

**CITY OF FRAMINGHAM, MASSACHUSETTS**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2023**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAcconnect.com](https://CLAcconnect.com)

**CITY OF FRAMINGHAM, MASSACHUSETTS  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2023**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>	<b>4</b>
<b>BASIC FINANCIAL STATEMENTS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>12</b>
<b>STATEMENT OF ACTIVITIES</b>	<b>14</b>
<b>GOVERNMENTAL FUNDS</b>	
<b>BALANCE SHEET</b>	<b>16</b>
<b>RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET     TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION</b>	<b>17</b>
<b>STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN     FUND BALANCES</b>	<b>18</b>
<b>RECONCILIATION OF THE STATEMENT OF REVENUES,     EXPENDITURES, AND CHANGES IN FUND BALANCES OF     GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES</b>	<b>19</b>
<b>PROPRIETARY FUNDS</b>	
<b>STATEMENT OF NET POSITION</b>	<b>20</b>
<b>STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET     POSITION</b>	<b>21</b>
<b>STATEMENT OF CASH FLOWS</b>	<b>22</b>
<b>FIDUCIARY FUNDS</b>	
<b>STATEMENT OF FIDUCIARY NET POSITION</b>	<b>23</b>
<b>STATEMENT OF CHANGES IN FIDUCIARY NET POSITION</b>	<b>24</b>
<b>NOTES TO BASIC FINANCIAL STATEMENTS</b>	<b>25</b>
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
<b>GENERAL FUND – SCHEDULE OF REVENUES, EXPENDITURES, AND     CHANGES IN FUND BALANCE – NON-GAAP BUDGETARY BASIS –     BUDGET AND ACTUAL</b>	<b>71</b>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2023**

<b>OTHER POSTEMPLOYMENT BENEFITS SCHEDULE</b>	<b>73</b>
<b>PENSION PLAN SCHEDULES</b>	<b>75</b>
<b>NOTES TO REQUIRED SUPPLEMENTARY INFORMATION</b>	<b>80</b>



## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
City of Framingham, 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 Framingham, Massachusetts (the City), as of and for the year ended June 30, 2023, (except for the Framingham Contributory Retirement System, which is as of and for the year ended December 31, 2022), and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, (except for the Framingham Contributory Retirement System, which is as of and for the year ended December 31, 2022), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

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

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

Honorable Mayor and City Council  
City of Framingham, Massachusetts

***Required Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
June 25, 2024

**CITY OF FRAMINGHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

As management of the City of Framingham, Massachusetts, (the City) we offer readers of these financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2023.

**Financial Highlights**

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$80,733,027 (net position).
- The City's total net position increased \$37,561,745.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$46,455,068, or 13.7%, of total general fund expenditures and transfers out.
- The City's total outstanding debt decreased by \$19,717,169, or 6.5%, during the fiscal year.

**Overview of the Basic Financial Statements**

This discussion and analysis is intended to serve as an introduction to the basic financial statements, which consist of the following three components:

1. Government-wide financial statements,
2. Fund financial statements, and
3. Notes to basic financial statements.

This report also contains required supplementary information in addition to the basic financial statements, consisting of the following:

1. General Fund – Schedule of revenues, expenditures and changes in fund balance – non-GAAP budgetary basis – budget and actual,
2. Other postemployment benefits schedules, and
3. Pension plan schedules.

**Government-Wide Financial Statements**

The government-wide and enterprise fund financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

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

**CITY OF FRAMINGHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**Overview of the Basic Financial Statements (Continued)**

Government-Wide Financial Statements (Continued)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

Governmental activities include general government, public safety, education, public works, health and human services, culture and recreation and debt service (interest). Business-type activities include the City's utility operations.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds,
2. Proprietary funds, and
3. 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 funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains hundreds of individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, school capital projects fund (capital project), and American Rescue Plan Act fund (special revenue) all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation titled nonmajor governmental funds.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**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 utility operations. Internal service funds are an accounting device used to accumulate and allocate the costs internally among the City's various functions related to self-insurance activities. The services provided by these funds predominately benefit the governmental rather than the business-type functions. Accordingly, the internal service funds 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 programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The fiduciary funds provide combined information for the City's pension and OPEB trust funds. Custodial funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the caption "custodial funds."

**Notes to Basic Financial Statements**

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

**Required Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the general fund schedule of revenues, expenditures and changes in fund balance (budget and actual) and certain pension and other postemployment benefits information.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**Government-Wide Financial Analysis**

The following tables present current and prior year data on the government-wide financial statements.

