



**Powers &
Sullivan, LLC**
CPAs AND ADVISORS

CITY OF QUINCY, MASSACHUSETTS

***REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS***

YEAR ENDED JUNE 30, 2022

CITY OF QUINCY, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2022

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Independent Auditors' Report

To the Honorable Mayor and City Council
City of Quincy, Massachusetts

Report on the Audit of the Financial Statements

Opinions

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

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

We did not audit the financial statements of the Quincy Contributory Retirement System, which represents 100% of the assets, net position, and revenues of the discretely presented component. This statement was audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Quincy Contributory Retirement System are based solely on the reports of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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.

Change in Accounting Principle

As discussed in Note 7 to the financial statements, during the year ending June 30, 2022, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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



May 23, 2023

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Quincy (City), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2022. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

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

Financial Highlights

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of 2022 by \$689.7 million due to the unfunded long-term actuarially determined net other postemployment liability of \$619.2 million.
- The accumulated governmental liability for net other postemployment benefits liability is \$592.3 million. The accumulated net OPEB liability, along with issuance of non-capital related debt to fully the City's portion of the net pension liability has created a negative balance of \$1 billion for governmental activities unrestricted net position.
- The accumulated business-type liability for the net other postemployment benefits liability is \$27 million. The accumulated net OPEB liability, along with issuance of non-capital related debt to fully the City's portion of the net pension liability has created a negative balance of \$38.1 million for business-type activities unrestricted net position.
- At the close of the current year, the City's general fund reported an ending fund balance of \$40.3 million an increase of \$22.8 million from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. These basic financial statements comprise three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements.

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this

statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, community preservation, culture and recreation, claims and judgments and interest. The business-type activities include the activities of the sewer, water, and Quincy College operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate public employee retirement system for which the City is financially accountable. Financial information for this *component unit* is reported within the fiduciary fund statements.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *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 statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the 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 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 balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

Proprietary funds. The City maintains two types of proprietary funds.

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

Internal service funds are used to accumulate and allocate costs internally among various functions. The City uses internal service funds to account for the self-insured employee health program. Because this program primarily benefits governmental rather than business-type activities, they have been included within *governmental activities* in the government-wide financial statements.

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.

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$689.7 million at the close of 2022.

Net position of \$342.7 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$37.9 million of the net position represents resources that are subject to external restrictions on how they may be used. The remaining *unrestricted net position* deficit balance is not available to meet the City's ongoing obligations to citizens and creditors because the related non-capital liabilities exceed non-capital assets. The *unrestricted net position* deficit balance of \$1.1 billion, which represents amounts that will need to be raised over the course of time, is the result of recognizing a net OPEB liability, and related deferred inflows and outflows of resources, of \$724.7 million and the issuance of non-capital related debt to fully the City's portion of the net pension liability.

The discussion and comparison of governmental and business-type activities of the City are presented on the pages that follow.

Governmental Activities

The City's governmental activities liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources for governmental activities by \$727.9 million at the close of 2022. Condensed financial statement information for the governmental activities follows on the next page.

Comparative information regarding the City's governmental activities assets, deferred outflows of resources, liabilities, and deferred inflows of resources, between the current and prior years, is presented below:

	2022	2021
Assets:		
Current assets.....	\$ 211,788,572	\$ 137,864,160
Noncurrent assets (excluding capital).....	82,202,908	-
Capital assets, non depreciable.....	100,684,544	91,767,695
Capital assets, net of accumulated depreciation....	713,583,921	676,848,675
Total assets.....	1,108,259,945	906,480,530
Deferred outflows of resources.....	106,414,082	153,394,511
Liabilities:		
Current liabilities (excluding debt).....	46,643,761	44,641,478
Noncurrent liabilities (excluding debt).....	603,879,247	1,152,801,438
Current debt.....	202,795,441	171,021,462
Noncurrent debt.....	846,542,392	357,545,879
Total liabilities.....	1,699,860,841	1,726,010,257
Deferred inflows of resources.....	242,672,563	55,172,098
Net position:		
Net investment in capital assets.....	269,669,594	279,241,501
Restricted.....	36,589,532	29,702,579
Unrestricted.....	(1,034,118,503)	(1,030,251,394)
Total net position.....	\$ (727,859,377)	\$ (721,307,314)

The governmental net position decreased \$6.6 million during the current year. This was mainly driven by a decrease in expenses associated with the net pension asset and net other postemployment benefit liability. Also contributing to the change in net position were:

- the receipt of \$3.5 million of capital grant revenue.
- favorable budgetary results.
- activity associated with capital related debt exceeded depreciation expense on capital assets.

The governmental activities expenses decreased \$50.6 million and totaled \$460.4 million at fiscal year-end. Of this amount, \$155.3 million, or 33.8%, was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. The decrease in expenses is largely the result of lower expenses associated with the net pension asset and net other postemployment benefit liability. These two items were offset by increases expenses associated with workers compensation liabilities, accrued interest on long term debt and compensated absences.

General revenues totaled \$298.5 million, primarily coming from property taxes, motor vehicle excise and unrestricted grants and contributions. General revenues increased \$12.5 million over the prior year and the increase is mainly attributable to real estate taxes and unrestricted grants and contribution revenues increasing \$12.1 million over the prior year.

Comparative information regarding the City's governmental activities revenues and expenses, between the current and prior years, is presented below in the following table:

	2022	2021
Program Revenues:		
Charges for services..... \$	28,801,425	\$ 20,770,579
Operating grants and contributions.....	122,990,008	125,436,326
Capital grants and contributions.....	3,485,285	4,240,691
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	256,759,071	246,137,904
Tax and other liens.....	253,865	1,041,620
Motor vehicle and other excise taxes.....	10,886,916	10,942,879
Hotel/motel tax.....	1,083,426	397,687
Meals tax.....	2,235,239	1,587,370
Urban development corporation tax.....	491,823	211,610
Community preservation tax.....	2,149,358	2,055,515
Penalties and interest on taxes.....	1,512,664	1,408,026
Payments in lieu of taxes.....	819,705	947,423
Grants and contributions not restricted to specific programs.....	22,254,192	20,769,654
Unrestricted investment income.....	81,258	553,567
Total revenues.....	453,804,235	436,500,851
Expenses:		
General government.....	59,098,137	57,140,327
Public safety.....	117,129,009	139,801,210
Education.....	201,250,318	238,074,413
Public works.....	33,877,599	29,019,266
Human services.....	16,529,055	17,306,127
Culture and recreation.....	17,211,883	17,720,870
Community preservation.....	387,617	299,146
Claims and judgments.....	317,899	1,533,330
Interest.....	14,554,781	10,105,853
Total expenses.....	460,356,298	511,000,542
Excess (Deficiency) before transfers.....	(6,552,063)	(74,499,691)
Transfers.....	-	2,100,000
Change in net position.....	(6,552,063)	(72,399,691)
Net position, beginning of year.....	(721,307,314)	(648,907,623)
Net position, end of year..... \$	(727,859,377)	(721,307,314)

Business-type Activities

The City's business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$37.6 million at the close of 2022. Comparative information regarding the City's business-type activities assets, deferred outflows of resources, liabilities, and deferred inflows of resources, between the current and prior years, is presented in the tables that follow:

	2022	2021
Assets:		
Current assets.....	\$ 50,532,562	\$ 43,437,765
Noncurrent assets (excluding capital).....	13,928,430	1,159,655
Capital assets, non depreciable.....	1,692,294	362,004
Capital assets, net of accumulated depreciation....	128,476,046	104,391,349
Total assets.....	194,629,332	149,350,773
Deferred outflows of resources.....	9,156,463	6,737,004
Liabilities:		
Current liabilities (excluding debt).....	15,322,940	4,401,278
Noncurrent liabilities (excluding debt).....	28,657,090	66,684,190
Current debt.....	11,976,433	8,537,872
Noncurrent debt.....	89,103,941	36,269,256
Total liabilities.....	145,060,404	115,892,596
Deferred inflows of resources.....	21,112,276	6,119,036
Net position:		
Net investment in capital assets.....	72,980,332	66,795,098
Restricted.....	1,333,000	1,333,000
Unrestricted.....	(36,700,217)	(34,051,953)
Total net position.....	\$ 37,613,115	\$ 34,076,145

Business-type net position of \$73 million represents the net investment in capital assets, \$1.3 million is restricted for capital purposes and workers compensation financing and the remaining unrestricted net position is in a deficit of \$36.7 million. The deficit in unrestricted net position is largely due to the recognition of total business-type net other postemployment benefit liabilities of \$27 million.

Comparative information regarding the City's business-type activities revenues and expenses, between the current and prior year, is presented in the table on the following page.

	2022	2021
Program Revenues:		
Charges for services..... \$	78,302,448	\$ 77,257,079
Operating grants and contributions.....	498,614	589,067
Capital grants and contributions.....	126,447	2,703,329
General Revenues:		
Penalties and interest.....	418,192	364,033
Unrestricted investment income.....	27,342	40,585
Total revenues.....	79,373,043	80,954,093
Expenses:		
Water.....	21,820,352	21,687,910
Sewer.....	29,917,220	28,504,599
Quincy College.....	24,098,501	23,521,266
Total expenses.....	75,836,073	73,713,775
Excess (Deficiency) before transfers.....	3,536,970	7,240,318
Transfers.....	-	(2,100,000)
Change in net position.....	3,536,970	5,140,318
Net position, beginning of year.....	34,076,145	28,935,827
Net position, end of year..... \$	<u>37,613,115</u>	<u>34,076,145</u>

The City's business-type activities net position increased \$3.5 million in the current year as discussed in the following paragraphs.

The water enterprise fund's net position increased \$3.2 million from the prior year. This is the result increased operating revenues and other financing sources exceeding operating expenses, which were in line with the prior year.

The sewer enterprise net position increased \$498,000 from the prior year. This is the result of increased costs of services and administration expenses being offset by an increase in operating revenues and fees from developers.

The ending net position of the Quincy College enterprise fund decreased \$137,000. Operating revenues, overall, were in line with the previous year. However, revenues from tuition charges decreased \$1.4 million due to decreased enrollment, caused by the COVID-19 pandemic. Pension grant revenues also decreased \$1.1 million due to activity associated with the pension related special funding situation with the Massachusetts Teachers Retirement System (see footnote 11 for more information about the special funding situation). Offsetting the decrease in tuition revenue was an increase of \$2.7 million in grant income relating the recognition of certain revenues in accordance with the federal Higher Education Emergency Relief Fund grant program.

The College's operating expenses increased by \$1.3 million largely due to an increase in overall salary and fringe benefit growth.

The College has established an OPEB Trust fund to begin the process of fully funding the actuarially determined

and accrued liability. The activity of the trust is presented as a fiduciary fund and the net position can only be spent on retiree health insurance benefits. At year end, the balance in the OPEB Trust fund was approximately \$2.9 million.

Financial Analysis of the Government's Funds

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

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

As of the end of the current year, governmental funds reported a combined net ending fund balance deficit of \$21.7 million. The reasons for this deficit are discussed further in the paragraphs that follow.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$30 million and total fund balance was \$40.3 million. Assignments of fund balance for encumbrances and continuing appropriations totaled \$10.3 million. Unassigned fund balance represents 8.9% of total general fund expenditures, while total fund balance represents 11.9% of that same amount.

The general fund experienced an increase in fund balance of \$23.8 million. This was due to revenues increasing 1.5% and expenditures decreasing 7.5%. The revenue increase was largely driven by growth in real estate revenues and the expenditures decreased largely due to decreases in the actuarially required contribution to the pension system. The decrease in the actuarially required contribution is the result of the City having issued pension obligation bonds to fully fund its' share of the retirement system's net pension liability.

Fund balance of the Downtown Improvement Capital Fund decreased by \$6.5 million which was caused by an equal amount of expenditures occurring in advance of long term debt financing proceeds. The current fund deficit balance of \$152.5 million will be funded through the issuance of additional long-term debt. The fund accounts for activity related to a major ongoing capital project to improve the downtown area. The fund had BANS outstanding of \$148.8 million that were issued for statutory purposes.

Fund balance of the City Capital Plan Fund increased by \$30.3 million. This was due the issuance of long-term debt and premium proceeds of \$77.96 million offsetting by total fund expenditures in the amount of \$52.5 million. The fund expenditures were incurred under various contracts for library and parkland improvements, roadway and seawall infrastructure improvements, construction of a new police station and other general government related projects. The fund began the year with a \$19.7 million fund surplus.

General Fund Budgetary Highlights.

The final budget of \$354.6 million is reflective of a decrease of \$2.8 million when compared to the original budget.

Actual revenues were \$2.1 million higher than budgeted amounts due to various factors. Real estate revenues were less than budget by \$2.3 million; however actual collections were roughly 99% of the final budgeted amount. This is in line with historical and industry norms. Offsetting the shortfall in real estate revenues were licenses and permit fees, meals taxes, motor vehicle and other excise taxes, fees and rentals revenues exceeding budgeted amounts. This is largely due to improving economic factors which occurred as COVID-19 pandemic restrictions on the dining, entertainment and general business and construction industries expired during the fiscal year. Also, the City realized \$416,000 receipts associated with tax liens and corporate development taxes which were unbudgeted.

Actual expenditures and encumbrances were lower than budgeted amounts by \$10.9 million due to appropriation turn-backs in a variety of functions. The majority of the turn-backs were in the general government, education, public works and employee benefit functions. These reversions were largely driven by lower utility, contractual service costs, and realized savings as a result of the City having converted from a premium based health plan to a self-insured health plan.

Capital Asset and Debt Administration

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

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounts to \$814.3 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, machinery, vehicles and equipment, and infrastructure. The total increase in the City's investment in capital assets for the current year was \$45.7 million, net of \$26.8 million of depreciation expense.

The increase in governmental capital asset activity is due to open space land acquisition, school building improvements, park improvements and related projects funded through the Community Preservation Fund, departmental equipment, and infrastructure and other costs associated with the downtown redevelopment project, as well as various roadway infrastructure upgrades and improvements.

The major reason for the increase in water and sewer fund capital assets is due to the City's ongoing investment in the infrastructure that supports the distribution and collection systems of both funds.

Debt Administration. The City maintains an S&P Bond Rating of AA+. The City continues to maintain strong market access for both note and bond sales.

Outstanding long-term debt of the general government, as of June 30, 2022, totaled approximately \$889.3 million. During fiscal year 2022 governmental funds issued \$527.4 million of general obligation bonds of which, \$11 million was for Citywide road and sidewalk repair, \$54.8 million was for the Public Safety Headquarters, \$453.5 million was for the general government share of the Citywide pension obligation bond issuance, and \$8.1 million was for land acquisition purposes.

The water enterprise fund had \$43.8 million in long-term debt. The fund issued a total of \$20.3 million of general obligation bonds. Of this amount, \$12.7 million represents the funds' share of the Citywide pension obligation

bond issuance. The balance of the issuance relates to the City's ongoing investment in water infrastructure. Water funds principal payments on long term debt totaled \$2.2 million which equaled the amount it was required amounts to pay to bond holders.

The sewer enterprise fund had \$20.8 million in long-term debt. The fund issued \$8.8 million of general obligation bonds. This represents the funds' share of the Citywide pension obligation bond issuance. Sewer fund principal payments on long term debt totaled \$1.3 million which equaled the amount it was required amounts to pay to bond holders.

All of the debt carried by the water and sewer enterprise funds is supported by the user rates with no subsidy from the general fund.

At June 30, 2022, the City carried \$186.1 million of short term financing notes of which \$148.7 million relates to the Quincy Center Concourse downtown redevelopment project; \$9.2 million relates to various non-education related capital projects, \$17.4 million relates to capital projects that enhance the education system of the City, \$13.7 million was for a grant anticipation note issued in advance of receiving related grant funding and \$7.1 million relates to water and sewer infrastructure projects.

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

Pension Obligation Bonds

In December 2021, the City issued Pension Obligation Bonds totaling \$475,000,000. At issuance, the debt issuance was deposited with the Quincy Contributory Retirement System which in turn invested 100% of the net proceeds with the Pension Reserves Investment Trust. Then intention of this transaction is reduce the City's net pension to zero in return for a fixed rate repayment stream per the terms of the long term debt issuance.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Municipal Finance, City Hall, 1305 Hancock St., Quincy, Massachusetts 02169.

