEMENTS

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

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

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

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

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

See accompanying Notes to Required Supplementary Information.

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

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

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

See accompanying Notes to Required Supplementary Information.

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

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

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

See accompanying Notes to Required Supplementary Information.

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

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

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

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

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

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

See accompanying Notes to Required Supplementary Information.

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

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

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

See accompanying Notes to Required Supplementary Information.

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

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

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

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

See accompanying Notes to Required Supplementary Information.

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

Schedule of Changes in the Total OPEB Liability ⁽¹⁾

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

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

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

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

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

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

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

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

See accompanying Notes to Required Supplementary Information.

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

NOTE 1 BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

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

Budgetary Inflows and GAAP Revenues:

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

Budgetary Outflows and GAAP Expenditures:

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

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

NOTE 3 SCHEDULE OF EMPLOYER CONTRIBUTIONS

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

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

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

NOTE 4 PENSION PLAN – BROCKTON CONTRIBUTORY RETIREMENT SYSTEM

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

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

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

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

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

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

NOTE 5 OPEB PLAN

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

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

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

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

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

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

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

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

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

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



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Troutman Pepper Locke LLP
111 Huntington Avenue, 9th Floor
Boston, MA 02199-7613



troutman.com

Martin Brophy, Treasurer
City of Brockton
Brockton, Massachusetts

Stifel, Nicolaus & Company, Incorporated
70 West Madison, Suite 2400
Chicago, Illinois

\$30,570,000
City of Brockton, Massachusetts
General Obligation Bond Anticipation Notes

We have acted as bond counsel to the City of Brockton, Massachusetts (the “City”) in connection with the issuance by the City of the above-referenced notes (the “Notes”) dated June 12, 2026 and payable October 8, 2026. In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the City contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Notes are valid and binding general obligations of the City and, except to the extent they are paid from the proceeds of the bonds in anticipation of which they are issued or from any other available moneys, the principal of and interest on the Notes are payable from taxes which may be levied upon all taxable property in the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

2. Interest on the Notes is excluded from the gross income of the owners of the Notes for federal income tax purposes. In addition, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. However, interest on the Notes will be included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Internal Revenue Code of 1986 (the “Code”). In rendering the opinions set forth in this paragraph, we have assumed compliance by the City with all requirements of the Code, that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure by the City to comply with certain of such requirements may cause interest on the Notes to become included in gross income for federal

income tax purposes retroactive to the date of issuance of the Notes. We express no opinion regarding any other federal tax consequences arising with respect to the Notes.

3. Interest on the Notes is exempt from Massachusetts personal income taxes and the Notes are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Notes or any tax consequences arising with respect to the Notes under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Notes and the enforceability of the Notes may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

TROUTMAN PEPPER LOCKE LLP