Net Position

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 \$80,733,027 at the close of the fiscal year and is summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>ASSETS</b>						
Current Assets	\$ 139,826,632	\$ 121,848,151	\$ 25,986,371	\$ 19,976,422	\$ 165,813,003	\$ 141,824,573
Noncurrent Assets (Excluding Capital Assets)	2,413,086	1,838,877	681,010	761,899	3,094,096	2,600,776
Capital Assets (Net)	300,450,007	300,737,131	259,556,106	263,050,345	560,006,113	563,787,476
Total Assets	<u>442,689,725</u>	<u>424,424,159</u>	<u>286,223,487</u>	<u>283,788,666</u>	<u>728,913,212</u>	<u>708,212,825</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	126,490,767	116,387,540	2,350,466	3,372,559	128,841,233	119,760,099
<b>LIABILITIES</b>						
Current Liabilities (Excluding Debt)	54,169,535	48,035,776	2,009,581	2,098,934	56,179,116	50,134,710
Noncurrent Liabilities (Excluding Debt)	376,325,643	364,138,749	7,244,702	10,582,708	383,570,345	374,721,457
Current Debt	29,131,392	13,567,451	20,305,790	16,702,083	49,437,182	30,269,534
Noncurrent Debt	<u>116,528,543</u>	<u>122,582,683</u>	<u>139,371,770</u>	<u>153,310,450</u>	<u>255,900,313</u>	<u>275,893,133</u>
Total Liabilities	576,155,113	548,324,659	168,931,843	182,694,175	745,086,956	731,018,834
<b>DEFERRED INFLOWS OF RESOURCES</b>	190,535,206	209,167,532	2,865,310	6,081,330	193,400,516	215,248,862
<b>NET POSITION</b>						
Net Investment in Capital Assets	161,803,739	165,937,162	102,883,037	95,013,152	264,686,776	260,950,314
Restricted	26,091,578	28,586,801	-	-	26,091,578	28,586,801
Unrestricted	<u>(385,405,144)</u>	<u>(411,204,455)</u>	<u>13,893,763</u>	<u>3,372,568</u>	<u>(371,511,381)</u>	<u>(407,831,887)</u>
Total Net Position	<u>\$ (197,509,827)</u>	<u>\$ (216,680,492)</u>	<u>\$ 116,776,800</u>	<u>\$ 98,385,720</u>	<u>\$ (80,733,027)</u>	<u>\$ (118,294,772)</u>

The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, construction in progress, land improvements, buildings and improvements, vehicles, machinery and equipment and infrastructure). These capital assets are used 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 related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance represents a net deficit of \$371,511,381.

The City has no unrestricted net position available for the support of governmental activities. Such resources have been consumed with the recognition of net pension and total other postemployment benefits liabilities. The City has \$13,893,763 that may be used to support business-type activities.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**Government-Wide Financial Analysis (Continued)**

**Changes in Net Position**

For the fiscal year ended June 30, 2023, the City's total net position increased \$37,561,745, compared to an increase of \$17,572,606 in the prior fiscal year. These amounts are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>REVENUES</b>						
Program Revenues:						
Charges for Services	\$ 16,688,611	\$ 14,296,187	\$ 59,567,175	\$ 51,209,838	\$ 76,255,786	\$ 65,506,025
Operating Grants and Contributions	133,988,068	128,270,440	-	7,479	133,988,068	128,277,919
Capital Grants and Contributions	4,082,177	10,699,527	93,725	93,665	4,175,902	10,793,192
General Revenues:						
Real Estate and Personal						
Property Taxes	206,142,650	198,164,281	-	-	206,142,650	198,164,281
Tax Liens	830,934	1,118,785	-	-	830,934	1,118,785
Motor Vehicle and Other Excise Taxes	9,822,125	8,910,044	-	-	9,822,125	8,910,044
Meals Tax	1,743,514	1,463,767	-	-	1,743,514	1,463,767
Hotel/Motel Tax	1,063,660	760,271	-	-	1,063,660	760,271
Penalties and Interest on Taxes	979,899	1,063,897	-	-	979,899	1,063,897
Payments in Lieu of Taxes	410,339	676,373	-	-	410,339	676,373
Community Preservation Surcharges	1,736,214	1,567,146	-	-	1,736,214	1,567,146
Grants and Contributions not						
Restricted to Specific Programs	13,318,281	13,089,438	-	-	13,318,281	13,089,438
Unrestricted Investment Income	2,165,076	(61,386)	122,600	-	2,287,676	(61,386)
Other	134,360	-	-	-	134,360	-
Total Revenues	393,105,908	380,018,770	59,783,500	51,310,982	452,889,408	431,329,752
<b>EXPENSES</b>						
General Government	17,520,180	16,761,696	-	-	17,520,180	16,761,696
Public Safety	53,533,671	53,748,191	-	-	53,533,671	53,748,191
Education	260,746,725	255,870,710	-	-	260,746,725	255,870,710
Public Works	27,681,018	28,743,292	-	-	27,681,018	28,743,292
Health and Human Services	3,766,636	4,519,145	-	-	3,766,636	4,519,145
Culture and Recreation	10,994,733	10,573,163	-	-	10,994,733	10,573,163
Debt Service - Interest	2,967,962	1,729,888	-	-	2,967,962	1,729,888
Utility	-	-	38,116,738	41,811,061	38,116,738	41,811,061
Total Expenses	377,210,925	371,946,085	38,116,738	41,811,061	415,327,663	413,757,146
<b>CHANGE IN NET POSITION BEFORE TRANSFERS</b>						
	15,894,983	8,072,685	21,666,762	9,499,921	37,561,745	17,572,606
<b>TRANSFERS, NET</b>						
	3,275,682	(4,866,197)	(3,275,682)	4,866,197	-	-
<b>CHANGE IN NET POSITION</b>						
	19,170,665	3,206,488	18,391,080	14,366,118	37,561,745	17,572,606
Net Position - Beginning of Year	(216,680,492)	(219,886,980)	98,385,720	84,019,602	(118,294,772)	(135,867,378)
<b>NET POSITION - END OF YEAR</b>	<b>\$ (197,509,827)</b>	<b>\$ (216,680,492)</b>	<b>\$ 116,776,800</b>	<b>\$ 98,385,720</b>	<b>\$ (80,733,027)</b>	<b>\$ (118,294,772)</b>

Governmental activities increased the City's net position by \$19,170,665, compared to the prior year increase of \$3,206,488. The overall increase is primarily attributed to net changes in the OPEB liability and deferred outflows and inflows.