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 159,841,909	\$ 34,279,270	\$ 194,121,179
Investments.....	6,666,574	-	6,666,574
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	9,633,695	-	9,633,695
Tax liens and deferrals.....	6,976,587	1,157,470	8,134,057
Community preservation fund surtax.....	67,790	-	67,790
Motor vehicle and other excise taxes.....	1,229,700	-	1,229,700
User fees.....	-	15,084,536	15,084,536
Departmental and other.....	1,758,529	-	1,758,529
Intergovernmental.....	23,414,146	-	23,414,146
Intergovernmental - subsidy.....	-	11,286	11,286
Community preservation state share.....	651,565	-	651,565
Loans.....	553,019	-	553,019
Tax foreclosures.....	995,058	-	995,058
Total current assets.....	211,788,572	50,532,562	262,321,134
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental - subsidy.....	-	15,369	15,369
Deposit on purchase of property.....	-	1,133,000	1,133,000
Net Pension Asset.....	82,202,908	12,780,061	94,982,969
Capital assets, nondepreciable.....	100,684,544	1,692,294	102,376,838
Capital assets, net of accumulated depreciation.....	713,583,921	128,476,046	842,059,967
Total noncurrent assets.....	896,471,373	144,096,770	1,040,568,143
TOTAL ASSETS.....	1,108,259,945	194,629,332	1,302,889,277
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	15,417,815	1,722,372	17,140,187
Deferred outflows related to other postemployment benefits.....	90,996,267	7,434,091	98,430,358
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	106,414,082	9,156,463	115,570,545
LIABILITIES			
CURRENT:			
Warrants payable.....	7,849,793	2,052,390	9,902,183
Accrued payroll.....	10,090,499	798,495	10,888,994
Health claims payable.....	3,546,869	-	3,546,869
Tax refunds payable.....	874,000	-	874,000
Accrued interest.....	8,476,819	387,565	8,864,384
Other liabilities.....	1,091,139	4,633,650	5,724,789
Fees collected in advance.....	1,680,642	4,177,755	5,858,397
Capital financing.....	-	2,474,573	2,474,573
Compensated absences.....	12,422,000	741,512	13,163,512
Workers' compensation.....	612,000	57,000	669,000
Notes payable.....	179,002,863	7,051,584	186,054,447
Bonds payable.....	23,792,578	4,924,849	28,717,427
Total current liabilities.....	249,439,202	27,299,373	276,738,575
NONCURRENT:			
Capital financing.....	-	8,915,316	8,915,316
Compensated absences.....	4,146,000	40,019	4,186,019
Workers' compensation.....	7,481,000	1,619,000	9,100,000
Net other postemployment benefits liability.....	592,252,247	26,998,071	619,250,318
Bonds payable.....	846,542,392	80,188,625	926,731,017
Total noncurrent liabilities.....	1,450,421,639	117,761,031	1,568,182,670
TOTAL LIABILITIES.....	1,699,860,841	145,060,404	1,844,921,245
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	46,255,767	13,684,964	59,940,731
Deferred inflows related to other postemployment benefits.....	196,416,796	7,427,312	203,844,108
TOTAL DEFERRED INFLOWS OF RESOURCES.....	242,672,563	21,112,276	263,784,839
NET POSITION			
Net investment in capital assets.....	269,669,594	72,980,332	342,649,926
Restricted for:			
Capital purposes.....	-	1,133,000	1,133,000
Workers compensation.....	-	200,000	200,000
Loans.....	553,019	-	553,019
Permanent funds:			
Expendable.....	2,120,201	-	2,120,201
Nonexpendable.....	263,474	-	263,474
Gifts and grants.....	22,628,601	-	22,628,601
Community preservation.....	11,024,237	-	11,024,237
Unrestricted.....	(1,034,118,503)	(36,700,217)	(1,070,818,720)
TOTAL NET POSITION.....	\$ (727,859,377)	\$ 37,613,115	\$ (690,246,262)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 59,098,137	\$ 12,594,897	\$ 35,622,066	\$ -	\$ (10,881,174)
Public safety.....	117,129,009	12,748,561	3,435,014	-	(100,945,434)
Education.....	201,250,318	1,891,876	71,301,527	-	(128,056,915)
Public works.....	33,877,599	801,076	1,536,758	2,741,852	(28,797,913)
Human services.....	16,529,055	113,525	10,258,405	-	(6,157,125)
Culture and recreation.....	17,211,883	651,490	836,238	-	(15,724,155)
Community preservation.....	387,617	-	-	743,433	355,816
Claims and judgments.....	317,899	-	-	-	(317,899)
Interest.....	14,554,781	-	-	-	(14,554,781)
Total Governmental Activities.....	460,356,298	28,801,425	122,990,008	3,485,285	(305,079,580)
<i>Business-Type Activities:</i>					
Water.....	21,820,352	22,978,745	416,906	6,481	1,581,780
Sewer.....	29,917,220	31,488,086	81,708	-	1,652,574
Quincy College.....	24,098,501	23,835,617	-	119,966	(142,918)
Total Business-Type Activities.....	75,836,073	78,302,448	498,614	126,447	3,091,436
Total Primary Government.....	\$ 536,192,371	\$ 107,103,873	\$ 123,488,622	\$ 3,611,732	\$ (301,988,144)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (continued)

YEAR ENDED JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(305,079,580)	\$ 3,091,436	\$ (301,988,144)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	256,759,071	-	256,759,071
Tax and other liens.....	253,865	-	253,865
Motor vehicle and other excise taxes.....	10,886,916	-	10,886,916
Hotel/motel tax.....	1,083,426	-	1,083,426
Meals tax.....	2,235,239	-	2,235,239
Urban development corporation tax.....	491,823	-	491,823
Community preservation tax.....	2,149,358	-	2,149,358
Penalties and interest on taxes.....	1,512,664	418,192	1,930,856
Payments in lieu of taxes.....	819,705	-	819,705
Grants and contributions not restricted to specific programs.....	22,254,192	-	22,254,192
Unrestricted investment income.....	81,258	27,342	108,600
Total general revenues.....	<u>298,527,517</u>	<u>445,534</u>	<u>298,973,051</u>
Change in net position.....	(6,552,063)	3,536,970	(3,015,093)
<i>Net position:</i>			
Beginning of year.....	<u>(721,307,314)</u>	<u>34,076,145</u>	<u>(687,231,169)</u>
End of year..... \$	<u><u>(727,859,377)</u></u>	<u><u>37,613,115</u></u>	<u><u>(690,246,262)</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2022

	General	Downtown Improvement Capital Fund	City Capital Plan	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 49,655,271	\$ -	\$ 62,644,020	\$ 43,094,890	\$ 155,394,181
Investments.....	-	-	-	6,666,574	6,666,574
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	9,633,695	-	-	-	9,633,695
Tax liens and deferrals.....	6,955,385	-	-	21,202	6,976,587
Community preservation fund surtax.....	-	-	-	67,790	67,790
Motor vehicle and other excise taxes.....	1,229,700	-	-	-	1,229,700
Departmental and other.....	700,921	-	-	1,057,608	1,758,529
Intergovernmental.....	261,894	-	-	23,152,252	23,414,146
Community preservation state share.....	-	-	-	651,565	651,565
Loans.....	-	-	-	553,019	553,019
Tax foreclosures.....	995,058	-	-	-	995,058
Due from other funds.....	6,777,528	-	-	-	6,777,528
TOTAL ASSETS.....	\$ 76,209,452	\$ -	\$ 62,644,020	\$ 75,264,900	\$ 214,118,372
LIABILITIES					
Warrants payable.....	\$ 3,107,931	\$ -	\$ 3,344,139	\$ 1,397,723	\$ 7,849,793
Accrued payroll.....	10,090,499	-	-	-	10,090,499
Tax refunds payable.....	874,000	-	-	-	874,000
Due to other funds.....	-	3,855,998	-	2,921,530	6,777,528
Accrued interest on notes payable.....	2,749,700	-	-	-	2,749,700
Other liabilities.....	606,966	-	-	420,932	1,027,898
Unearned revenue.....	-	-	-	1,680,642	1,680,642
Notes payable.....	-	148,662,294	9,236,959	21,103,610	179,002,863
TOTAL LIABILITIES.....	17,429,096	152,518,292	12,581,098	27,524,437	210,052,923
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	18,459,650	-	-	7,274,454	25,734,104
FUND BALANCES					
Nonspendable.....	-	-	-	263,474	263,474
Restricted.....	-	-	50,062,922	40,294,305	90,357,227
Assigned.....	10,272,785	-	-	-	10,272,785
Unassigned.....	30,047,921	(152,518,292)	-	(91,770)	(122,562,141)
TOTAL FUND BALANCES.....	40,320,706	(152,518,292)	50,062,922	40,466,009	(21,668,655)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 76,209,452	\$ -	\$ 62,644,020	\$ 75,264,900	\$ 214,118,372

See notes to basic financial statements.

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

JUNE 30, 2022

Total governmental fund balances.....	\$	(21,668,655)
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		814,268,465
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		25,734,104
Net pension asset.....		82,202,908
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		(136,258,481)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		837,618
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(5,727,119)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(870,334,970)	
Net other postemployment benefits liability.....	(592,252,247)	
Workers' compensation.....	(8,093,000)	
Compensated absences.....	<u>(16,568,000)</u>	
Net effect of reporting long-term liabilities.....		<u>(1,487,248,217)</u>
Net position of governmental activities.....	\$	<u><u>(727,859,377)</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2022

	General	Downtown Improvement Capital Fund	City Capital Plan	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 255,848,822	\$ -	\$ -	\$ -	\$ 255,848,822
Tax liens.....	416,226	-	-	-	416,226
Motor vehicle and other excise taxes.....	11,537,673	-	-	-	11,537,673
Hotel/motel tax.....	-	-	-	1,083,426	1,083,426
Meals tax.....	2,235,239	-	-	-	2,235,239
Urban development corporation tax.....	491,823	-	-	-	491,823
Charges for services.....	-	-	-	3,719,055	3,719,055
Penalties and interest on taxes.....	1,505,339	-	-	7,325	1,512,664
Fees and rentals.....	2,344,031	-	-	-	2,344,031
Payments in lieu of taxes.....	819,705	-	-	-	819,705
Licenses and permits.....	5,536,565	-	-	-	5,536,565
Fines and forfeitures.....	76,013	-	-	-	76,013
Intergovernmental - state aid.....	53,857,941	-	-	-	53,857,941
Intergovernmental - Teachers Retirement.....	18,415,409	-	-	-	18,415,409
Intergovernmental - other.....	-	-	1,765,828	65,745,662	67,511,490
Departmental and other.....	8,373,038	-	-	12,094,388	20,467,426
Community preservation taxes.....	-	-	-	2,142,074	2,142,074
Community preservation state match.....	-	-	-	901,109	901,109
Contributions and donations.....	-	-	-	2,929,772	2,929,772
Investment income (loss).....	218,317	-	-	(137,059)	81,258
TOTAL REVENUES.....	361,676,141	-	1,765,828	88,485,752	451,927,721
EXPENDITURES:					
Current:					
General government.....	18,042,884	-	14,653,928	35,400,122	68,096,934
Public safety.....	65,171,688	-	13,819,781	8,196,528	87,187,997
Education.....	114,448,757	-	9,084	25,480,019	139,937,860
Public works.....	18,473,659	6,520,557	22,255,327	922,180	48,171,723
Human services.....	3,328,008	-	-	11,624,478	14,952,486
Culture and recreation.....	8,563,278	-	1,787,568	530,586	10,881,432
Community preservation.....	-	-	-	803,166	803,166
Pension benefits.....	7,361,436	-	-	-	7,361,436
Pension benefits - Teachers Retirement.....	18,415,409	-	-	-	18,415,409
Employee benefits.....	50,848,940	-	-	-	50,848,940
Claims and judgments.....	317,899	-	-	-	317,899
State and county charges.....	4,166,071	-	-	-	4,166,071
Debt service:					
Principal.....	14,488,141	-	-	-	14,488,141
Interest.....	14,707,553	-	-	303,669	15,011,222
TOTAL EXPENDITURES.....	338,333,723	6,520,557	52,525,688	83,260,748	480,640,716
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	23,342,418	(6,520,557)	(50,759,860)	5,225,004	(28,712,995)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds.....	-	-	73,900,000	-	73,900,000
Issuance of refunding bonds.....	17,731,750	-	-	-	17,731,750
Premium from issuance of bonds.....	-	-	3,970,000	-	3,970,000
Premium from issuance of refunding bonds.....	2,876,860	-	-	-	2,876,860
Payments to refunded bond escrow agent.....	(20,275,000)	-	-	-	(20,275,000)
Transfers in.....	3,358,301	-	3,206,014	50,000	6,614,315
Transfers out.....	(3,206,014)	-	-	(3,408,301)	(6,614,315)
TOTAL OTHER FINANCING SOURCES (USES).....	485,897	-	81,076,014	(3,358,301)	78,203,610
SPECIAL ITEMS:					
Issuance of pension obligation bonds.....	434,585,481	-	-	-	434,585,481
Pension obligation bonds issuance costs.....	(2,307,711)	-	-	-	(2,307,711)
Contribution to pension trust.....	(432,277,770)	-	-	-	(432,277,770)
TOTAL SPECIAL ITEMS.....	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	23,828,315	(6,520,557)	30,316,154	1,866,703	49,490,615
FUND BALANCES AT BEGINNING OF YEAR.....	16,492,391	(145,997,735)	19,746,768	38,599,306	(71,159,270)
FUND BALANCES AT END OF YEAR.....	\$ 40,320,706	\$ (152,518,292)	\$ 50,062,922	\$ 40,466,009	\$ (21,668,655)