Business-type activities increased the City's net position by \$18,391,080, compared to prior year increase of \$14,366,118. The overall increase is primarily attributed to increases in utility rates and net changes in the OPEB liability and deferred outflows and inflows.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**Fund Financial Statement Analysis**

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$63,275,725, a decrease of \$5,436,867 in comparison with the prior year. \$30,260,779 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

Nonspendable – \$523,192

Restricted – \$25,510,977

Committed – \$4,724,639

Assigned – \$2,256,138

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$46,455,068, while total fund balance was \$53,435,845. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 13.7% of total general fund expenditures and transfers out, while total fund balance represents 15.7% of that same amount.

The fund balance of the City's general fund increased \$6,858,761 during fiscal year 2023, primarily attributed to positive budget to actual results. The City recognized a positive budget to actual variance (excluding encumbrances and continuing appropriations) totaling approximately \$15,800,000, and used approximately \$9,900,000 of reserves to fund the fiscal year 2023 budget.

Financial highlights of the City's other major governmental fund are as follows:

The fund balance of the school projects fund (capital projects) decreased \$3,635,748 during the current fiscal year. The fund recognized \$1,077,636 of intergovernmental revenues and \$1,715,200 of bond proceeds and premiums. Expenditures and transfers out totaled \$6,428,584.

The fund balance of the American Rescue Plan Act fund (special revenue) increased \$181,855 during the current fiscal year. The fund recognized \$78,485 of intergovernmental revenues and \$181,855 of investment income. Expenditures totaled \$78,485.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**Fund Financial Statement Analysis (Continued)**

Proprietary Funds

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

Unrestricted net position of the utility enterprise fund at the end of the year amounted to \$13,893,763. The utility enterprise fund had an increase in net position for the year of \$18,391,080. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Unrestricted net position of the internal service funds at the end of the year amounted to \$319,168. The internal service funds had a decrease in net position for the year of \$1,623,364.

General Fund Budgetary Highlights

The original General Fund budgeted expenditures (including transfers out) totaled \$326,215,008. During the year, supplemental appropriations totaling \$2,513,374 were authorized.

**Capital Assets and Debt Administration**

Capital Assets

The City's investment in capital assets for its governmental and business-type activities at the end of the fiscal year totaled \$560,006,113 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, vehicles, machinery and equipment and infrastructure. The total net decrease in the investment in capital assets for the current fiscal year was \$3,781,363.

The following table summarizes the City's capital assets (net of accumulated depreciation):

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 21,446,428	\$ 21,427,127	\$ 1,491,658	\$ 1,491,658	\$ 22,938,086	\$ 22,918,785
Construction in Progress	4,342,641	4,342,641	6,519,110	6,519,110	10,861,751	10,861,751
Buildings and Improvements	186,278,796	186,084,798	51,805,813	53,410,436	238,084,609	239,495,234
Vehicles, Machinery, and Equipment	20,475,795	23,169,938	3,020,508	3,620,345	23,496,303	26,790,283
Infrastructure	67,906,347	65,712,627	196,719,017	198,008,796	264,625,364	263,721,423
<b>Total Capital Assets</b>	<b>\$ 300,450,007</b>	<b>\$ 300,737,131</b>	<b>\$ 259,556,106</b>	<b>\$ 263,050,345</b>	<b>\$ 560,006,113</b>	<b>\$ 563,787,476</b>

Additional information on the City's capital assets (including major capital asset events that occurred during the current fiscal year) can be found in Note 5 of this report.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2023**

**Capital Assets and Debt Administration (Continued)**

**Long-Term Debt**

At the end of the current fiscal year, total debt outstanding was \$284,693,423, which is backed by the full faith and credit of the City, and is summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Bonds and Notes Payable	\$ 112,109,363	\$ 118,046,754	\$ 110,314,597	\$ 119,180,537	\$ 222,423,960	237,227,291
Direct Borrowings	224,256	286,237	34,856,403	39,531,183	35,080,659	39,817,420
Unamortized Bond Premiums	13,146,002	12,036,096	9,950,125	10,865,167	23,096,127	22,901,263
Financed Purchases	4,092,677	4,464,618	-	-	4,092,677	4,464,618
Total Debt	<u>\$ 129,572,298</u>	<u>\$ 134,833,705</u>	<u>\$ 155,121,125</u>	<u>\$ 169,576,887</u>	<u>\$ 284,693,423</u>	<u>\$ 304,410,592</u>

The City's total outstanding debt decreased by \$19,717,169, or 6.5%, during the fiscal year.

Additional information on the City's long-term debt can be found in Notes 8 and 9 of this report.

**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 its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Accountant, 150 Concord Street, Framingham, Massachusetts 01702.

**CITY OF FRAMINGHAM, MASSACHUSETTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 98,286,878	\$ 7,211,072	\$ 105,497,950
Investments	28,033,884	-	28,033,884
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	1,539,349	-	1,539,349
Tax, Trash, and Utility Liens	2,305,596	-	2,305,596
Motor Vehicle and Other Excise Taxes	1,557,539	-	1,557,539
User Charges	-	18,773,906	18,773,906
Special Assessments	-	1,393	1,393
Departmental and Other	1,376,256	-	1,376,256
Loans	172,663	-	172,663
Leases	121,802	-	121,802
Intergovernmental	6,334,527	-	6,334,527
Other Assets	98,138	-	98,138
Total Current Assets	<u>139,826,632</u>	<u>25,986,371</u>	<u>165,813,003</u>
Noncurrent Assets:			
Receivables, Net of Allowance for Uncollectible Amounts:			
Special Assessments	-	160,178	160,178
Departmental and Other	809,993	-	809,993
Leases	1,603,093	-	1,603,093
Intergovernmental	-	520,832	520,832
Capital Assets not being Depreciated	25,789,069	8,010,768	33,799,837
Capital Assets, Net of Accumulated Depreciation	<u>274,660,938</u>	<u>251,545,338</u>	<u>526,206,276</u>
Total Noncurrent Assets	<u>302,863,093</u>	<u>260,237,116</u>	<u>563,100,209</u>
Total Assets	442,689,725	286,223,487	728,913,212
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to OPEB	92,548,555	1,410,270	93,958,825
Related to Pension	33,942,212	940,196	34,882,408
Total Deferred Outflows of Resources	<u>126,490,767</u>	<u>2,350,466</u>	<u>128,841,233</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>LIABILITIES</b>			
Current Liabilities:			
Warrants Payable	\$ 15,303,371	\$ 1,011,059	\$ 16,314,430
Accrued Payroll	14,413,344	97,419	14,510,763
Other Liabilities	7,765,134	15	7,765,149
Unearned Revenue	15,789,851	-	15,789,851
Accrued Interest	818,784	897,677	1,716,461
Compensated Absences	79,051	3,411	82,462
Short Term Notes Payable	16,087,637	4,556,435	20,644,072
Bonds and Notes Payable	13,043,755	15,749,355	28,793,110
Total Current Liabilities	<u>83,300,927</u>	<u>22,315,371</u>	<u>105,616,298</u>
Noncurrent Liabilities:			
Compensated Absences	3,873,513	167,138	4,040,651
Net Pension Liability	112,510,514	3,116,532	115,627,046
Net OPEB Liability	259,941,616	3,961,032	263,902,648
Bonds and Notes Payable	116,528,543	139,371,770	255,900,313
Total Noncurrent Liabilities	<u>492,854,186</u>	<u>146,616,472</u>	<u>639,470,658</u>
Total Liabilities	576,155,113	168,931,843	745,086,956
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Taxes Received in Advance	2,098,812	-	2,098,812
Related to OPEB	185,336,363	2,824,185	188,160,548
Related to Pension	1,484,657	41,125	1,525,782
Leases	1,615,374	-	1,615,374
Total Deferred Inflows of Resources	<u>190,535,206</u>	<u>2,865,310</u>	<u>193,400,516</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	161,803,739	102,883,037	264,686,776
Restricted for:			
School State Grants	2,046,409	-	2,046,409
School Special Revenue	5,656,135	-	5,656,135
Other Special Revenue	7,558,449	-	7,558,449
Community Preservation	3,907,352	-	3,907,352
Permanent Funds:			
Expendable	3,334,639	-	3,334,639
Nonexpendable	523,192	-	523,192
Other Specific Purposes	3,065,402	-	3,065,402
Unrestricted	<u>(385,405,144)</u>	<u>13,893,763</u>	<u>(371,511,381)</u>
Total Net Position	<u>\$ (197,509,827)</u>	<u>\$ 116,776,800</u>	<u>\$ (80,733,027)</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues			Net Expense
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
General Government	\$ 17,520,180	\$ 3,067,165	\$ 4,323,157	\$ -	\$ (10,129,858)
Public Safety	53,533,671	9,648,749	1,383,257	-	(42,501,665)
Education	260,746,725	2,468,365	125,128,490	1,077,636	(132,072,234)
Public Works	27,681,018	509,561	362,883	3,004,541	(23,804,033)
Health and Human Services	3,766,636	190,898	2,177,310	-	(1,398,428)
Culture and Recreation	10,994,733	803,873	612,971	-	(9,577,889)
Debt Service-Interest	2,967,962	-	-	-	(2,967,962)
Total Governmental Activities	<u>377,210,925</u>	<u>16,688,611</u>	<u>133,988,068</u>	<u>4,082,177</u>	<u>(222,452,069)</u>
Business-Type Activities:					
Utility	<u>38,116,738</u>	<u>59,567,175</u>	<u>-</u>	<u>93,725</u>	<u>21,544,162</u>
Total Primary Government	<u>\$ 415,327,663</u>	<u>\$ 76,255,786</u>	<u>\$ 133,988,068</u>	<u>\$ 4,175,902</u>	<u>\$ (200,907,907)</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>CHANGES IN NET POSITION</b>			
Net Revenue (Expense) (From Previous Page)	<u>\$ (222,452,069)</u>	<u>\$ 21,544,162</u>	<u>\$ (200,907,907)</u>
General Revenues:			
Real Estate and Personal Property Taxes	206,142,650	-	206,142,650
Tax Liens	830,934	-	830,934
Motor Vehicle and Other Excise Taxes	9,822,125	-	9,822,125
Meals Tax	1,743,514	-	1,743,514
Hotel/Motel Tax	1,063,660	-	1,063,660
Penalties and Interest on Taxes	979,899	-	979,899
Payments in Lieu of Taxes	410,339	-	410,339
Community Preservation Surcharges	1,736,214	-	1,736,214
Grants and Contributions Not Restricted to Specific Programs	13,318,281	-	13,318,281
Unrestricted Investment Income (Loss)	2,165,076	122,600	2,287,676
Other	134,360	-	134,360
Transfers, Net	<u>3,275,682</u>	<u>(3,275,682)</u>	<u>-</u>
Total General Revenues and Transfers	<u>241,622,734</u>	<u>(3,153,082)</u>	<u>238,469,652</u>
<b>CHANGE IN NET POSITION</b>	19,170,665	18,391,080	37,561,745
Net Position - Beginning of Year	<u>(216,680,492)</u>	<u>98,385,720</u>	<u>(118,294,772)</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ (197,509,827)</u></u>	<u><u>\$ 116,776,800</u></u>	<u><u>\$ (80,733,027)</u></u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2023**