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2022

Net change in fund balances - total governmental funds.....	\$	49,490,615
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....		72,422,793
Depreciation expense.....		<u>(26,770,698)</u>
Net effect of reporting capital assets.....		45,652,095
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		1,876,514
<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. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Issuance of bonds.....		(73,900,000)
Issuance of pension obligation bonds.....		(434,585,481)
Issuance of refunding bonds.....		(17,731,750)
Premium from issuance of bonds.....		(3,970,000)
Premium from issuance of refunding bonds.....		(2,876,860)
Payments to refunded bond escrow agent.....		20,275,000
Net amortization of premium from issuance of bonds.....		2,290,355
Debt service principal payments.....		<u>14,488,141</u>
Net effect of reporting long-term debt.....		(496,010,595)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....		(1,377,000)
Net change in accrued interest on long-term debt.....		(1,833,914)
Net change in deferred outflow/(inflow) of resources related to pensions.....		(17,996,513)
Net change in net pension liability / (asset).....		429,510,140
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....		(216,484,381)
Net change in net other postemployment benefits liability.....		206,437,959
Net change in workers' compensation liability.....		<u>(4,686,000)</u>
Net effect of recording long-term liabilities.....		<u>393,570,291</u>
The net activity of internal service funds is reported with Governmental Activities.....		<u>(1,130,983)</u>
Change in net position of governmental activities.....	\$	<u><u>(6,552,063)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Quincy College	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 8,624,380	\$ 11,671,752	\$ 13,983,138	\$ 34,279,270	\$ 4,447,728
Receivables, net of allowance for uncollectibles:					
Liens - user fees.....	660,656	864,123	-	1,524,779	-
User fees.....	3,345,346	4,832,343	6,539,538	14,717,227	-
Intergovernmental - subsidy.....	-	11,286	-	11,286	-
Total current assets.....	<u>12,630,382</u>	<u>17,379,504</u>	<u>20,522,676</u>	<u>50,532,562</u>	<u>4,447,728</u>
NONCURRENT:					
Receivables, net of allowance for uncollectibles:					
Intergovernmental - subsidy.....	-	15,369	-	15,369	-
Deposit on purchase of property.....	-	-	1,133,000	1,133,000	-
Net pension asset.....	2,332,863	1,593,078	8,854,120	12,780,061	-
Capital assets, non depreciable.....	990,325	701,969	-	1,692,294	-
Capital assets, net of accumulated depreciation.....	66,355,923	50,327,671	11,792,452	128,476,046	-
Total noncurrent assets.....	<u>69,679,111</u>	<u>52,638,087</u>	<u>21,779,572</u>	<u>144,096,770</u>	<u>-</u>
TOTAL ASSETS.....	<u>82,309,493</u>	<u>70,017,591</u>	<u>42,302,248</u>	<u>194,629,332</u>	<u>4,447,728</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows related to pensions.....	437,547	298,795	986,030	1,722,372	-
Deferred outflows related to other postemployment benefits.....	1,285,200	847,500	5,301,391	7,434,091	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>1,722,747</u>	<u>1,146,295</u>	<u>6,287,421</u>	<u>9,156,463</u>	<u>-</u>
LIABILITIES					
CURRENT:					
Warrants payable.....	1,170,118	419,439	462,833	2,052,390	-
Accrued payroll.....	-	-	798,495	798,495	-
Health claims payable.....	-	-	-	-	3,546,869
Accrued interest.....	93,646	90,919	203,000	387,565	-
Other liabilities.....	-	-	4,633,650	4,633,650	63,241
Fees collected in advance.....	-	4,000,000	177,755	4,177,755	-
Capital financing.....	-	-	2,474,573	2,474,573	-
Compensated absences.....	261,000	112,000	368,512	741,512	-
Workers' compensation.....	-	-	57,000	57,000	-
Notes payable.....	1,120,550	5,931,034	-	7,051,584	-
Bonds payable.....	3,240,864	1,498,521	185,464	4,924,849	-
Total current liabilities.....	<u>5,886,178</u>	<u>12,051,913</u>	<u>9,361,282</u>	<u>27,299,373</u>	<u>3,610,110</u>
NONCURRENT:					
Capital financing.....	-	-	8,915,316	8,915,316	-
Compensated absences.....	21,000	9,000	10,019	40,019	-
Workers' compensation.....	-	-	1,619,000	1,619,000	-
Net other postemployment benefits liability.....	8,364,600	5,515,800	13,117,671	26,998,071	-
Bonds payable.....	41,588,725	18,944,016	19,655,884	80,188,625	-
Total noncurrent liabilities.....	<u>49,974,325</u>	<u>24,468,816</u>	<u>43,317,890</u>	<u>117,761,031</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>55,860,503</u>	<u>36,520,729</u>	<u>52,679,172</u>	<u>145,060,404</u>	<u>3,610,110</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions.....	1,312,707	896,429	11,475,828	13,684,964	-
Deferred inflows related to other postemployment benefits.....	2,774,100	1,829,300	2,823,912	7,427,312	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>4,086,807</u>	<u>2,725,729</u>	<u>14,299,740</u>	<u>21,112,276</u>	<u>-</u>
NET POSITION					
Net investment in capital assets.....	34,010,433	38,567,336	402,563	72,980,332	-
Restricted for:					
Capital purposes.....	-	-	1,133,000	1,133,000	-
Workers compensation.....	-	-	200,000	200,000	-
Unrestricted.....	(9,925,503)	(6,649,908)	(20,124,806)	(36,700,217)	837,618
TOTAL NET POSITION.....	<u>\$ 24,084,930</u>	<u>\$ 31,917,428</u>	<u>\$ (18,389,243)</u>	<u>\$ 37,613,115</u>	<u>\$ 837,618</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Quincy College	Total	
OPERATING REVENUES:					
Employee contributions.....	\$ -	\$ -	\$ -	\$ -	\$ 11,792,382
Employer contributions.....	-	-	-	-	39,684,628
Charges for services.....	23,000,432	29,317,538	23,638,067	75,956,037	-
TOTAL OPERATING REVENUES	23,000,432	29,317,538	23,638,067	75,956,037	51,477,010
OPERATING EXPENSES:					
Cost of services and administration.....	3,489,148	5,085,599	8,628,362	17,203,109	-
Salaries and wages.....	2,470,675	1,703,727	12,095,962	16,270,364	-
MWRA Assessment.....	13,440,835	21,489,756	-	34,930,591	-
Depreciation.....	1,735,607	1,386,411	3,034,366	6,156,384	-
Employee benefits.....	-	-	-	-	52,607,993
TOTAL OPERATING EXPENSES	21,136,265	29,665,493	23,758,690	74,560,448	52,607,993
OPERATING INCOME (LOSS)	1,864,167	(347,955)	(120,623)	1,395,589	(1,130,983)
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	23,363	14,064	5,679	43,106	-
Interest expense.....	(684,087)	(251,727)	(203,000)	(1,138,814)	-
Penalties and interest.....	173,009	245,183	-	418,192	-
Intergovernmental - subsidy.....	400,000	67,644	-	467,644	-
Other nonoperating revenues.....	-	-	197,550	197,550	-
Other nonoperating assessments.....	-	2,170,548	-	2,170,548	-
Other nonoperating expenses.....	-	-	(136,811)	(136,811)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(87,715)	2,245,712	(136,582)	2,021,415	-
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	1,776,452	1,897,757	(257,205)	3,417,004	(1,130,983)
CAPITAL CONTRIBUTIONS	-	-	119,966	119,966	-
TRANSFERS:					
Transfers in.....	1,400,000	-	-	1,400,000	-
Transfers out.....	-	(1,400,000)	-	(1,400,000)	-
TOTAL TRANSFERS	1,400,000	(1,400,000)	-	-	-
CHANGE IN NET POSITION	3,176,452	497,757	(137,239)	3,536,970	(1,130,983)
NET POSITION AT BEGINNING OF YEAR	20,908,478	31,419,671	(18,252,004)	34,076,145	1,968,601
NET POSITION AT END OF YEAR	\$ 24,084,930	\$ 31,917,428	\$ (18,389,243)	\$ 37,613,115	\$ 837,618

See notes to basic financial statements.

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Quincy College	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 23,203,340	\$ 35,887,825	\$ 21,990,194	\$ 81,081,359	\$ 11,901,988
Receipts from interfund services provided.....	-	-	-	-	39,684,628
Payments to vendors.....	(28,266,064)	(34,510,309)	(20,983,459)	(83,759,832)	(52,607,993)
Payments to employees.....	(2,484,542)	(1,714,334)	(13,882,552)	(18,081,428)	-
NET CASH FROM OPERATING ACTIVITIES.....	(7,547,266)	(336,818)	(12,875,817)	(20,759,901)	(1,021,377)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in.....	1,400,000	-	-	1,400,000	-
Transfers out.....	-	(1,400,000)	-	(1,400,000)	-
Proceeds of pension obligation bonds.....	12,152,736	8,420,435	19,841,348	40,414,519	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	13,552,736	7,020,435	19,841,348	40,414,519	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Proceeds from the issuance of bonds and notes.....	8,773,549	1,509,551	-	10,283,100	-
Premium from the issuance of bonds.....	776,699	-	-	776,699	-
Capital contributions.....	400,000	73,688	119,966	593,654	-
Acquisition and construction of capital assets.....	(11,225,467)	(6,288,179)	(47,839)	(17,561,485)	-
Principal payments on bonds and notes.....	(2,808,623)	(1,253,638)	-	(4,062,261)	-
Principal payments on right-to-use lease obligations.....	-	-	(2,244,403)	(2,244,403)	-
Interest expense.....	(701,908)	(255,825)	-	(957,733)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(4,785,750)	(6,214,403)	(2,172,276)	(13,172,429)	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income.....	23,363	14,064	5,679	43,106	-
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	1,243,083	483,278	4,798,934	6,525,295	(1,021,377)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	7,381,297	11,188,474	9,184,204	27,753,975	5,469,105
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 8,624,380	\$ 11,671,752	\$ 13,983,138	\$ 34,279,270	\$ 4,447,728
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ 1,864,167	\$ (347,955)	\$ (120,623)	\$ 1,395,589	\$ (1,130,983)
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	1,735,607	1,386,411	3,034,366	6,156,384	-
Deferred (outflows)/inflows related to pensions.....	510,729	348,769	7,974,442	8,833,940	-
Deferred (outflows)/inflows related to other postemployment benefits.....	3,057,500	2,016,200	(1,333,859)	3,739,841	-
Credit card fees.....	-	-	(136,811)	(136,811)	-
Vending commission and other revenues.....	-	-	197,550	197,550	-
Other nonoperating assessments.....	-	2,170,548	-	2,170,548	-
Penalties and interest.....	173,009	245,183	-	418,192	-
Changes in assets and liabilities:					
User charges.....	29,899	154,556	(748,714)	(564,259)	-
Warrants payable.....	206,498	(52,492)	(80,485)	73,521	-
Accrued payroll.....	(13,867)	(10,607)	347,749	323,275	-
Fees collected in advance.....	-	4,000,000	(189,846)	3,810,154	-
Other liabilities.....	-	-	3,685,730	3,685,730	-
Compensated absences.....	(6,000)	(1,000)	(71,773)	(78,773)	-
Workers' compensation.....	-	-	138,000	138,000	-
Net pension asset.....	(2,332,863)	(1,593,078)	(8,854,120)	(12,780,061)	-
Net pension liability.....	(9,856,345)	(6,730,753)	(19,608,482)	(36,195,580)	-
Net other postemployment benefits liability.....	(2,915,600)	(1,922,600)	2,891,059	(1,947,141)	-
Total adjustments.....	(9,411,433)	11,137	(12,755,194)	(22,155,490)	109,606
NET CASH FROM OPERATING ACTIVITIES.....	\$ (7,547,266)	\$ (336,818)	\$ (12,875,817)	\$ (20,759,901)	\$ (1,021,377)
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:					
Intergovernmental subsidy of debt service.....	\$ 400,000	\$ 6,044	\$ -	\$ 406,044	\$ -
Capital financing proceeds.....	-	-	13,634,292	13,634,292	-
Acquisition of right to use leased asset.....	-	-	(13,634,292)	(13,634,292)	-

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
ASSETS		
Cash and cash equivalents.....	\$ 16,994,761	\$ 968,809
Investments:		
Equity mutual funds.....	1,453,731	-
Fixed income mutual funds.....	587,194	-
Pooled domestic equity.....	17,089,581	-
Pooled alternative investments.....	73,423,583	-
Pooled real estate.....	34,609,487	-
Pooled mutual funds.....	775,673,192	-
Plymouth County OPEB trust investment pool.....	2,877,685	-
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	1,320,798	-
TOTAL ASSETS.....	924,030,012	968,809
LIABILITIES		
Warrants payable.....	258,933	-
NET POSITION		
Restricted for pensions.....	918,843,325	-
Restricted for other postemployment benefits.....	4,927,754	-
Held in trust for other purposes.....	-	968,809
TOTAL NET POSITION.....	\$ 923,771,079	\$ 968,809

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2022

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 483,252,343	\$ -
Employer contributions for other postemployment benefit payments.....	18,433,018	-
Member contributions.....	10,661,874	-
Transfers from other systems.....	1,910,655	-
Workers' compensation settlements.....	21,000	-
State COLA reimbursements.....	217,766	-
Private donations.....	-	400
Total contributions.....	514,496,656	400
Net investment income:		
Investment income (loss).....	68,972,208	14,888
Less: investment expense.....	(10,283,423)	-
Net investment income (loss).....	58,688,785	14,888
TOTAL ADDITIONS.....	573,185,441	15,288
DEDUCTIONS:		
Administration.....	671,670	-
Transfers to other systems.....	2,334,724	-
Retirement benefits and refunds.....	50,518,182	-
Other postemployment benefit payments.....	18,433,018	-
Educational scholarships.....	-	5,800
TOTAL DEDUCTIONS.....	71,957,594	5,800
NET INCREASE (DECREASE) IN NET POSITION.....	501,227,847	9,488
NET POSITION AT BEGINNING OF YEAR.....	422,543,232	959,321
NET POSITION AT END OF YEAR.....	\$ 923,771,079	\$ 968,809

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

The System issued a separate audited financial statement along with a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 1250 Hancock St., Suite 506, Quincy, Massachusetts 02169.

Quincy College is not a separate legal entity and therefore the condensed financial statements are presented as an Enterprise Fund. The College's stand-alone financial statements present only the financial activity and net position of the enterprise fund department and do not include the financial activity or position of the Quincy College Trust, Inc. which is a separate legal entity but considered a component unit. The activity and ending balances of the Quincy College Trust, Inc. are not material to the City and are not presented in these financial statements. The College prepared stand-alone audited financial statements for the year ended June 30, 2022, and they can be obtained directly from their Director of Finance, 1250 Hancock Street, Quincy, Massachusetts 02169.

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

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

Fiduciary funds are reported by fund type.

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

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

The *Downtown Improvement Capital Fund* is a capital project used to account for costs and funding related to a major ongoing capital project to improve the downtown area.

The *City Capital Plan Fund* is a capital project used to account for costs and funding related to a major ongoing non-education related capital project to improve parklands, improve general government facilities, and to provide for the acquisition of new machinery and equipment.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

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

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

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

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

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

The following major proprietary funds are reported:

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

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

The *Quincy College enterprise fund* is used to account for the Quincy College activities.

Additionally, the *internal service fund* is reported as a proprietary fund type, which is designed to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to the self-insured health care plan.

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

The following fiduciary fund types are reported:

The *pension and other employee benefit trust funds* are used to account for the activities of the Quincy Contributory Retirement System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries. The fund also accumulates resources, that has been set aside by the City and Quincy College, to provide funding for future other postemployment benefit liabilities.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allow the trustees to authorize spending of the realized investment earnings. The City's educational scholarship trusts that are under the custody of the City Treasurer are accounted for in this fund. Educational scholarship trusts that are under the custody of Quincy College are also accounted for in this fund.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities in the over-the-counter market.

E. Fair Value Measurements

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

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

Real estate tax liens are processed on delinquent properties and are recorded as receivables in the year they are processed.

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

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

Motor Vehicle Excise

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

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

Water and Sewer User Fees and Liens

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

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

Quincy College User Fees

Represent student accounts and other receivables. The recognition of revenue related to accounts receivable are reported under the accrual basis of accounting.

Community Preservation Fund Surcharge

The City has adopted the Community Preservation Act and the provisions of the Act allow the City to assess property owners an additional 1% - 3% of the total real estate commitment. The City has opted to a surcharge of 1% added to each real estate tax bill. Revenues from this surcharge are credited to the Community Preservation Fund, a component of the nonmajor governmental funds to fund open space acquisitions, affordable housing initiatives, historic preservation and recreational uses.

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

Intergovernmental

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

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

Real Estate Tax Deferrals

Real estate tax deferrals are receivables from owners of real property that have entered into a tax deferral and recovery agreement with the Board of Assessors (M.G.L. Ch 59, §5).

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

G. Inventories

Government-Wide and Fund Financial Statements

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, land improvements, buildings and building improvements, right-to-use building space, machinery and equipment, vehicles and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements.

Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation.

All purchases and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year. Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20
Leasehold improvements.....	5
Rigt-to-use building space.....	2 - 7
Buildings and improvements.....	7 - 40
Machinery and equipment.....	3 - 20
Vehicles.....	5
Infrastructure.....	10 - 50

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources*Government-Wide Financial Statements (Net Position)*

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

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

Governmental Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Unavailable revenue

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

M. Net position and Fund Equity*Government-Wide Financial Statements (Net Position)*

Net position is reported as restricted when amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been “restricted for” the following:

“Capital purposes” represents funds paid on deposit for the acquisition of land and buildings.

“Workers compensation” represents amounts restricted by Quincy College for purposes of paying future workers’ compensation claims.

“Loans” represents various community development loans to individuals and businesses in the City.

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

“Permanent funds – expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings that support governmental programs.

“Grants and gifts” represents assets that have restrictions placed on them from outside parties.

“Community preservation” represents amounts held for uses restricted by law for community preservation purposes.

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

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

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

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

“Assigned” fund balance includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. Massachusetts General Law authorizes the Director of Municipal Finance, at his or her discretion, to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only governmental fund that can report a positive unassigned fund balance.

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

N. Pensions

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

O. Long-term Debt and Capital Financing*Government-Wide and Proprietary Fund Financial Statements*

Long-term debt and capital financing are reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are capitalized and amortized over the life of the bonds using the effective interest method.

Governmental Fund Financial Statements

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

P. Investment Income

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

Proprietary funds retain their investment income.

Q. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

R. Use of Estimates*Government-Wide and Fund Financial Statements*

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

S. Fund Deficits

At June 30, 2022, the Downtown Improvement Capital Fund (major governmental fund) and various non-major governmental grant funds had fund deficits of \$152.5 million and \$91,770, respectively. These deficits will be funded in future years through grant receipts, issuances of long-term debt and other available funds.

T. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

MMDT maintains a cash portfolio and a short-term bond portfolio. The City participates in the cash portfolio which had a weighted average maturity of 27 days.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of deposits totaled \$180,969,387 and the bank balance totaled \$186,816,760. Of the bank balance, \$2,551,305 was covered by Federal Depository Insurance, \$63,265,444 was covered by the Depositors Insurance Fund, and \$121,000,011 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2021, carrying amount of deposits for the Retirement System's deposits totaled \$16,985,617. The bank balance was fully covered by Federal Depository Insurance.

Investments

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

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>	
		<u>Under 1 Year</u>	<u>1-5 Years</u>
<u>Debt securities:</u>			
U.S. treasury notes.....	\$ 1,457,903	\$ 791,117	\$ 666,786
Government sponsored enterprises.....	381,293	-	381,293
Corporate bonds.....	2,823,592	-	2,823,592
Total debt securities.....	4,662,788	\$ 791,117	\$ 3,871,671
<u>Other investments:</u>			
Equity securities.....	1,520,718		
Equity mutual funds.....	1,453,731		
Fixed income mutual funds.....	1,070,262		
Money market mutual funds.....	101,780		
MMDT - Cash portfolio.....	14,027,965		
Plymouth County OPEB trust investment pool.....	2,877,685		
Total investments.....	\$ 25,714,929		

The College is part of the Plymouth County OPEB Trust Program (PCOT) which maintains a pooled investment trust for various Massachusetts governmental organizations. The PCOT administrator is the Public Agency Retirement Services (PARS) which is an IRS approved multiple-employer Section 115 OPEB trust. U.S. Bank is the trustee for the funds invested. Since this is an irrevocable Section 115 trust, the investments are not subject to custodial credit risk. The College’s position in this trust is measured at fair value.

As of December 31, 2021, the System had the following investments:

<u>Investment Type</u>	<u>Fair value</u>
Pooled domestic equity.....	\$ 17,089,581
Pooled alternative investments.....	73,423,583
Pooled real estate.....	34,609,487
Pooled mutual funds.....	775,673,192
Total investments.....	\$ 900,795,843

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the City will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Of the total investments the City has custodial credit risk exposure equal to its investments in government sponsored enterprises, corporate bonds, equity securities and fixed income because the related securities are uninsured, unregistered and held by the counterparty. The City does not have a formal investment policy for custodial credit risk.

The System’s investments are not subject to custodial credit risk as all of the securities are insured or registered and held by its agents in the name of the System.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer or backer. The City has not adopted a formal policy related to credit risk. At June 30, 2022 the City’s investments were rated as follows:

Quality Rating	Government Sponsored Enterprises	Corporate Bonds
A+.....	\$ 381,293	\$ -
A-.....	-	521,719
AA-.....	-	559,824
 Total.....	 \$ <u>381,293</u>	 \$ <u>1,081,543</u>

The City’s investments in equity securities, fixed income mutual funds, money market mutual funds and MMDT are unrated.

The System has not adopted a formal policy related to credit risk.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. Of the total investment balance, the City had no investment that exceeded 5% of total investments at June 30, 2022.

The System places no limit on the amount the System may invest in any one issuer. The System does not currently have any investments that are subject to concentration of credit risk.

Fair Value Measurement

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

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

The following table presents financial assets at June 30, 2022, that the City measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	June 30, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 1,457,903	\$ 1,457,903	\$ -	\$ -
Government sponsored enterprises.....	381,293	381,293	-	-
Corporate bonds.....	2,823,592	-	2,823,592	-
Total debt securities.....	4,662,788	1,839,196	2,823,592	-
<u>Other investments:</u>				
Equity securities.....	1,520,718	1,520,718	-	-
Equity mutual funds.....	1,453,731	1,453,731	-	-
Fixed income mutual funds.....	1,070,262	1,070,262	-	-
Money market mutual funds.....	101,780	101,780	-	-
Total other investments.....	4,146,491	4,146,491	-	-
Total investments measured at fair value.....	8,809,279	\$ 5,985,687	\$ 2,823,592	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	14,027,965			
Investments measured at net asset value:				
Plymouth County OPEB trust investment pool.....	2,877,685			
Total investments.....	\$ 25,714,929			

U.S. treasury notes, government sponsored enterprises, equity securities, fixed income mutual funds and money market mutual funds are classified in Level 1 of the fair value hierarchy using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

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

Plymouth County OPEB trust investments are valued using the net asset value (NAV) method.

The following table presents financial assets at December 31, 2021, that the System measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	December 31, 2021	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)
Pooled domestic equity.....	\$ 17,089,581	\$ 17,089,581	\$ -	\$ -
Pooled alternative investments.....	73,423,583	45,395	73,015,758	362,430
Pooled real estate.....	34,609,487	34,609,487	-	-
Pooled mutual funds.....	775,673,192	6,726,647	181,972,375	586,974,170
Total investments measured at fair value.....	\$ 900,795,843	\$ 58,471,110	\$ 254,988,133	\$ 587,336,600

Pooled domestic equity, pooled alternative investments, pooled real estate and pooled mutual funds are classified in Level 1 of the fair value hierarchy using prices quoted in active markets for those securities. Pooled alternative investments and pooled mutual funds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities’ relationship to benchmark quoted prices.

Pooled alternative investments classified in Level 3 are valued using either a discounted cash flow or market comparable companies’ technique.

NOTE 3 – RECEIVABLES

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 12,566,695	\$ (2,933,000)	\$ 9,633,695
Tax liens and deferrals.....	6,976,587	-	6,976,587
Community preservation fund surtax.....	67,790	-	67,790
Motor vehicle and other excise taxes.....	6,819,700	(5,590,000)	1,229,700
Departmental and other.....	1,758,529	-	1,758,529
Intergovernmental.....	23,414,146	-	23,414,146
Community preservation state share.....	651,565	-	651,565
Loans.....	553,019	-	553,019
Total.....	\$ 52,808,031	\$ (8,523,000)	\$ 44,285,031

At June 30, 2022, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water liens - user fees.....	\$ 660,656	\$ -	\$ 660,656
Water user fees.....	3,345,346	-	3,345,346
Sewer liens - user fees.....	864,123	-	864,123
Sewer user fees.....	4,832,343	-	4,832,343
Sewer intergovernmental - subsidy.....	26,655	-	26,655
Quincy College user fees.....	7,953,358	(1,413,820)	6,539,538
Total.....	<u>\$ 17,682,481</u>	<u>\$ (1,413,820)</u>	<u>\$ 16,268,661</u>

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

	General Fund	Other Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 8,316,694	\$ -	\$ 8,316,694
Tax liens and deferrals.....	6,955,385	21,202	6,976,587
Community preservation fund surtax.....	-	67,790	67,790
Motor vehicle and other excise taxes.....	1,229,698	-	1,229,698
Departmental and other.....	700,921	1,071,254	1,772,175
Intergovernmental - highway improvements.....	-	2,690,369	2,690,369
Community development block grants.....	-	2,219,255	2,219,255
Intergovernmental - other.....	261,894	-	261,894
Community preservation state share.....	-	651,565	651,565
Loans.....	-	553,019	553,019
Tax foreclosures.....	995,058	-	995,058
Total.....	<u>\$ 18,459,650</u>	<u>\$ 7,274,454</u>	<u>\$ 25,734,104</u>

NOTE 4 – CAPITAL ASSETS

Governmental and Business-type capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 91,315,616	\$ 5,309,914	\$ -	\$ 96,625,530
Construction in progress.....	452,079	4,059,014	(452,079)	4,059,014
Total capital assets not being depreciated....	<u>91,767,695</u>	<u>9,368,928</u>	<u>(452,079)</u>	<u>100,684,544</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	58,118,491	2,141,780	-	60,260,271
Buildings and improvements.....	441,151,060	25,767,421	-	466,918,481
Machinery, vehicles and equipment.....	39,247,574	2,728,868	(194,466)	41,781,976
Infrastructure.....	334,965,141	32,867,875	-	367,833,016
Total capital assets being depreciated.....	<u>873,482,266</u>	<u>63,505,944</u>	<u>(194,466)</u>	<u>936,793,744</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(13,847,514)	(3,928,516)	-	(17,776,030)
Buildings and improvements.....	(117,215,884)	(12,483,105)	-	(129,698,989)
Machinery, vehicles and equipment.....	(21,980,306)	(3,035,724)	194,466	(24,821,564)
Infrastructure.....	(43,589,887)	(7,323,353)	-	(50,913,240)
Total accumulated depreciation.....	<u>(196,633,591)</u>	<u>(26,770,698)</u>	<u>194,466</u>	<u>(223,209,823)</u>
Total capital assets being depreciated, net.....	<u>676,848,675</u>	<u>36,735,246</u>	<u>-</u>	<u>713,583,921</u>
Total governmental activities capital assets, net.....	<u>\$ 768,616,370</u>	<u>\$ 46,104,174</u>	<u>\$ (452,079)</u>	<u>\$ 814,268,465</u>
Water Enterprise Fund:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 79,474	\$ -	\$ -	\$ 79,474
Construction in progress.....	-	910,851	-	910,851
Total capital assets not being depreciated....	<u>79,474</u>	<u>910,851</u>	<u>-</u>	<u>990,325</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	25,464	-	-	25,464
Machinery, vehicles and equipment.....	2,134,454	199,146	(139,799)	2,193,801
Infrastructure.....	75,677,739	10,071,625	-	85,749,364
Total capital assets being depreciated.....	<u>77,837,657</u>	<u>10,270,771</u>	<u>(139,799)</u>	<u>87,968,629</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(16,233)	(1,273)	-	(17,506)
Machinery, vehicles and equipment.....	(1,263,387)	(140,916)	139,799	(1,264,504)
Infrastructure.....	(18,737,278)	(1,593,418)	-	(20,330,696)
Total accumulated depreciation.....	<u>(20,016,898)</u>	<u>(1,735,607)</u>	<u>139,799</u>	<u>(21,612,706)</u>
Total capital assets being depreciated, net.....	<u>57,820,759</u>	<u>8,535,164</u>	<u>-</u>	<u>66,355,923</u>
Total water activities capital assets, net.....	<u>\$ 57,900,233</u>	<u>\$ 9,446,015</u>	<u>\$ -</u>	<u>\$ 67,346,248</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Sewer Enterprise Fund:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 282,530	\$ -	\$ -	\$ 282,530
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	13,935	-	-	13,935
Machinery, vehicles and equipment.....	2,084,809	199,146	(146,910)	2,137,045
Infrastructure.....	61,283,651	6,089,033	-	67,372,684
Total capital assets being depreciated.....	<u>63,382,395</u>	<u>6,288,179</u>	<u>(146,910)</u>	<u>69,523,664</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(13,935)	-	-	(13,935)
Machinery, vehicles and equipment.....	(1,223,226)	(137,226)	146,910	(1,213,542)
Infrastructure.....	<u>(16,719,331)</u>	<u>(1,249,185)</u>	<u>-</u>	<u>(17,968,516)</u>
Total accumulated depreciation.....	<u>(17,956,492)</u>	<u>(1,386,411)</u>	<u>146,910</u>	<u>(19,195,993)</u>
Total capital assets being depreciated, net.....	<u>45,425,903</u>	<u>4,901,768</u>	<u>-</u>	<u>50,327,671</u>
Total sewer activities capital assets, net.....	<u>\$ 45,708,433</u>	<u>\$ 4,901,768</u>	<u>\$ -</u>	<u>\$ 50,610,201</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Quincy College:				
<u>Capital assets being depreciated:</u>				
Leasehold improvements.....	\$ 9,532,244	\$ 47,839	\$ -	\$ 9,580,083
Right-to-use lease building space.....	-	13,634,292	-	13,634,292
Machinery and equipment.....	<u>7,299,467</u>	<u>-</u>	<u>-</u>	<u>7,299,467</u>
Total capital assets being depreciated.....	<u>16,831,711</u>	<u>13,682,131</u>	<u>-</u>	<u>30,513,842</u>
<u>Less accumulated depreciation for:</u>				
Leasehold improvements.....	(8,783,293)	(407,465)	-	(9,190,758)
Right-to-use lease building space.....	-	(1,947,756)	-	(1,947,756)
Machinery and equipment.....	<u>(6,903,731)</u>	<u>(382,498)</u>	<u>-</u>	<u>(7,286,229)</u>
Total accumulated depreciation.....	<u>(15,687,024)</u>	<u>(2,737,719)</u>	<u>-</u>	<u>(18,424,743)</u>
Total Quincy College capital assets, net.....	<u>\$ 1,144,687</u>	<u>\$ 10,944,412</u>	<u>\$ -</u>	<u>\$ 12,089,099</u>

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

Governmental Activities:	
General government.....	\$ 2,099,112
Public safety.....	2,662,031
Education.....	9,795,157
Public works.....	7,901,652
Human services.....	33,235
Culture and recreation.....	4,077,708
Community preservation.....	<u>201,803</u>
 Total depreciation expense - governmental activities.....	 \$ <u>26,770,698</u>
 Business-Type Activities:	
Water.....	\$ 1,735,607
Sewer.....	1,386,411
Quincy College.....	<u>3,034,366</u>
 Total depreciation expense - business-type activities.....	 \$ <u>6,156,384</u>

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2022, are summarized as follows:

Transfers Out:	Transfers In:				Total
	General fund	City Capital Plan	Nonmajor governmental funds	Water Enterprise fund	
General fund.....	\$ -	\$ 3,206,014	\$ -	\$ -	\$ 3,206,014 (1)
Nonmajor governmental funds.....	3,358,301	-	50,000	-	3,408,301 (1)
Sewer enterprise fund.....	-	-	-	1,400,000	1,400,000 (2)
 Total.....	 \$ <u>3,358,301</u>	 \$ <u>3,206,014</u>	 \$ <u>50,000</u>	 \$ <u>1,400,000</u>	 \$ <u>8,014,315</u>

- 1) Represents voted transfers from special revenue fund funding sources to support debt service and traffic and parking department costs incurred by the general fund. Transfer between nonmajor funds represents a reallocation of resources from the cemetery perpetual care fund to the cemetery capital improvement fund.
- 2) Represents a voted transfer for to fund the water enterprise fund repairs and upgrades from the sewer and drainage rehabilitation fund.

NOTE 6 – SHORT-TERM FINANCING

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

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

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds, respectively. Details related to the short-term debt activity for the year ended June 30, 2022 is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2021	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2022
Governmental Funds:							
BAN	Municipal Purpose BAN of 2021.....	2.00%	7/9/2022	\$ 63,212,840	\$ -	\$ (63,212,840)	\$ -
BAN	Municipal Purpose BAN of 2022.....	4.00%	7/9/2023	-	121,082,840	(57,870,000)	63,212,840
BAN	Municipal Purpose BAN of 2022.....	2.50%	7/25/2022	-	550,000	-	550,000 (A)
BAN	Municipal Purpose BAN of 2022.....	1.00%	8/3/2022	-	11,500,000	(9,000,000)	2,500,000 (B)
BAN	Municipal Purpose BAN of 2021.....	2.50%	9/16/2022	30,340,360	-	(30,340,360)	-
BAN	Municipal Purpose BAN of 2022.....	3.75%	9/16/2023	-	33,340,360	-	33,340,360
BAN	Municipal Purpose BAN of 2021.....	1.50%	1/14/2022	44,965,216	-	(44,965,216)	-
BAN	Municipal Purpose BAN of 2022.....	2.00%	1/13/2023	-	44,965,216	-	44,965,216 (C)
BAN	Municipal Purpose BAN of 2021.....	1.00%	6/11/2022	12,518,536	-	(12,518,536)	-
BAN	Municipal Purpose BAN of 2022.....	2.00%	6/9/2023	-	11,629,704	-	11,629,704
BAN	Municipal Purpose BAN of 2022.....	3.00%	1/13/2023	-	6,163,000	-	6,163,000 (C)
RAN	Municipal Purpose BAN of 2022.....	4.00%	8/30/2022	-	13,720,000	-	13,720,000 (D)
Premiums on Bond Anticipation Notes.....				3,206,014	2,921,743	(3,206,014)	2,921,743
Total Governmental Funds.....				\$ 154,242,966	\$ 245,872,863	\$ (221,112,966)	\$ 179,002,863
Water Enterprise Fund:							
IL	Massachusetts Clean Water Trust...	0.00%	6/30/2023	\$ -	\$ 470,550	\$ -	\$ 470,550
BAN	Municipal Purpose BAN of 2021.....	1.00%	6/11/2022	655,780	-	(655,780)	-
BAN	Municipal Purpose BAN of 2022.....	2.50%	7/25/2022	-	650,000	-	650,000 (A)
Total Water Enterprise Fund.....				\$ 655,780	\$ 1,120,550	\$ (655,780)	\$ 1,120,550
Sewer Enterprise Fund:							
IL	Massachusetts Clean Water Trust...	0.00%	6/30/2023	\$ 4,421,484	\$ 1,509,550	\$ -	\$ 5,931,034
Total Enterprise Fund.....				\$ 5,077,264	\$ 2,630,100	\$ (655,780)	\$ 7,051,584

- (A) At maturity, these BANS were paid down with available funds.
- (B) At maturity, these BANS were paid down with available funds.
- (C) At maturity, the BAN was renewed and will mature on January 12, 2024 at an interest rate of 5%.
- (D) At maturity, these RANS were paid down with available funds.