<b>ASSETS</b>	General	School Capital Projects	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents	\$ 56,218,965	\$ 4,283,339	\$ 15,974,223	\$ 21,810,351	\$ 98,286,878
Investments	16,567,645	-	-	11,122,361	27,690,006
Receivables, Net of Allowance for Uncollectible Amounts:					
Real Estate and Personal Property Taxes	1,539,349	-	-	-	1,539,349
Tax and Trash Liens	2,302,778	-	-	2,818	2,305,596
Motor Vehicle and Other Excise Taxes	1,557,539	-	-	-	1,557,539
Departmental and Other	1,241,511	-	-	944,738	2,186,249
Leases	1,724,895	-	-	-	1,724,895
Intergovernmental	-	-	-	6,334,527	6,334,527
Loans	-	-	-	172,663	172,663
Other Assets	98,138	-	-	-	98,138
<b>Total Assets</b>	<b>\$ 81,250,820</b>	<b>\$ 4,283,339</b>	<b>\$ 15,974,223</b>	<b>\$ 40,387,458</b>	<b>\$ 141,895,840</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Warrants Payable	\$ 4,469,565	\$ 1,797,928	\$ 395	\$ 9,010,773	\$ 15,278,661
Accrued Payroll	13,815,819	-	879	596,646	14,413,344
Other Liabilities	431,070	-	-	7,334,064	7,765,134
Unearned Revenue	-	-	15,789,851	-	15,789,851
Short-Term Notes Payable	-	6,052,671	-	10,034,966	16,087,637
Total Liabilities	18,716,454	7,850,599	15,791,125	26,976,449	69,334,627
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Leases	1,615,374	-	-	-	1,615,374
Taxes Received in Advance	2,098,812	-	-	-	2,098,812
Unavailable Revenue	5,384,335	-	-	186,967	5,571,302
Total Deferred Inflows of Resources	9,098,521	-	-	186,967	9,285,488
<b>FUND BALANCES</b>					
Nonspendable	-	-	-	523,192	523,192
Restricted	-	-	183,098	25,327,879	25,510,977
Committed	4,724,639	-	-	-	4,724,639
Assigned	2,256,138	-	-	-	2,256,138
Unassigned	46,455,068	(3,567,260)	-	(12,627,029)	30,260,779
Total Fund Balances	53,435,845	(3,567,260)	183,098	13,224,042	63,275,725
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 81,250,820</b>	<b>\$ 4,283,339</b>	<b>\$ 15,974,223</b>	<b>\$ 40,387,458</b>	<b>\$ 141,895,840</b>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION  
YEAR ENDED JUNE 30, 2023**

Total Governmental Fund Balances	\$ 63,275,725
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	300,450,007
The balances of the internal service funds is reported within Governmental Activities.	319,168
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.	5,571,302
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.	(818,784)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds and Notes Payable, Net	(129,572,298)
Compensated Absences	(3,952,564)
Net Pension Liability	(112,510,514)
Net OPEB Liability	(259,941,616)
In the statement of net position, deferred outflows and inflows of resources are reported for amounts related to OPEB. This amount represents the net deferrals.	(92,787,808)
In the statement of net position, deferred outflows and inflows of resources are reported for amounts related to pensions. This amount represents the net deferrals.	<u>32,457,555</u>
Net Position of Governmental Activities	<u><u>\$ (197,509,827)</u></u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2023**