NOTE 7 – LONG-TERM DEBT

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

Bonds Payable Schedule – Governmental Activities

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

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
Municipal Purpose Bonds of 2011.....	2040	\$ 31,088,000	2.0-5.25	\$ 20,275,346
Municipal Purpose Bonds of 2012.....	2040	33,518,000	2.5-4.0	23,451,750
Municipal Purpose Bonds of 2013 - Refunding.....	2025	5,700,000	2.0-3.0	650,000
Municipal Purpose Bonds of 2013.....	2039	8,250,000	4.0-5.0	6,510,000
Municipal Purpose Bonds of 2014.....	2034	46,385,000	2.5-5.0	32,825,000
Energy Efficiency Refunding Bonds of 2015.....	2027	21,333,300	3.0	8,845,400
Municipal Purpose Bonds of 2015.....	2027	10,126,260	3.4	795,000
Municipal Purpose Bonds of 2017.....	2037	39,797,000	2.0-4.0	32,390,000
Municipal Purpose Bonds of 2018.....	2038	9,130,000	3.0-5.0	7,895,000
Municipal Purpose Bonds of 2019.....	2047	14,925,000	2.5-5.0	12,890,000
Municipal Purpose Bonds of 2019.....	2039	9,485,000	3.0-5.0	8,705,000
Municipal Purpose Bonds of 2020.....	2033	17,725,000	4.0-5.0	16,010,000
Municipal Purpose Bonds of 2020.....	2048	30,210,000	2.0-5.0	28,080,000
Municipal Purpose Bonds of 2020.....	2049	29,933,500	2.0-5.0	28,665,000
Municipal Purpose Bonds of 2020.....	2039	7,251,875	2.0-5.0	6,990,000
Municipal Purpose Bonds of 2021.....	2040	34,625,000	2.0-5.0	33,425,000
Municipal Purpose Bonds of 2021.....	2037	19,327,000	2.0-5.0	19,327,000
Municipal Purpose Bonds of 2021.....	2040	3,969,250	2.0-5.0	3,969,250
Pension Obligation Bonds.....	2040	434,585,481	0.6-3.0	434,585,481
Municipal Purpose Bonds of 2021.....	2050	43,289,000	2.0-5.0	43,289,000
Municipal Purpose Bonds of 2022.....	2052	62,900,000	5.0	62,900,000
Total Bonds Payable.....		<u>\$ 913,553,666</u>		<u>832,473,227</u>
Add: Unamortized premium on bonds.....				<u>37,861,743</u>
Total Bonds Payable, net.....				<u>\$ 870,334,970</u>

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

Year	Principal	Interest	Total
2023.....	\$ 19,796,772	\$ 24,612,880	\$ 44,409,652
2024.....	22,330,125	26,995,251	49,325,376
2025.....	24,852,505	24,609,836	49,462,341
2026.....	43,943,858	23,492,260	67,436,118
2027.....	43,553,001	22,219,357	65,772,358
2028.....	42,534,039	20,933,714	63,467,753
2029.....	43,170,647	19,617,762	62,788,409
2030.....	44,473,000	18,259,700	62,732,700
2031.....	45,666,524	16,872,878	62,539,402
2032.....	46,580,795	15,481,125	62,061,920
2033.....	46,716,237	14,095,482	60,811,719
2034.....	46,191,574	12,749,536	58,941,110
2035.....	44,902,230	11,391,993	56,294,223
2036.....	45,367,358	10,056,202	55,423,560
2037.....	46,742,380	8,669,859	55,412,239
2038.....	46,297,296	7,245,828	53,543,124
2039.....	46,133,384	5,816,780	51,950,164
2040.....	45,431,502	4,402,921	49,834,423
2041.....	9,340,000	3,497,169	12,837,169
2042.....	9,280,000	3,157,773	12,437,773
2043.....	9,420,000	2,809,949	12,229,949
2044.....	8,755,000	2,463,871	11,218,871
2045.....	9,095,000	2,119,327	11,214,327
2046.....	8,110,000	1,760,266	9,870,266
2047.....	6,860,000	1,430,913	8,290,913
2048.....	6,685,000	1,125,312	7,810,312
2049.....	6,245,000	834,712	7,079,712
2050.....	6,205,000	556,500	6,761,500
2051.....	3,810,000	264,550	4,074,550
2052.....	3,985,000	89,850	4,074,850
Total.....	\$ <u>832,473,227</u>	\$ <u>307,633,555</u>	\$ <u>1,140,106,782</u>

In order to take advantage of favorable interest rates, the City issued \$5.8 million of general obligation refunding bonds on October 19, 2021. The proceeds of the refunding bonds were used to complete a current refunding of existing debt. The refunded bonds totaled \$6.2 million and became callable in fiscal year 2022. As a result of the transaction, the refunded bonds were paid down on the call date and the liability has been removed from the statement of net position. The transaction resulted in an economic gain of \$844,000 and a reduction of \$966,000 in future debt service payments.

In order to take advantage of favorable interest rates, the City issued \$5.8 million of general obligation refunding bonds on October 19, 2021. The proceeds of the refunding bonds were used to complete a current refunding of existing debt. The refunded bonds totaled \$6.2 million and became callable in fiscal year 2022. As a result of the transaction, the refunded bonds were paid down on the call date and the liability has been removed from the

statement of net position. The transaction resulted in an economic gain of \$1.1 million and a reduction of \$1.4 million in future debt service payments.

Bonds Payable Schedule – Sewer Enterprise Fund

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

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
Energy Efficiency Refunding Bonds of 2015.....	2027	\$ 817,020	3.0	\$ 338,760
Sewer Bonds of 2015 - Refunding.....	2027	653,500	3.4	340,000
Pension Obligation Bonds.....	2040	8,420,435	0.6-3.0	8,420,436
Sub-Total General Obligation.....		<u>9,890,955</u>		<u>9,099,196</u>
Massachusetts Clean Water Trust of 2007.....	2024	2,793,729	2.0	421,744
Massachusetts Clean Water Trust of 2008.....	2028	2,638,319	2.0	846,725
Massachusetts Clean Water Trust of 2010.....	2031	2,065,000	2.0	613,645
Massachusetts Clean Water Trust of 2012.....	2033	2,081,493	0.0	1,206,868
Massachusetts Water Resources Authority of 2019.....	2030	911,510	0.0	766,858
Massachusetts Water Resources Authority of 2016.....	2036	2,975,754	0.0	2,182,870
Massachusetts Water Resources Authority of 2017.....	2028	3,099,453	0.0	430,325
Massachusetts Water Resources Authority of 2018.....	2029	830,000	0.0	613,000
Massachusetts Clean Water Trust of 2019.....	2039	3,634,026	2.0	3,085,512
Massachusetts Water Resources Authority of 2020.....	2031	445,088	0.0	418,048
Massachusetts Water Resources Authority of 2021.....	2031	841,940	0.0	757,746
Sub-Total Direct Borrowings.....		<u>22,316,312</u>		<u>11,343,341</u>
Total Bonds Payable, net.....		<u>\$ 32,207,267</u>		<u>\$ 20,442,537</u>

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

Year	General Obligation Bonds			Direct Borrowings Payable		
	Principal	Interest	Total	Principal	Interest	Total
2023.....	\$ 225,529	\$ 215,288	\$ 440,817	\$ 1,272,992	\$ 163,455	\$ 1,436,447
2024.....	237,491	211,096	448,587	1,333,584	141,297	1,474,881
2025.....	250,074	206,534	456,608	1,156,923	129,335	1,286,258
2026.....	608,643	199,014	807,657	1,055,729	117,149	1,172,878
2027.....	575,328	188,310	763,638	990,157	104,707	1,094,864
2028.....	479,876	179,019	658,895	939,185	92,001	1,031,186
2029.....	488,917	169,986	658,903	697,586	80,536	778,122
2030.....	498,844	160,038	658,882	633,068	70,341	703,409
2031.....	509,569	149,256	658,825	617,539	59,925	677,464
2032.....	521,181	137,719	658,900	459,358	50,038	509,396
2033.....	533,590	125,252	658,842	469,344	40,687	510,031
2034.....	547,062	111,806	658,868	355,007	32,432	387,439
2035.....	561,510	97,317	658,827	362,722	25,290	388,012
2036.....	577,110	81,725	658,835	370,606	17,992	388,598
2037.....	593,774	65,106	658,880	205,352	10,537	215,889
2038.....	611,501	47,390	658,891	209,814	6,386	216,200
2039.....	630,026	28,829	658,855	214,375	2,144	216,519
2040.....	649,171	9,705	658,876	-	-	-
Total.....	\$ <u>9,099,196</u>	\$ <u>2,383,389</u>	\$ <u>11,482,585</u>	\$ <u>11,343,341</u>	\$ <u>1,144,252</u>	\$ <u>12,487,593</u>

Bonds Payable Schedule – Water Enterprise Fund

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

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
Energy Efficiency Refunding Bonds of 2015.....	2027	544,680	3.0	\$ 225,840
Water Bonds of 2020.....	2041	7,986,500	2.0-5.0	7,795,000
Water Main System Repairs.....	2052	7,653,000	2.0-5.0	7,653,000
Pension Obligation Bonds.....	2040	<u>12,152,735</u>	0.6-3.0	<u>12,152,735</u>
Sub-Total General Obligation.....		<u>28,336,915</u>		<u>27,826,575</u>
Massachusetts Water Resources Authority Water Loans...	2025	2,101,000	0.0	444,700
Massachusetts Clean Water Trust of 2010.....	2031	1,435,000	2.0	426,433
Massachusetts Clean Water Trust of 2012.....	2023	2,534,102	2.0	1,494,119
Massachusetts Water Resources Authority of 2015.....	2026	449,835	0.0	179,483
Massachusetts Clean Water Trust of 2015.....	2036	233,275	2.0	173,486
Massachusetts Water Resources Authority of 2016.....	2027	1,102,122	0.0	676,484
Massachusetts Water Resources Authority of 2017.....	2028	3,099,543	0.0	1,917,679
Massachusetts Water Resources Authority of 2018.....	2029	2,325,959	0.0	1,684,767
Massachusetts Water Resources Authority of 2019.....	2030	3,675,940	0.0	3,171,938
Massachusetts Water Resources Authority of 2020.....	2031	<u>5,700,800</u>	0.0	<u>5,282,800</u>
Sub-Total Direct Borrowings.....		<u>22,657,576</u>		<u>15,451,889</u>
Subtotal Bonds Payable.....				<u>43,278,464</u>
Add: Unamortized premium on bonds.....				<u>1,551,125</u>
Total Bonds Payable, net.....		<u>\$ 50,994,491</u>		<u>\$ 44,829,589</u>

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

Year	General Obligation Bonds			Direct Borrowings Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023..... \$	424,476 \$	846,583 \$	1,271,059	\$ 2,666,119	\$ 44,396	\$ 2,710,515
2024.....	564,279	722,496	1,286,775	2,724,115	40,860	2,764,975
2025.....	612,978	700,277	1,313,255	2,479,120	37,249	2,516,369
2026.....	1,153,663	672,842	1,826,505	2,160,642	33,559	2,194,201
2027.....	1,146,753	639,612	1,786,365	1,867,590	29,791	1,897,381
2028.....	1,162,578	605,447	1,768,025	1,454,422	25,941	1,480,363
2029.....	1,200,626	568,535	1,769,161	796,923	22,011	818,934
2030.....	1,229,954	531,433	1,761,387	594,792	17,999	612,791
2031.....	1,270,432	492,697	1,763,129	341,557	13,899	355,456
2032.....	1,312,190	454,116	1,766,306	160,713	9,710	170,423
2033.....	1,350,100	417,723	1,767,823	164,207	5,954	170,161
2034.....	1,384,544	380,443	1,764,987	13,600	2,644	16,244
2035.....	1,425,396	342,406	1,767,802	13,896	834	14,730
2036.....	1,457,910	306,303	1,764,213	14,193	560	14,753
2037.....	1,491,960	269,768	1,761,728	-	282	282
2038.....	1,537,544	231,350	1,768,894	-	-	-
2039.....	1,574,280	191,413	1,765,693	-	-	-
2040.....	1,616,912	144,364	1,761,276	-	-	-
2041.....	695,000	116,556	811,556	-	-	-
2042.....	605,000	103,506	708,506	-	-	-
2043.....	615,000	91,071	706,071	-	-	-
2044.....	635,000	78,096	713,096	-	-	-
2045.....	645,000	64,862	709,862	-	-	-
2046.....	655,000	51,225	706,225	-	-	-
2047.....	325,000	44,025	369,025	-	-	-
2048.....	330,000	36,656	366,656	-	-	-
2049.....	340,000	29,119	369,119	-	-	-
2050.....	345,000	21,197	366,197	-	-	-
2051.....	355,000	12,884	367,884	-	-	-
2052.....	365,000	4,334	369,334	-	-	-
Total..... \$	<u>27,826,575</u> \$	<u>9,171,339</u> \$	<u>36,997,914</u>	<u>\$ 15,451,889</u>	<u>\$ 285,689</u>	<u>\$ 15,737,578</u>

Massachusetts Clean Water Trust funded debt

The City has entered into various long-term debt agreements with the Massachusetts Clean Water Trust (MCWT), an agency of the Commonwealth of Massachusetts that requires the City to be subsidized by the MCWT on a periodic basis for principal in the amount of \$26,255 and interest costs for \$65,940. Thus, net MCWT loan repayments, including interest, are scheduled to be \$1,332,831 for the subsidized debt. The principal subsidies are guaranteed and therefore a \$26,255 intergovernmental receivable has been reported in the sewer enterprise fund financial statements. Since the City is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The 2022 interest subsidy totaled \$55,437.

Massachusetts Water Resources Authority funded debt

The City has entered into various long-term debt transactions with the Massachusetts Water Resources Authority. The debt balances are associated with a zero percent interest rate. Future imputed interest payments total \$1.3 million in the water fund and \$347,000 in the sewer fund. Imputed interest for 2022 was \$400,000 and \$68,000 in

the water and sewer funds, respectively. Accordingly, interest expense and corresponding intergovernmental revenue have been reported, equal to these amounts, in the respective proprietary fund’s financial statements.

Pension Obligation Bonds

During the fiscal year, the City issued \$475,000,000 of pension obligations bonds to fully fund the City’s and Quincy College’s unfunded pension liability as of December 2021. The College was allocated \$19,841,348 of the net assets received from the bonds to fund its’ total pension liability. The City’s governmental activities, the sewer enterprise fund and the water enterprise fund were allocated a combined \$455,158,652 of the net assets received from the bonds to fund its’ total pension liability. The effect of this transaction on the City’s governmental activities, the sewer enterprise fund and the water enterprise fund are included in the tables presented on pages 50-55 of this note disclosure.

Debt service requirements for Quincy College’s general pension obligation bonds principal and interest payable in future years are as follows:

Year	General Obligation Bonds		
	Principal	Interest	Total
2023.....	\$ 185,464	\$ 469,020	\$ 654,484
2024.....	220,343	467,674	688,017
2025.....	256,684	465,464	722,148
2026.....	1,096,078	456,523	1,552,601
2027.....	1,112,160	440,452	1,552,612
2028.....	1,130,748	421,829	1,552,577
2029.....	1,152,051	400,545	1,552,596
2030.....	1,175,443	377,104	1,552,547
2031.....	1,200,715	351,696	1,552,411
2032.....	1,228,075	324,511	1,552,586
2033.....	1,257,315	295,136	1,552,451
2034.....	1,289,061	263,451	1,552,512
2035.....	1,323,105	229,310	1,552,415
2036.....	1,359,863	192,571	1,552,434
2037.....	1,399,128	153,411	1,552,539
2038.....	1,440,900	111,667	1,552,567
2039.....	1,484,551	67,931	1,552,482
2040.....	1,529,664	22,868	1,552,532
Total.....	\$ <u>19,841,348</u>	\$ <u>5,511,163</u>	\$ <u>25,352,511</u>

Capital Financing Payable

The College has entered into lease agreements to finance right-to-use building space for use in the College’s delivery of academic instruction and related administrative support. The lease agreements have been recorded at the present value of their future minimum lease payments using various imputed interest rates as of the inception date or at the beginning of the fiscal year of implementation of GASB Statement No. 87 for previously reported operating leases.

The College leases certain premises under leases with various expiration dates that extend through 2028. The leases generally provide that the College pay certain maintenance, taxes and insurance costs and includes

various renewal provisions. Rent expense, including maintenance and interest costs, in year 2022 amounted to \$2,282,660. The College’s minimum future obligations under non-cancelable leases are as presented as follows:

Years ending June 30:	Principal	Interest	Total
2023.....	\$ 2,474,573	\$ 410,557	\$ 2,885,130
2024.....	2,453,598	311,949	2,765,547
2025.....	2,269,745	217,159	2,486,904
2026.....	1,868,532	133,668	2,002,200
2027.....	1,988,697	56,739	2,045,436
2028.....	334,744	7,302	342,046
Total	\$ <u>11,389,889</u>	\$ <u>1,137,374</u>	\$ <u>12,527,263</u>

Authorized and unissued debt

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

Purpose	Amount
District improvement financing.....	\$ 199,000,000
Water and sewer.....	50,065,348
Various capital improvements.....	38,305,000
School.....	22,971,188
Land acquisition.....	18,800,000
Park improvements.....	4,000,000
Roads & sidewalks.....	89,000,000
Vehicles and equipment upgrades.....	8,616,320
MWRA.....	6,491,450
Animal shelter.....	3,550,000
Public Safety Headquarters.....	152,000,000
Total.....	\$ <u>592,799,306</u>

Changes in Long-term Liabilities

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

Business-Type Activities:									
Long-term bonds payable.....	\$ 9,287,302	\$ 48,067,519	\$ (454,100)	\$ -	\$ -	\$ 56,900,721	\$ 4,774,580		
Long-term direct borrowing payable.....	29,614,009	-	(2,952,381)	-	-	26,661,628	-		
Capital financing payable.....	-	-	-	13,634,292	(2,244,403)	11,389,889	2,474,753		
Add: Unamortized premium on bonds.....	828,553	-	-	776,699	(54,127)	1,551,125	150,269		
Total bonds payable.....	39,729,864	48,067,519	(3,406,481)	14,410,991	(2,298,530)	96,503,363	7,399,602		
Compensated absences.....	860,304	-	-	724,133	(802,906)	781,531	741,512		
Workers' compensation.....	1,538,000	-	-	243,000	(105,000)	1,676,000	57,000		
Net pension liability.....	36,195,580	-	-	-	(36,195,580)	-	-		
Net other postemployment benefits liability.....	28,945,212	-	-	9,863,094	(11,810,235)	26,998,071	-		
Total business-type activity long-term liabilities.....	\$ <u>107,268,960</u>	\$ <u>48,067,519</u>	\$ <u>(3,406,481)</u>	\$ <u>25,241,218</u>	\$ <u>(51,212,251)</u>	\$ <u>125,958,965</u>	\$ <u>8,198,114</u>		

Business-Type Activities:							
Long-term bonds payable.....	\$ 9,287,302	\$ 48,067,519	\$ (454,100)	\$ -	\$ -	\$ 56,900,721	\$ 4,774,580
Long-term direct borrowing payable.....	29,614,009	-	(2,952,381)	-	-	26,661,628	-
Capital financing payable.....	-	-	-	13,634,292	(2,244,403)	11,389,889	2,474,753
Add: Unamortized premium on bonds.....	828,553	-	-	776,699	(54,127)	1,551,125	150,269
Total bonds payable.....	39,729,864	48,067,519	(3,406,481)	14,410,991	(2,298,530)	96,503,363	7,399,602
Compensated absences.....	860,304	-	-	724,133	(802,906)	781,531	741,512
Workers' compensation.....	1,538,000	-	-	243,000	(105,000)	1,676,000	57,000
Net pension liability.....	36,195,580	-	-	-	(36,195,580)	-	-
Net other postemployment benefits liability..	28,945,212	-	-	9,863,094	(11,810,235)	26,998,071	-
Total business-type activity							
long-term liabilities.....	\$ 107,268,960	\$ 48,067,519	\$ (3,406,481)	\$ 25,241,218	\$ (51,212,251)	\$ 125,958,965	\$ 8,198,114

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The City presents its governmental fund balances in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of the Statement is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the City’s financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

At June 30, 2022, \$13,265,181 has been set aside in the general stabilization fund and \$517,010 has been set aside in the weather stabilization fund. These funds have been classified as part of the general fund in the governmental fund financial statements. Municipal finance laws of the Commonwealth of Massachusetts authorize municipalities to establish stabilization funds on an as needed basis. The number of and exact purpose of the stabilization funds of the City are dependent upon authorization and approval of the City Council. The actual use of the funds is contingent upon City Council approval. Additions to the fund can only be made upon City Council approval.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The City has reported principal portions of endowment funds as nonspendable.