	General	School Capital Projects	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Real Estate and Personal Property Taxes	\$ 207,239,502	\$ -	\$ -	\$ -	\$ 207,239,502
Motor Vehicle and Other Excise Taxes	9,614,116	-	-	-	9,614,116
Meals Tax	1,743,514	-	-	-	1,743,514
Tax and Trash Liens	978,764	-	-	1,174	979,938
Payments in Lieu of Taxes	410,339	-	-	-	410,339
Community Preservation Surcharges	-	-	-	1,733,437	1,733,437
Fees and Rentals	1,803,770	-	-	6,192,421	7,996,191
Intergovernmental	83,524,072	1,077,636	78,485	36,383,400	121,063,593
State Grant for Teachers' Retirement	23,087,223	-	-	-	23,087,223
Hotel/Motel Tax	1,063,660	-	-	-	1,063,660
Penalties and Interest on Taxes	977,518	-	-	2,381	979,899
Licenses and Permits	5,106,599	-	-	58,100	5,164,699
Fines and Forfeitures	478,741	-	-	79,932	558,673
Departmental and Other Contributions	1,106,070	-	-	3,947,318	5,053,388
Investment Income (Loss)	-	-	-	1,281,147	1,281,147
Miscellaneous	1,723,629	-	181,855	245,330	2,150,814
Miscellaneous	1,797,808	-	-	1,706,061	3,503,869
<b>Total Revenues</b>	<b>340,655,325</b>	<b>1,077,636</b>	<b>260,340</b>	<b>51,630,701</b>	<b>393,624,002</b>
<b>EXPENDITURES</b>					
Current:					
General Government	11,097,796	-	6,154	5,300,127	16,404,077
Public Safety	33,887,617	-	-	6,210,419	40,098,036
Education	163,679,255	5,616,082	-	39,111,214	208,406,551
Public Works	13,369,971	-	-	11,209,780	24,579,751
Health and Human Services	1,849,040	-	72,331	784,434	2,705,805
Culture and Recreation	6,668,783	-	-	3,473,469	10,142,252
Pension Benefits	19,942,110	-	-	-	19,942,110
Pension Benefits - Teachers' Retirement	23,087,223	-	-	-	23,087,223
Employee Benefits	42,192,419	-	-	-	42,192,419
State and County Charges	8,578,452	-	-	-	8,578,452
Debt Service:					
Principal	10,354,474	-	-	-	10,354,474
Interest	4,349,585	-	-	-	4,349,585
<b>Total Expenditures</b>	<b>339,056,725</b>	<b>5,616,082</b>	<b>78,485</b>	<b>66,089,443</b>	<b>410,840,735</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>1,598,600</b>	<b>(4,538,446)</b>	<b>181,855</b>	<b>(14,458,742)</b>	<b>(17,216,733)</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds of Bonds and Notes	-	200,000	-	3,783,161	3,983,161
Premium from Issuance of Bonds and Notes	-	1,515,200	-	1,491,253	3,006,453
Transfers In	5,769,161	-	-	1,269,117	7,038,278
Transfers Out	(509,000)	(812,502)	-	(926,524)	(2,248,026)
<b>Total Other Financing Sources (Uses)</b>	<b>5,260,161</b>	<b>902,698</b>	<b>-</b>	<b>5,617,007</b>	<b>11,779,866</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>6,858,761</b>	<b>(3,635,748)</b>	<b>181,855</b>	<b>(8,841,735)</b>	<b>(5,436,867)</b>
Fund Balances - Beginning of Year, as Restated	46,577,084	68,488	1,243	22,065,777	68,712,592
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 53,435,845</b>	<b>\$ (3,567,260)</b>	<b>\$ 183,098</b>	<b>\$ 13,224,042</b>	<b>\$ 63,275,725</b>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balances - Total Governmental Funds \$ (5,436,867)

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. these amounts represent the related activity of the current period.

Capital Outlays	22,466,482
Depreciation	(22,753,606)

Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.

(532,356)

The issuance of long-term debt (e.g., bonds and leases) 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, however, has any impact on net position. Also, governmental funds report the effect of material premiums and discounts when debt is first issued, whereas these amounts are amortized in the statement of activities. these amounts represent the related activity of the current period.

Proceeds of Bonds	(3,983,161)
Premium from Issuance of Bonds	(3,006,453)
Bond Maturities	10,354,474
Net Amortization of Bond Premiums	1,896,547

In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.

(514,923)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:

Compensated Absences	25,362
Net Pension Liability	(65,063,746)
Net OPEB Liability	56,670,806

In the statement of activities, deferred outflows and inflows of resources related to OPEB are amortized and recognized as OPEB expense. This amount represents the net change in deferred outflows and inflows of resources related to OPEB.

(37,099,238)

In the statement of activities, deferred outflows and inflows of resources related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows and inflows related to pensions.

67,770,708

The net activity of internal service funds is reported with Governmental Activities.