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

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

As of June 30, 2022, the governmental fund balances consisted of the information presented on the following page.

	General	Downtown Improvement Capital Fund	City Capital Plan	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	263,474	\$ 263,474
Restricted for:					
City capital plan.....	-	-	50,062,922	-	50,062,922
City grants.....	-	-	-	800,459	800,459
CDBG grants.....	-	-	-	702,681	702,681
Receipts reserved for appropriation.....	-	-	-	2,602,991	2,602,991
Community preservation act.....	-	-	-	10,283,678	10,283,678
JTPA funds.....	-	-	-	179,539	179,539
City trust funds.....	-	-	-	6,731,791	6,731,791
School revolving.....	-	-	-	9,440,208	9,440,208
Mitigation trusts.....	-	-	-	476,866	476,866
Other special revenue.....	-	-	-	2,526,395	2,526,395
Education capital plan.....	-	-	-	3,469,990	3,469,990
Capital projects (not bonded).....	-	-	-	959,506	959,506
Permanent trusts.....	-	-	-	1,582,880	1,582,880
Library permanent trusts.....	-	-	-	537,321	537,321
Assigned to:					
General government.....	6,306,305	-	-	-	6,306,305
Public safety.....	503,445	-	-	-	503,445
Education.....	738,511	-	-	-	738,511
Public works.....	1,837,177	-	-	-	1,837,177
Human services.....	185,256	-	-	-	185,256
Culture and recreation.....	237,894	-	-	-	237,894
Employee benefits.....	432,096	-	-	-	432,096
Claims and judgements.....	32,101	-	-	-	32,101
Unassigned.....	30,047,921	(152,518,292)	-	(91,770)	(122,562,141)
Total Fund Balances.....	\$ 40,320,706	\$ (152,518,292)	\$ 50,062,922	\$ 40,466,009	\$ (21,668,655)

NOTE 10 – RISK FINANCING

The City is self-insured for its workers compensation claims which are accounted for in the government entity-wide financial statements where revenues are recorded when earned and expenses are recorded when the liability is incurred.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many factors. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends, and other economic and social factors. The amount of claims settlements has not exceeded insurance coverage in any of the previous three years.

Workers' Compensation

Workers' compensation claims are administered by a contracted consultant and are funded on a pay-as-you-go basis from annual appropriations. The City recorded a liability of \$9,769,000 at June 30, 2022, which represents an estimate of all outstanding claims as of that date. Changes in the reported liability since July 1, 2020 are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2021.....	\$ 5,437,000	\$ 397,603	\$ (889,603)	\$ 4,945,000	\$ 510,000
2022.....	4,945,000	6,451,824	(1,627,824)	9,769,000	669,000

NOTE 11 – PENSION PLAN

Plan Descriptions

The City is a member of the Quincy Contributory Retirement System (QCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements. The City is a member of the Massachusetts Teachers’ Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth’s reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the City to the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the City does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer’s covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2021. The City’s portion of the collective pension expense, contributed by the Commonwealth, of \$18,415,409 is reported in the general fund as intergovernmental revenue and pension expenditures in the current fiscal year. The College’s portion of the collective pension expense, contributed by the Commonwealth, of \$906,863 is reported as charges for services operating and pension expense. The portion of the Commonwealth’s collective net pension liability associated with the City and College is \$240,788,473 as of the measurement date.

Benefits Provided

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

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

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System. There have been no changes in benefit terms as of December 31, 2021.

At December 31, 2021, the QCRS membership consists of the following:

Active members.....	1,546
Inactive members.....	188
Retirees and beneficiaries currently receiving benefits.....	<u>1,521</u>
Total.....	<u><u>3,255</u></u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the QCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2021 was an actuarially determined amount of \$36.7 million. This amount when combined with plan member contributions is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The total member units' contribution, due to the City fully funding its share of the Systemwide pension liability, is equal to 126.4% of covered payroll. The City and College's proportionate share of the required contribution were \$35.1 million and \$1.6 million, respectively. The City and College's actual contributions equaled their required amounts.

As more fully described on page 56, the City issued \$475,000,000 of Pension Obligation Bonds of which the net proceeds were contributed to the QCRS.

Pension Liabilities / (Assets)

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

Total pension liability.....	\$ 839,744,951
Total pension plan's fiduciary net position.....	<u>(918,843,325)</u>
Total net pension liability (asset).....	<u><u>\$ (79,098,374)</u></u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	109.42%

At June 30, 2022, the City, including the College, reported a liability of \$95.0 million for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2021, and the total pension

asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2020. The Quincy Housing Authority, a legally separate member unit of the QCRS, did not participate in the Pension Obligation Bond additional contribution made by the City and its net pension liability was \$15.9 million as of December 31, 2021.

Accordingly, update procedures were used to roll forward the total pension asset forward to the measurement date. The City’s proportion of the net pension asset was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2021, the City’s proportion was 95.6%, which increased from its 94.9% proportion measured at December 31, 2020. At December 31, 2021, the College’s proportion was 4.4%, which decreased from its 5.1% proportion measured at December 31, 2020.

Pension Expense

For the year ended June 30, 2022, the City, including the College, recognized pension expense of \$29.7 million. At June 30, 2022, the City and College reported deferred outflows of resources related to pensions of \$17.1 million, and deferred inflows of resources related to pensions of \$59.9 million.

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

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (5,705,255)	\$ (5,705,255)
Difference between projected and actual earnings, net.....	-	(47,741,882)	(47,741,882)
Changes in assumptions.....	10,577,684	-	10,577,684
Changes in proportion and proportionate share of contributions...	6,562,503	(6,493,594)	68,909
Total deferred outflows/(inflows) of resources.....	\$ 17,140,187	\$ (59,940,731)	\$ (42,800,544)

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

Year ended June 30:

2023.....	\$ (6,328,982)
2024.....	(18,258,309)
2025.....	(11,260,497)
2026.....	(6,952,756)
Total deferred outflows/(inflows) of resources...	\$ (42,800,544)

Actuarial Assumptions

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date of December 31, 2021 as presented on the top of the following page.

Valuation date.....	January 1, 2020.
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Varying contribution increases.
Remaining amortization period.....	19 years for the fresh start base.
Asset valuation method.....	Fair market value.
Inflation rate.....	3.00%
Projected salary increases.....	3.75% ultimate rate.
Cost of living adjustments.....	3.00% of the first \$15,000.
Mortality rates.....	Determined using the RP-2014 table adjusted to 2006, projected generationally using MP-2019.
Investment rate of return/Discount rate.....	7.25%

Changes in Assumptions

None.

Changes in Provisions

None.

Investment policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of December 31, 2021 are summarized as presented at the top of the following page.

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equity.....	27.00%	4.50%
Developed market equity.....	10.00%	5.20%
Emerging market equity.....	11.00%	6.10%
Real estate.....	8.00%	9.60%
Private equity.....	12.00%	7.60%
LT government bonds.....	0.00%	0.60%
High yield bonds.....	5.00%	2.20%
Investment grade bonds.....	9.00%	0.20%
TIPS.....	6.00%	0.20%
Emerging market debt.....	5.00%	4.30%
Infrastructure.....	7.00%	5.00%
Total.....	<u>100.00%</u>	

Rate of return

For the year ended December 31, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.57%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount (7.25%)</u>	<u>1% Increase (8.25%)</u>
The College's proportionate share of the net pension asset.....	\$ (1,141,800)	\$ (8,854,120)	\$ (15,415,971)
The City's proportionate share of the net pension asset.....	\$ (11,106,911)	\$ (86,128,949)	\$ (149,959,544)
QCRS total net pension asset.....	<u>\$ 7,393,919</u>	<u>\$ (79,098,375)</u>	<u>\$ (152,688,359)</u>

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS*Plan Description*

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

Quincy College, an enterprise fund department of the City, also provides healthcare benefits to its employees and retirees. The coverage is provided through the plan administered by the City; however, the College’s net OPEB obligation and related expense and deferred items is determined through an actuarial valuation that is separate from the City’s valuation. The College maintains a separate OPEB Trust and contributes to the Trust at different rates than the City.

The required disclosures and required supplementary information for both the College and the City is presented within this footnote.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended through collective bargaining. The required contribution is based on projected pay-as-you-go financing requirements. The City contributes 90 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 10 percent of their premium costs.

The Commonwealth of Massachusetts passed special legislation that has allowed the City to establish the Postemployment Benefit Trust Fund and to enable the City to raise taxes necessary to begin pre-funding its OPEB liabilities. This is an irrevocable trust. At June 30, 2022, the City has pre-funded future OPEB liabilities in the amount of \$2,050,069. The College is a participant in the Plymouth County OPEB Trust which is irrevocable. At June 30, 2022, the College has pre-funded future OPEB liabilities in the amount of \$2,877,685.

Investment policy

The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the City’s investment policy.

Measurement Date

The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021.

Employees Covered by Benefit Terms

The following table represents the Plan’s membership at June 30, 2022:

	City of Quincy	Quincy College
Active members	1,791	96
Retired members or beneficiaries currently receiving benefits...	4,399	40
Total.....	<u>6,190</u>	<u>136</u>

Components of OPEB Liability

The following table represents the components of the Plan’s OPEB liability as of June 30, 2022:

	City of Quincy	Quincy College
Total OPEB liability.....	\$ 608,182,716	\$ 15,995,356
Less: OPEB plan's fiduciary net position.....	<u>(2,050,069)</u>	<u>(2,877,685)</u>
Net OPEB liability.....	<u>\$ 606,132,647</u>	<u>\$ 13,117,671</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	0.34%	17.99%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2022, are as follows on the next page. These assumptions were applied to both Quincy College and the City’s valuations. Mortality rates for Quincy College follow the rates for non-teachers.

Valuation date.....	December 31, 2021
Actuarial cost method.....	Entry Age Normal.
Amortization method.....	Level Percentage of Payroll, payments increase 3.0% per year.
Remaining amortization period.....	25 years as of December 31, 2021.
Asset valuation method.....	Fair value
Investment rate of return.....	6.50%.
Discount rate.....	3.54% as of June 30, 2022, previously 2.16%.
Inflation rate.....	3.00%
Projected salary increases.....	Non Teachers: 4.00% Teachers: Service related increase of 7.00% decreasing to an ultimate level of 4.00%.
Healthcare trend rates.....	Non-Medicare and Medicare Medical/Rx: 6.40% for one year, then 4.04% for one year, then 6.50% graded by 0.25% down to an ultimate level of 4.50% over 8 years. Dental: 3.00% Part B reimbursement: -3.06 for one year, then 4.50% Medicare Contributions: 0.79% for one year, then 6.75% graded by 0.25% down to an ultimate level of 4.50% over 9 years. Non-Medicare Contributions: 14.63% for one year, then 6.64% for one year, then 6.50% graded by 0.25% down to an ultimate level of 4.50% over 8 years.
Pre-retirement mortality (non-teachers).....	RP-2006 Employee Mortality Table generationally projected using Scale MP-2021.
Healthy mortality (non-teachers).....	RP-2006 Healthy Annuitant Mortality Table generationally projected using Scale MP-2021.
Disabled mortality (non-teachers).....	RP-2006 Healthy Annuitant Mortality Table set forward 2 years, and generationally projected using Scale MP-2021.
Pre-retirement mortality (teachers).....	Pub-2010 Teacher (headcount weighted) Employee Mortality tables projected generationally with Scale MP-2020..
Healthy mortality (teachers).....	Pub-2010 Teacher (headcount weighted) Healthy Retiree Mortality tables projected generationally with Scale MP-2020..
Disabled mortality (teachers).....	Pub-2010 Teacher (headcount weighted) Healthy Retiree Mortality tables projected generationally with Scale MP-2020..

Rate of return

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -12.80% for the City and -13.29% for Quincy College. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The City and the College’s expected future real rate of return is added to the expected inflation to produce the long-term expected nominal rate of return. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2022 are summarized as follows:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	6.11%
International developed markets equity..	6.49%
International emerging markets equity...	8.12%
Core fixed income.....	0.36%
High-yield fixed income.....	2.48%
Real estate.....	3.72%
Commodities.....	3.44%
Hedge fund, GTAA, risk parity.....	2.63%
Private equity.....	9.93%

City of Quincy – Discount rate

The discount rate used to measure the total pension liability was 3.54% at June 30, 2022, and 2.16% at June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made in accordance with the plan’s funding policy. Based on those assumptions, the City’s OPEB plan fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, the 3.54% municipal bond rate was applied to all periods to determine the total OPEB liability. The 3.54% municipal bond rate was based on the yield or index rate for the 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher as shown in the Buyer Bond 20-Bond General Obligation Index as of June 30, 2022.

Quincy College – Discount rate

The discount rate used to measure the total pension liability was 3.72% at June 30, 2022 and 6.50% at June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from the College will be made in accordance with the plan’s funding policy. Based on those assumptions, the College’s OPEB plan fiduciary net position was projected to be sufficient to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return was applied to all periods to determine the total OPEB liability.