(1,623,364)

Changes in Net Position of Governmental Activities

\$ 19,170,665

**CITY OF FRAMINGHAM, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2023**

	Business-Type Activities Enterprise Fund	Internal Service Funds
	Utility Enterprise	
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 7,211,072	\$ -
Investments	-	343,878
Receivables, Net of Allowance for Uncollectible Amounts:		
User Charges	18,773,906	-
Special Assessments	1,393	-
Total Current Assets	25,986,371	343,878
Noncurrent Assets:		
Receivables, Net of Allowance for Uncollectible Amounts:		
Special Assessments	160,178	-
Intergovernmental	520,832	-
Capital Assets not being Depreciated	8,010,768	-
Capital Assets, Net of Accumulated Depreciation	251,545,338	-
Total Noncurrent Assets	260,237,116	-
Total Assets	286,223,487	343,878
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to OPEB	1,410,270	-
Related to Pension	940,196	-
Total Deferred Outflows of Resources	2,350,466	-
<b>LIABILITIES</b>		
Current Liabilities:		
Warrants Payable	1,011,059	24,710
Accrued Payroll	97,419	-
Other Liabilities	15	-
Accrued Interest	897,677	-
Compensated Absences	3,411	-
Short-Term Notes Payable	4,556,435	-
Long-Term Bonds and Notes Payable	15,749,355	-
Total Current Liabilities	22,315,371	24,710
Noncurrent Liabilities:		
Compensated Absences	167,138	-
Net Pension Liability	3,116,532	-
Net OPEB Liability	3,961,032	-
Long-Term Bonds and Notes Payable	139,371,770	-
Total Noncurrent Liabilities	146,616,472	-
Total Liabilities	168,931,843	24,710
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to OPEB	2,824,185	-
Related to Pension	41,125	-
Total Deferred Inflows of Resources	2,865,310	-
<b>NET POSITION</b>		
Net Investment in Capital Assets	102,883,037	-
Unrestricted	13,893,763	319,168
Total Net Position	\$ 116,776,800	\$ 319,168

**CITY OF FRAMINGHAM, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 YEAR ENDED JUNE 30, 2023**

	Business-Type Activities Enterprise Fund Utility Enterprise	Internal Service Funds
	<u>Enterprise</u>	<u>Funds</u>
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 59,567,175	\$ -
Employee Contributions	-	363,301
Total Operating Revenues	<u>59,567,175</u>	<u>363,301</u>
<b>OPERATING EXPENSES</b>		
Cost of Service and Administration	3,830,793	-
Pension and OPEB Expense	(5,695,121)	-
MWRA Assessment	23,182,889	-
Salaries and Wages Expenses	4,796,987	-
Depreciation	8,110,718	-
Employee Benefits	-	486,358
Total Operating Expenses	<u>34,226,266</u>	<u>486,358</u>
<b>OPERATING INCOME (LOSS)</b>	25,340,909	(123,057)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income	122,600	14,263
Interest Expense	(3,890,472)	-
Total Nonoperating Revenues (Expenses), Net	<u>(3,767,872)</u>	<u>14,263</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	21,573,037	(108,794)
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>		
Capital Contributions	93,725	-
Transfers Out	(3,275,682)	(1,514,570)
Total Capital Contributions and Transfers	<u>(3,181,957)</u>	<u>(1,514,570)</u>
<b>CHANGE IN FUND NET POSITION</b>	18,391,080	(1,623,364)
Fund Net Position - Beginning of Year	<u>98,385,720</u>	<u>1,942,532</u>
<b>FUND NET POSITION - END OF YEAR</b>	<u>\$ 116,776,800</u>	<u>\$ 319,168</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2023**

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 57,470,592	\$ -
Receipts from Interfund Services Provided	-	442,791
Payments to Vendors	(27,212,704)	-
Payments to Employees	(4,908,889)	-
Payments for Interfund Services Used	-	(484,451)
Net Cash Provided (Used) by Operating Activities	25,348,999	(41,660)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers Out	(3,275,682)	-
<b>CASH FLOWS FROM CAPITAL and RELATED FINANCING ACTIVITIES</b>		
Proceeds from the Issuance of Bonds and Notes	5,661,223	-
Premium from the Issuance of Bonds and Notes	705,887	-
Acquisition and Construction of Capital Assets	(4,616,479)	-
Principal Payments on Bonds and Notes	(15,081,424)	-
Interest Paid	(4,950,361)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(18,281,154)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	-	27,397
Investment Income	122,596	14,263
Net Cash Provided by Investing Activities	122,596	41,660
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
	3,914,759	-
Cash and Cash Equivalents - Beginning of Year	3,296,313	-
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>		
	\$ 7,211,072	\$ -
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Operating Income (Loss)	\$ 25,340,909	\$ (123,057)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Changes in Assets and Liabilities Not Requiring Current Cash Flows:		
Depreciation	8,110,718	-
Net Pension Liability	1,624,421	-
Deferred Outflows Related to Pension	(570,803)	-
Deferred Inflows Related to Pension	(1,438,800)	-
Net OPEB Liability	(5,125,615)	-
Deferred Outflows Related to OPEB	1,592,896	-
Deferred Inflows Related to OPEB	(1,777,220)	-
Effect of Changes in Operating Assets and Liabilities:		
User Charges	(2,096,583)	-
Special Assessments	1,393	-
Departmental and Other	-	79,490
Intergovernmental	80,889	-
Warrants Payable	(281,308)	1,907
Accrued Payroll	(84,968)	-
Other Liabilities	4	-
Compensated Absences	(26,934)	-
Total Adjustments	8,090	81,397
Net Cash Provided (Used) by Operating Activities	\$ 25,348,999	\$ (41,660)
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Capital-Related Accounts Payable	\$ 488,845	\$ -