City of Quincy – Changes in the net OPEB liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021.....	\$ 819,482,667	\$ 2,073,861	\$ 817,408,806
Changes for the year:			
Service cost.....	38,770,712	-	38,770,712
Interest.....	18,343,763	-	18,343,763
Changes of benefit terms.....	(5,828,716)	-	(5,828,716)
Differences between expected and actual experience....	(26,901,448)	-	(26,901,448)
Changes in assumptions.....	(217,577,371)	-	(217,577,371)
Benefit payments.....	(18,106,890)	(18,106,890)	-
Contributions - employer.....	-	18,356,890	(18,356,890)
Net investment income.....	-	(273,791)	273,791
Net change.....	<u>(211,299,950)</u>	<u>(23,791)</u>	<u>(211,276,159)</u>
Balances at June 30, 2022.....	<u>\$ 608,182,717</u>	<u>\$ 2,050,070</u>	<u>\$ 606,132,647</u>

Quincy College – Changes in the net OPEB liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2021.....	\$ 13,545,283	\$ 3,318,671	\$ 10,226,612
Changes for the year:			
Service cost.....	799,114	-	799,114
Interest.....	921,954	-	921,954
Changes of benefit terms.....	(138,604)	-	(138,604)
Differences between expected and actual experience....	(3,227,324)	-	(3,227,324)
Changes in assumptions.....	4,421,061	-	4,421,061
Benefit payments.....	(326,128)	(326,128)	-
Contributions - employer.....	-	326,128	(326,128)
Net investment income.....	-	(440,986)	440,986
Net change.....	<u>2,450,073</u>	<u>(440,986)</u>	<u>2,891,059</u>
Balances at June 30, 2022.....	<u>\$ 15,995,356</u>	<u>\$ 2,877,685</u>	<u>\$ 13,117,671</u>

City of Quincy – Sensitivity of the net OPEB liability to changes in the discount rate

The following table presents the Plan’s net OPEB liability, calculated using the discount rate of 3.54%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1% Decrease</u> (2.54%)	<u>Current Discount Rate</u> (3.54%)	<u>1% Increase</u> (4.54%)
Net OPEB liability.....	\$ 705,368,010	\$ 606,132,647	\$ 526,445,991

City of Quincy – Sensitivity of the net OPEB liability to changes in the healthcare trend

The following table presents the net other postemployment benefit liability, calculated with a current rate as well as what the net OPEB liability would be if it were calculated using a trend rate that was 1- percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB liability.....	\$ 519,882,125	\$ 606,132,647	\$ 716,560,559

Quincy College – Sensitivity of the net OPEB liability to changes in the discount rate

The following table presents the Plan’s net OPEB liability, calculated using the discount rate of 3.72%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1% Decrease</u> (2.72%)	<u>Current Discount Rate</u> (3.72%)	<u>1% Increase</u> (4.72%)
Net OPEB liability.....	\$ 15,891,660	\$ 13,117,671	\$ 10,888,686

Quincy College – Sensitivity of the net OPEB liability to changes in the healthcare trend

The following table presents the net other postemployment benefit liability, calculated with a current rate as well as what the net OPEB liability would be if it were calculated using a trend rate that was 1- percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB liability.....	\$ 10,638,035	\$ 13,117,671	\$ 16,312,798

City of Quincy – OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the City recognized an OPEB expense of \$28.6 million. At June 30, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 38,280,360	\$ -	\$ 38,280,360
Difference between projected and actual earnings, net.....	-	(464,629)	(464,629)
Changes in assumptions.....	<u>100,725,359</u>	<u>(24,874,238)</u>	<u>75,851,121</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 139,005,719</u>	<u>\$ (25,338,867)</u>	<u>\$ 113,666,852</u>

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

Year ended June 30:

2022.....	\$ 26,308,397
2023.....	40,348,735
2024.....	45,768,204
2025.....	<u>1,241,516</u>
Total deferred outflows/(inflows) of resources....	<u>\$ 113,666,852</u>

Quincy College – OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the College recognized an OPEB expense of \$1.9 million. At June 30, 2022, the College reported deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 1,088,472	\$ -	\$ 1,088,472
Difference between projected and actual earnings, net.....	-	(398,696)	(398,696)
Changes in assumptions.....	<u>453,844</u>	<u>-</u>	<u>453,844</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 1,542,316</u>	<u>\$ (398,696)</u>	<u>\$ 1,143,620</u>

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

Year ended June 30:

2022.....	\$	236,020
2023.....		247,915
2024.....		176,921
2025.....		81,708
2026.....		200,528
Thereafter.....		<u>200,528</u>
Total deferred outflows/(inflows) of resources....		\$ <u>1,143,620</u>

Changes in Assumptions:

- The City’s discount rate was increased from 2.16% to 3.54%.
- Mortality assumptions for teachers were changed to be consistent with the Massachusetts’ Teachers’ Retirement System Actuarial Valuation Report as of January 1, 2022, dated December 1, 2022.
- Mortality assumptions for non-teachers was updated to match the Quincy Retirement System Actuarial Valuation Report as of January 1, 2022, dated November 1, 2022.
- Per capita costs, contributions, and Medicare Part B premiums were updated with this valuation.
- Trend rates were updated with this valuation.

Changes in Plan Provisions:

- Non-Medicare PPO plan cost sharing increased from 20% to 22% in FY2022, 22% to 23% in FY2023, and 23% to 25% in FY2024. The HMO plan cost sharing increased from 15% to 17.5% in FY2023.
- The Medicare HMO plan cost sharing increased from 15% to 17.5% in CY 2022.

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

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

	Pension Trust Fund (as of December 31, 2021)	City of Quincy OPEB Trust Fund	Quincy College OPEB Trust Fund	Total Pension and OPEB Trust Funds
ASSETS				
Cash and cash equivalents.....	\$ 16,985,617	\$ 9,144	\$ -	\$ 16,994,761
Investments:				
Equity mutual funds.....	-	1,453,731	-	1,453,731
Fixed income mutual funds.....	-	587,194	-	587,194
Pooled domestic equity.....	17,089,581	-	-	17,089,581
Pooled alternative investments.....	73,423,583	-	-	73,423,583
Pooled real estate.....	34,609,487	-	-	34,609,487
Pooled mutual funds.....	775,673,192	-	-	775,673,192
Plymouth County OPEB trust investment pool.....	-	-	2,877,685	2,877,685
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	1,320,798	-	-	1,320,798
TOTAL ASSETS.....	919,102,258	2,050,069	2,877,685	924,030,012
LIABILITIES				
Warrants payable.....	258,933	-	-	258,933
NET POSITION				
Restricted for pensions.....	918,843,325	-	-	918,843,325
Restricted for other postemployment benefits.....	-	2,050,069	2,877,685	4,927,754
TOTAL NET POSITION.....	\$ 918,843,325	\$ 2,050,069	\$ 2,877,685	\$ 923,771,079
ADDITIONS:				
Contributions:				
Employer contributions.....	\$ 483,002,343	\$ 250,000	\$ -	\$ 483,252,343
Employer contributions for other postemployment benefit payments.....	-	18,106,890	326,128	18,433,018
Member contributions.....	10,661,874	-	-	10,661,874
Transfers from other systems.....	1,910,655	-	-	1,910,655
Workers compensation settlements.....	21,000	-	-	21,000
State COLA reimbursements.....	217,766	-	-	217,766
Total contributions.....	495,813,638	18,356,890	326,128	514,496,656
Net investment income:				
Investment income (loss).....	69,674,681	(273,822)	(428,651)	68,972,208
Less: investment expense.....	(10,271,088)	-	(12,335)	(10,283,423)
Net investment income (loss).....	59,403,593	(273,822)	(440,986)	58,688,785
TOTAL ADDITIONS.....	555,217,231	18,083,068	(114,858)	573,185,441
DEDUCTIONS:				
Administration.....	671,670	-	-	671,670
Transfers to other systems.....	2,334,724	-	-	2,334,724
Retirement benefits and refunds.....	50,518,182	-	-	50,518,182
Other postemployment benefit payments.....	-	18,106,890	326,128	18,433,018
TOTAL DEDUCTIONS.....	53,524,576	18,106,890	326,128	71,957,594
NET INCREASE (DECREASE) IN NET POSITION.....	501,692,655	(23,822)	(440,986)	501,227,847
NET POSITION AT BEGINNING OF YEAR (AS RESTATED).....	417,150,670	2,073,891	3,318,671	422,543,232
NET POSITION AT END OF YEAR.....	\$ 918,843,325	\$ 2,050,069	\$ 2,877,685	\$ 923,771,079

NOTE 14 – COMMITMENTS AND CONTINGENCIES

The City is committed to fund a variety of construction and design contracts relating to ongoing improvements to the downtown business district, various governmental, water and sewer enterprise infrastructure improvements and ongoing education facility construction or rehabilitation.

Federal Grant Participation

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* through June 30, 2022, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Other

Various other legal actions and claims are pending against the City. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2022 cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2022.

NOTE 15 – PENSION OBLIGATION BONDS

In December 2021, the City issued Pension Obligation Bonds totaling \$475 million. At issuance, the debt issuance was deposited with the Quincy Contributory Retirement System which in turn invested 100% of the proceeds with the Pension Reserves Investment Trust. Then intention of this transaction was to reduce the City's and College's net pension liability to zero in return for fixed rate repayment stream per the terms of the long-term debt issuance.

NOTE 16 – SUBSEQUENT EVENTS

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

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2022, the following GASB pronouncements were implemented:

- GASB Statement #87, *Leases*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.
- GASB Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This pronouncement did not impact the basic financial statements.
- GASB Statement #92, *Omnibus 2020*. This pronouncement did not impact the basic financial statements.
- GASB Statement #93, *Replacement of Interbank Offered Rates*. This pronouncement did not impact the basic financial statements.

- GASB Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #99, *Omnibus 2022*, which is required to be implemented in 2023.
- The GASB issued Statement #100, *Accounting Changes and Error Corrections*, which is required to be implemented in 2024.
- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 262,209,733	\$ 257,822,160	\$ 255,528,822	\$ -	\$ (2,293,338)
Tax liens.....	-	-	416,226	-	416,226
Motor vehicle and other excise taxes.....	10,662,447	10,699,373	11,537,673	-	838,300
Meals tax.....	1,587,370	1,587,370	2,235,239	-	647,869
Urban development corporation tax.....	-	211,610	491,823	-	280,213
Penalties and interest on taxes.....	1,438,435	1,401,509	1,505,339	-	103,830
Fees and rentals.....	2,110,613	1,885,322	2,344,031	-	458,709
Payments in lieu of taxes.....	947,423	947,423	819,705	-	(127,718)
Licenses and permits.....	3,076,415	3,076,415	5,536,565	-	2,460,150
Fines and forfeitures.....	612,937	108,105	76,013	-	(32,092)
Intergovernmental - state aid.....	54,381,206	54,381,206	53,857,941	-	(523,265)
Departmental and other.....	8,452,147	8,441,479	8,373,038	-	(68,441)
Investment income.....	167,099	167,099	146,877	-	(20,222)
TOTAL REVENUES.....	345,645,825	340,729,071	342,869,292	-	2,140,221
EXPENDITURES:					
Current:					
General government.....	32,168,845	29,724,921	20,041,010	6,306,305	3,377,606
Public safety.....	66,277,220	67,865,208	67,565,903	503,445	(204,140)
Education.....	115,984,078	116,287,230	114,448,757	738,511	1,099,962
Public works.....	23,119,029	23,165,754	20,077,599	1,837,177	1,250,978
Human services.....	4,096,773	4,117,386	3,393,542	185,256	538,588
Culture and recreation.....	8,425,885	8,877,836	8,573,180	237,894	66,762
Pension benefits.....	7,502,340	7,502,340	7,502,340	-	-
Employee benefits.....	59,168,004	55,615,478	52,222,924	432,096	2,960,458
Claims and judgments.....	350,000	350,000	317,899	32,101	-
State and county charges.....	4,514,896	4,514,896	4,166,071	-	348,825
Debt service:					
Principal.....	23,367,477	14,922,477	14,488,141	-	434,336
Interest.....	13,750,878	18,188,750	17,216,657	-	972,093
TOTAL EXPENDITURES.....	358,725,425	351,132,276	330,014,023	10,272,785	10,845,468
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(13,079,600)	(10,403,205)	12,855,269	(10,272,785)	12,985,689
OTHER FINANCING SOURCES (USES):					
Use of prior year reserves to fund carryovers.....	6,925,797	6,925,797	-	-	(6,925,797)
Transfers in.....	6,153,803	8,234,536	8,212,104	-	(22,432)
Transfers out.....	-	(4,757,128)	(4,507,128)	-	250,000
TOTAL OTHER FINANCING SOURCES (USES).....	13,079,600	10,403,205	3,704,976	-	(6,698,229)
NET CHANGE IN FUND BALANCE.....	-	-	16,560,245	(10,272,785)	6,287,460
BUDGETARY FUND BALANCE, Beginning of year.....	12,284,301	12,284,301	12,284,301	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 12,284,301	\$ 12,284,301	\$ 28,844,546	\$ (10,272,785)	\$ 6,287,460

See notes to required supplementary information.

Pension Plan Schedules – Retirement System

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

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

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

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

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

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Total pension liability:				
Service cost.....	\$ 10,424,753	\$ 10,038,512	\$ 12,340,386	\$ 12,661,777
Interest.....	49,770,644	51,092,338	51,660,742	52,739,949
Changes in benefit terms.....	-	3,078,458	-	-
Differences between expected and actual experience.....	-	1,858,637	-	-
Changes in assumptions.....	-	3,665,324	-	-
Benefit payments.....	<u>(43,044,059)</u>	<u>(43,531,889)</u>	<u>(44,500,835)</u>	<u>(45,049,416)</u>
Net change in total pension liability.....	17,151,338	26,201,380	19,500,293	20,352,310
Total pension liability - beginning.....	<u>633,230,325</u>	<u>650,381,663</u>	<u>676,583,043</u>	<u>696,083,336</u>
Total pension liability - ending (a).....	<u>\$ 650,381,663</u>	<u>\$ 676,583,043</u>	<u>\$ 696,083,336</u>	<u>\$ 716,435,646</u>
Plan fiduciary net position:				
Employer contributions.....	\$ 23,673,089	\$ 24,784,041	\$ 26,703,193	\$ 28,203,770
Member contributions.....	8,661,380	8,503,208	8,263,021	9,217,597
Net investment income (loss).....	13,166,200	156,718	9,124,449	57,900,393
Administrative expenses.....	(611,927)	(461,545)	(466,622)	(466,403)
Retirement benefits and refunds.....	<u>(43,044,059)</u>	<u>(43,531,889)</u>	<u>(44,500,835)</u>	<u>(45,049,416)</u>
Net increase (decrease) in fiduciary net position.....	1,844,683	(10,549,467)	(876,794)	49,805,941
Fiduciary net position - beginning of year.....	<u>302,114,325</u>	<u>303,959,008</u>	<u>293,409,541</u>	<u>292,532,747</u>
Fiduciary net position - end of year (b).....	<u>\$ 303,959,008</u>	<u>\$ 293,409,541</u>	<u>\$ 292,532,747</u>	<u>\$ 342,338,688</u>
Net pension liability - ending (a)-(b).....	<u>\$ 346,422,655</u>	<u>\$ 383,173,502</u>	<u>\$ 403,550,589</u>	<u>\$ 374,096,958</u>
Plan fiduciary net position as a percentage of the total pension liability.....	46.74%	43.37%	42.03%	47.78%
Covered payroll.....	\$ 83,775,407	\$ 87,269,494	\$ 92,374,654	\$ 96,535,798
Net pension liability as a percentage of covered payroll.....	413.51%	439.07%	436.86%	387.52%

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

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

(1) For the year ended December 31, 2018, the System restated beginning net position.

See notes to required supplementary information.

	December 31, 2018 (1)	December 31, 2019	December 31, 2020	December 31, 2021
\$	13,670,881	\$ 14,217,717	\$ 14,786,426	\$ 16,039,097
	52,782,682	56,116,246	57,982,177	58,479,731
	-	-	7,251,751	-
	(10,089,925)	-	(6,534,048)	-
	33,835,300	-	9,088,622	-
	<u>(46,417,237)</u>	<u>(47,287,451)</u>	<u>(49,909,179)</u>	<u>(50,703,485)</u>
	43,781,701	23,046,512	32,665,749	23,815,343
	<u>716,435,646</u>	<u>760,217,347</u>	<u>783,263,859</u>	<u>815,929,608</u>
\$	<u>760,217,347</u>	<u>783,263,859</u>	<u>815,929,608</u>	<u>839,744,951</u>
\$	30,614,051	\$ 32,603,375	\$ 35,642,220	\$ 483,002,343
	9,521,007	10,229,640	10,630,981	10,661,874
	(10,572,153)	54,059,788	47,275,328	59,403,593
	(498,132)	(507,604)	(572,652)	(671,670)
	<u>(46,417,237)</u>	<u>(47,287,451)</u>	<u>(49,909,179)</u>	<u>(50,703,485)</u>
	(17,352,464)	49,097,748	43,066,698	501,692,655
	<u>342,338,688</u>	<u>324,986,224</u>	<u>374,083,972</u>	<u>417,150,670</u>
\$	<u>324,986,224</u>	<u>374,083,972</u>	<u>417,150,670</u>	<u>918,843,325</u>
\$	<u>435,231,123</u>	<u>409,179,887</u>	<u>398,778,938</u>	<u>(79,098,374)</u>
	42.75%	47.76%	51.13%	109.42%
\$	98,970,327	\$ 103,475,444	\$ 106,483,560	\$ 110,956,375
	439.76%	395.44%	374.50%	-71.29%

SCHEDULE OF CONTRIBUTIONS
QUINCY CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2021.....	\$ 38,315,387	\$ (483,002,343)	\$ (444,686,956)	\$ 110,956,375	435.31%
December 31, 2020.....	35,642,220	(35,642,220)	-	106,483,560	33.47%
December 31, 2019.....	32,789,500	(32,789,500)	-	103,475,444	31.69%
December 31, 2018.....	30,842,375	(30,842,375)	-	98,970,327	31.16%
December 31, 2017.....	28,360,805	(28,360,805)	-	96,535,798	29.38%
December 31, 2016.....	26,078,901	(26,078,901)	-	92,374,654	28.23%
December 31, 2015.....	24,742,790	(24,424,577)	318,213	87,269,494	27.99%
December 31, 2014.....	23,626,173	(23,360,807)	265,366	83,775,407	27.89%

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
QUINCY CONTRIBUTORY RETIREMENT SYSTEM

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2021.....	11.57%
December 31, 2020.....	12.85%
December 31, 2019.....	16.11%
December 31, 2018.....	-3.09%
December 31, 2017.....	20.16%
December 31, 2016.....	3.15%
December 31, 2015.....	0.07%
December 31, 2014.....	4.18%

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

See notes to required supplementary information.

Pension Plan Schedules – City and Quincy College

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

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

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

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

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

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

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

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
December 31, 2021.....	108.89%	\$ (86,128,849) \$	100,541,922	-85.66%	-109.42%
December 31, 2020.....	89.64%	363,894,330	95,454,762	381.22%	51.13%
December 31, 2019.....	88.96%	372,223,330	92,768,804	401.24%	47.76%
December 31, 2018.....	89.25%	395,648,555	88,476,642	447.18%	42.75%
December 31, 2017.....	90.30%	337,831,256	85,560,040	394.85%	47.78%
December 31, 2016.....	90.92%	366,908,857	82,446,938	445.02%	42.03%
December 31, 2015.....	89.29%	342,171,573	77,632,927	440.76%	43.37%
December 31, 2014.....	89.11%	308,731,255	74,859,778	412.41%	46.74%

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

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

See notes to required supplementary information.

SCHEDULE OF THE CITY'S CONTRIBUTIONS
QUINCY CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2022.....	\$ 35,070,882	\$ (490,229,534)	\$ (455,158,652)	\$ 100,561,922	487.49%
June 30, 2021.....	32,403,793	(32,403,793)	-	95,474,762	33.94%
June 30, 2020.....	29,761,321	(29,761,321)	-	92,788,804	32.07%
June 30, 2019.....	28,017,079	(28,017,079)	-	88,496,642	31.66%
June 30, 2018.....	25,541,290	(25,541,290)	-	85,580,040	29.84%
June 30, 2017.....	25,050,196	(25,050,196)	-	82,470,271	30.37%
June 30, 2016.....	23,840,267	(23,840,267)	-	77,654,841	30.70%
June 30, 2015.....	22,674,720	(22,727,803)	(53,083)	74,879,779	30.35%

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

See notes to required supplementary information.

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

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2022.....	\$ 229,487,412	\$ 18,415,409	62.03%
2021.....	289,985,740	35,817,393	50.67%
2020.....	256,836,706	31,145,908	53.95%
2019.....	244,631,836	24,789,894	54.84%
2018.....	237,562,230	24,795,061	54.25%
2017.....	229,760,795	23,437,107	52.73%
2016.....	212,457,308	17,232,179	55.38%
2015.....	166,516,454	11,568,697	61.64%

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

See notes to required supplementary information.

**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
QUINCY CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
December 31, 2021.....	11.19%	\$ (8,854,120) \$	5,615,740	-157.7%	109.42%
December 31, 2020.....	4.92%	19,608,482	6,443,332	304.32%	51.13%
December 31, 2019.....	5.32%	21,776,639	6,748,452	322.69%	47.76%
December 31, 2018.....	5.60%	24,374,173	6,689,330	364.37%	42.75%
December 31, 2017.....	5.70%	21,206,902	6,872,290	308.59%	47.78%
December 31, 2016.....	5.21%	20,938,259	5,911,157	354.22%	42.03%
December 31, 2015.....	6.49%	24,754,863	5,843,207	423.65%	43.37%
December 31, 2014.....	6.20%	21,362,172	5,417,029	394.35%	46.74%

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

See notes to required supplementary information.

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
QUINCY CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2022.....	\$ 1,627,371	\$ (21,468,719)	\$ (19,841,348)	\$ 5,671,897	378.51%
June 30, 2021.....	1,797,075	(1,797,075)	-	6,507,765	27.61%
June 30, 2020.....	1,760,826	(1,760,826)	-	6,815,937	25.83%
June 30, 2019.....	1,714,546	(1,714,546)	-	6,756,223	25.38%
June 30, 2018.....	1,639,328	(1,639,328)	-	6,941,013	23.62%
June 30, 2017.....	1,339,704	(1,339,704)	-	5,970,269	22.44%
June 30, 2016.....	1,668,819	(1,668,819)	-	5,901,639	28.28%
June 30, 2015.....	1,216,740	(1,216,740)	-	5,471,199	22.24%

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

See notes to required supplementary information.

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

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2022.....	\$ 11,301,061	\$ 906,863	62.03%
2021.....	16,505,634	2,038,682	50.67%
2020.....	15,777,095	1,913,247	53.95%
2019.....	16,639,325	1,686,155	54.84%
2018.....	16,637,117	1,736,464	54.25%
2017.....	15,892,880	1,621,178	52.73%
2016.....	13,109,803	1,063,322	55.38%
2015.....	10,221,459	602,741	61.64%

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

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

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

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

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

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Total OPEB Liability						
Service Cost.....	\$ 35,151,434	\$ 29,523,601	\$ 25,072,182	\$ 28,430,305	\$ 38,205,745	\$ 38,770,712
Interest.....	21,124,314	24,698,709	26,610,994	26,840,368	17,774,262	18,343,763
Changes of benefit terms.....	-	-	-	(197,360,006)	-	(5,828,716)
Differences between expected and actual experience....	-	-	-	63,800,598	-	(26,901,448)
Changes of assumptions.....	(84,254,759)	(32,863,385)	41,856,741	123,825,227	6,877,316	(217,577,371)
Benefit payments.....	<u>(17,028,972)</u>	<u>(18,391,290)</u>	<u>(19,132,995)</u>	<u>(17,019,319)</u>	<u>(18,765,650)</u>	<u>(18,106,890)</u>
Net change in total OPEB liability.....	(45,007,983)	2,967,635	74,406,922	28,517,173	44,091,673	(211,299,950)
Total OPEB liability - beginning.....	<u>714,507,247</u>	<u>669,499,264</u>	<u>672,466,899</u>	<u>746,873,821</u>	<u>775,390,994</u>	<u>819,482,667</u>
Total OPEB liability - ending (a).....	<u>\$ 669,499,264</u>	<u>\$ 672,466,899</u>	<u>\$ 746,873,821</u>	<u>\$ 775,390,994</u>	<u>\$ 819,482,667</u>	<u>\$ 608,182,717</u>
Plan fiduciary net position						
Employer contributions.....	\$ 100,000	\$ 100,000	\$ 250,000	\$ 1,284,018	\$ -	\$ 250,000
Employer contributions for OPEB payments.....	17,028,972	18,391,290	19,132,995	17,019,319	18,765,650	18,106,890
Net investment income.....	41,556	36,720	187,869	42,110	898,976	(273,791)
Benefit payments.....	<u>(17,028,972)</u>	<u>(18,391,290)</u>	<u>(19,132,995)</u>	<u>(17,019,319)</u>	<u>(20,865,650)</u>	<u>(18,106,890)</u>
Net change in plan fiduciary net position.....	141,556	136,720	437,869	1,326,128	(1,201,024)	(23,791)
Plan fiduciary net position - beginning of year.....	<u>1,232,612</u>	<u>1,374,168</u>	<u>1,510,888</u>	<u>1,948,757</u>	<u>3,274,885</u>	<u>2,073,861</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 1,374,168</u>	<u>\$ 1,510,888</u>	<u>\$ 1,948,757</u>	<u>\$ 3,274,885</u>	<u>\$ 2,073,861</u>	<u>\$ 2,050,070</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 668,125,096</u>	<u>\$ 670,956,011</u>	<u>\$ 744,925,064</u>	<u>\$ 772,116,109</u>	<u>\$ 817,408,806</u>	<u>\$ 606,132,647</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.21%	0.22%	0.26%	0.42%	0.25%	0.34%
Covered-employee payroll.....	\$ 158,710,844	\$ 160,019,397	\$ 167,478,101	\$ 175,194,338	\$ 177,010,255	\$ 182,892,587
Net OPEB liability as a percentage of covered-employee payroll.....	420.97%	419.30%	444.79%	440.72%	461.79%	331.41%

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

See notes to required supplementary information.

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2022.....	\$ 18,106,890	\$ (18,356,890)	\$ (250,000)	\$ 182,892,587	10.04%
June 30, 2021.....	36,217,942	(18,765,650)	17,452,292	177,010,255	10.60%
June 30, 2020.....	34,002,126	(18,303,337)	15,698,789	175,194,338	10.45%
June 30, 2019.....	33,816,694	(19,382,995)	14,433,699	167,478,101	11.57%
June 30, 2018.....	32,656,643	(18,491,290)	14,165,353	160,019,397	11.56%
June 30, 2017.....	31,462,354	(14,333,382)	17,128,972	158,710,844	9.03%

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

See notes to required supplementary information.

SCHEDULE OF THE CITY'S INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2022.....	-12.80%
June 30, 2021.....	-36.67%
June 30, 2020.....	5.27%
June 30, 2019.....	-9.31%
June 30, 2018.....	2.51%
June 30, 2017.....	3.26%

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

See notes to required supplementary information.

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Total OPEB Liability						
Service Cost.....	\$ 674,800	\$ 699,466	\$ 747,474	\$ 834,659	\$ 762,412	\$ 799,114
Interest.....	627,199	712,688	807,004	910,383	834,308	921,954
Changes of benefit terms.....	-	-	-	(3,223,536)	-	(138,604)
Differences between expected and actual experience.....	-	-	-	1,451,299	-	(3,227,324)
Changes of assumptions.....	-	368,056	432,926	152,928	-	4,421,061
Benefit payments.....	(179,759)	(194,140)	(201,606)	(202,217)	(245,170)	(326,128)
Net change in total OPEB liability.....	1,122,240	1,586,070	1,785,798	(76,484)	1,351,550	2,450,073
Total OPEB liability - beginning.....	7,776,109	8,898,349	10,484,419	12,270,217	12,193,733	13,545,283
Total OPEB liability - ending (a).....	<u>\$ 8,898,349</u>	<u>\$ 10,484,419</u>	<u>\$ 12,270,217</u>	<u>\$ 12,193,733</u>	<u>\$ 13,545,283</u>	<u>\$ 15,995,356</u>
Plan fiduciary net position						
Employer contributions.....	\$ 327,405	\$ 357,313	\$ -	\$ -	\$ -	\$ -
Employer contributions for OPEB payments.....	179,759	194,140	201,606	202,217	245,170	326,128
Net investment income.....	209,428	208,373	126,627	59,621	760,390	(440,986)
Benefit payments.....	(179,759)	(194,140)	(201,606)	(202,217)	(245,170)	(326,128)
Net change in plan fiduciary net position.....	536,833	565,686	126,627	59,621	760,390	(440,986)
Plan fiduciary net position - beginning of year.....	1,269,514	1,806,347	2,372,033	2,498,660	2,558,281	3,318,671
Plan fiduciary net position - end of year (b).....	<u>\$ 1,806,347</u>	<u>\$ 2,372,033</u>	<u>\$ 2,498,660</u>	<u>\$ 2,558,281</u>	<u>\$ 3,318,671</u>	<u>\$ 2,877,685</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 7,092,002</u>	<u>\$ 8,112,386</u>	<u>\$ 9,771,557</u>	<u>\$ 9,635,452</u>	<u>\$ 10,226,612</u>	<u>\$ 13,117,671</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	20.30%	22.62%	20.36%	20.98%	24.50%	17.99%
Covered-employee payroll.....	\$ 18,980,282	\$ 20,133,908	\$ 16,242,541	\$ 16,175,514	\$ 11,916,674	\$ 12,095,962
Net OPEB liability as a percentage of covered-employee payroll.....	37.37%	40.29%	60.16%	59.57%	85.82%	108.45%

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

See notes to required supplementary information.

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

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2022.....	\$ 987,873	\$ (326,128)	\$ 661,745	\$ 12,095,962	2.70%
June 30, 2021.....	1,379,278	(245,170)	1,134,108	11,916,674	2.06%
June 30, 2020.....	1,278,203	(202,217)	1,075,986	16,175,514	1.25%
June 30, 2019.....	1,232,260	(201,606)	1,030,654	16,242,541	1.24%
June 30, 2018.....	1,152,210	(551,453)	600,757	20,133,908	2.74%
June 30, 2017.....	1,083,386	(507,164)	576,222	18,980,282	2.67%

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

See notes to required supplementary information.

SCHEDULE OF THE COLLEGE'S INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2022.....	-13.29%
June 30, 2021.....	29.72%
June 30, 2020.....	2.39%
June 30, 2019.....	5.41%
June 30, 2018.....	11.54%
June 30, 2017.....	16.50%

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by a majority vote at the City Council. The Mayor presents an annual operating and capital budget at the City Council which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The City Council, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote. Increases or transfers between departments subsequent to the approval of the annual budget require majority approval via the City Council.

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2022 approved budget authorized approximately \$358.7 million in appropriations inclusive of \$6.9 million of encumbrances carried forward from 2021. During 2022, the Council also approved supplemental appropriations that collectively rescinded \$2.8 million in a variety of appropriations.

The Municipal Finance Office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

Budgetary - GAAP Reconciliation

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

Net change in fund balance - budgetary basis.....	\$	16,560,245
<u>Perspective differences:</u>		
Activity of the stabilization funds recorded in the general fund for GAAP.....		4,578,567
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....		576,000
Net change in recording 60 day receipts.....		(256,000)
Net change in recording accrued expenditures.....		2,732,803
Net change in recording accrued interest on notes payable.....		(363,300)
Recognition of revenue for on-behalf payments.....		18,415,409
Recognition of expenditures for on-behalf payments.....		<u>(18,415,409)</u>
Net change in fund balance - GAAP basis.....	\$	<u>23,828,315</u>

Appropriation Deficits

An appropriation deficit exists in the public safety function. This deficit will be funded in future years through the tax rate.

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

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

Schedule of Contributions

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

Schedule of Investment Returns

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

Pension Plan Schedules – City and College

The following schedules apply to both the City and the College but have been presented separately.

Schedule of the City's and the College's Proportionate Share of the Net Pension Liability (Asset)

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

Schedule of City's and College's Contributions

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

Schedule of the Special Funding Amounts of the Net Pension Liabilities

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

Changes in Assumptions

None.

Changes in Provisions

None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

The Other Postemployment Benefit Plan

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

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

Schedule of the City’s and the College’s Contributions

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

Valuation date.....	December 31, 2021
Actuarial cost method.....	Entry Age Normal.
Amortization method.....	Level Percentage of Payroll, payments increase 3.0% per year.
Remaining amortization period.....	25 years as of December 31, 2021.
Asset valuation method.....	Fair value
Investment rate of return.....	6.50%.
Discount rate.....	3.54% as of June 30, 2022, previously 2.16%.
Inflation rate.....	3.00%
Projected salary increases.....	Non Teachers: 4.00% Teachers: Service related increase of 7.00% decreasing to an ultimate level of 4.00%.

Healthcare trend rates.....	<p>Non-Medicare and Medicare Medical/Rx: 6.40% for one year, then 4.04% for one year, then 6.50% graded by 0.25% down to an ultimate level of 4.50% over 8 years.</p> <p>Dental: 3.00%</p> <p>Part B reimbursement: -3.06 for one year, then 4.50%</p> <p>Medicare Contributions: 0.79% for one year, then 6.75% graded by 0.25% down to an ultimate level of 4.50% over 9 years.</p> <p>Non-Medicare Contributions: 14.63% for one year, then 6.64% for one year, then 6.50% graded by 0.25% down to an ultimate level of 4.50% over 8 years.</p>
Pre-retirement mortality (non-teachers).....	RP-2006 Employee Mortality Table generationally projected using Scale MP-2021.
Healthy mortality (non-teachers).....	RP-2006 Healthy Annuitant Mortality Table generationally projected using Scale MP-2021.
Disabled mortality (non-teachers).....	RP-2006 Healthy Annuitant Mortality Table set forward 2 years, and generationally projected using Scale MP-2021.
Pre-retirement mortality (teachers).....	Pub-2010 Teacher (headcount weighted) Employee Mortality tables projected generationally with Scale MP-2020..
Healthy mortality (teachers).....	Pub-2010 Teacher (headcount weighted) Healthy Retiree Mortality tables projected generationally with Scale MP-2020..
Disabled mortality (teachers).....	Pub-2010 Teacher (headcount weighted) Healthy Retiree Mortality tables projected generationally with Scale MP-2020..

Schedule of Investment Returns

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

Changes in Assumptions

- The City’s discount rate was increased from 2.16% to 3.54%.
- Mortality assumptions for teachers were changed to be consistent with the Massachusetts’ Teachers’ Retirement System Actuarial Valuation Report as of January 1, 2022, dated December 1, 2022.
- Mortality assumptions for non-teachers was updated to match the Quincy Retirement System Actuarial Valuation Report as of January 1, 2022, dated November 1, 2022.
- Per capita costs, contributions, and Medicare Part B premiums were updated with this valuation.
- Trend rates were updated with this valuation.

Changes in Plan Provisions

- Non-Medicare PPO plan cost sharing increased from 20% to 22% in FY2022, 22% to 23% in FY2023, and 23% to 25% in FY2024. The HMO plan cost sharing increased from 15% to 17.5% in FY2023.
- The Medicare HMO plan cost sharing increased from 15% to 17.5% in CY 2022.