**CITY OF FRAMINGHAM, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2023\***

	<u>Pension and OPEB Trust Funds</u>	<u>Custodial Funds</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 2,251,543	\$ 1,477,999
Investments:		
Equity Mutual Funds	2,522,293	-
Fixed Income Mutual Funds	1,078,271	-
Equity Securities	4,139,955	-
Fixed Income Securities	1,230,382	-
External Investment Pool (PRIT)	408,540,317	-
Other Assets	<u>225,935</u>	<u>-</u>
Total Assets	<u>419,988,696</u>	<u>1,477,999</u>
<b>LIABILITIES</b>		
Warrants Payable	20,316	169,148
Accrued Payroll	-	6,509
Other Liabilities	<u>-</u>	<u>1,302,342</u>
Total Liabilities	<u>20,316</u>	<u>1,477,999</u>
<b>NET POSITION</b>		
Restricted for Pension and OPEB Benefits	<u>\$ 419,968,380</u>	<u>\$ -</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2023\***

	Pension and OPEB Trust Funds	Custodial Funds
	<u>                    </u>	<u>                    </u>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ 37,270,168	\$ -
Plan Members	8,178,691	-
Transfers from Other Systems	3,036,810	-
Total Contributions	<u>48,485,669</u>	<u>-</u>
Net Investment Income/(Loss):		
Net Appreciation in Fair Value of Investments	(59,723,034)	-
Interest	11,733,172	-
Total Investment Income/(Loss)	<u>(47,989,862)</u>	<u>-</u>
Less: Investment Expense	<u>(2,103,808)</u>	<u>-</u>
Net Investment Income/(Loss)	(50,093,670)	-
Intergovernmental	183,715	-
Collected for Other Governments	-	304,359
Other	<u>2,274</u>	<u>15,479</u>
Total Additions	(1,422,012)	319,838
<b>DEDUCTIONS</b>		
Administration	400,207	-
Retirement Benefits, Including Reimbursements and Refunds	46,434,806	-
Transfers to Other Systems	3,348,021	-
Remitted to Other Governments	-	304,359
Other	-	15,479
Total Deductions	<u>50,183,034</u>	<u>319,838</u>
<b>CHANGE IN NET POSITION</b>	(51,605,046)	-
Net Position - Beginning of Year	<u>471,573,426</u>	<u>-</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 419,968,380</u>	<u>\$ -</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General**

The basic financial statements 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 standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

**B. Reporting Entity**

The City of Framingham, Massachusetts, (the City) is a municipal corporation that is governed by an elected Mayor and the City Council.

For financial reporting purposes, the basic financial statements include all funds, organizations, agencies, boards, commissions, and institutions that are not legally separate from the City.

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/or significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete.

Fiduciary Fund Component Unit

The City has included the Framingham Contributory Retirement System (the System) as a component unit (blended) in the reporting entity because of the significance of its operational and financial relationship with the City. Fiduciary fund component units are entities that are legally separate from the City, but are so related that they are, in substance, the same as the City or entities providing services entirely or almost entirely for the benefit of the City.

The System was established to provide retirement benefits to City employees and their respective beneficiaries. The System is governed by a five-member board comprised of the City Accountant (ex-officio), two members elected by the System's participants, a fourth member appointed by the City Council and a fifth 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 funds financial statements.

The System does not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 150 Concord Street, Framingham, Massachusetts 01702.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Reporting Entity**

Fiduciary Fund Component Unit (Continued)

The Framingham Other Postemployment Benefits Trust Fund (“Fund”) was established to provide retirement benefits other than pensions to City employees and their respective beneficiaries. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the Fund. Benefit provisions are negotiated between the City and the unions representing City employees and are renegotiated each bargaining period. The Fund is presented using the accrual basis of accounting and is reported in the pension and other postemployment benefits trust funds in the fiduciary fund financial statements.

**C. Restatement**

The City has restated a certain nonmajor governmental fund to major governmental funds. The effect of the restatement is as follows:

	American Rescue Plan Act	Nonmajor Governmental Funds
Fund Balance, June 30, 2022, as Previously Reported	\$ -	\$ 22,067,020
Cumulative Affects of Restatements:		
Restatement of American Rescue Plan Act Major Fund	1,243	(1,243)
Fund Balance, June 30, 2023, as Restated	\$ 1,243	\$ 22,065,777

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

Government-Wide Financial Statements

The government-wide financial statements (statement of net position and the statement of activities) report information on all nonfiduciary 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 primarily supported by user fees.

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. Fiduciary funds are reported by fund type.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus, Basis of Accounting, and Basis of 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 fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a 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 specific function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a specific function or segment.

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

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

Fund Financial Statements

**Governmental funds** 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.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

Fund Financial Statements (Continued)

Real estate and personal property tax revenues are considered available if they are collected within 60 days after the end of the fiscal year. 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 used to account for and report all financial resources not accounted for and reported in another fund.

The *School Capital Projects fund* is a capital projects fund used to account for and report financial resources that are restricted to expenditures for school capital outlays, including the acquisition or construction of major capital facilities and other capital assets of the governmental funds.

The *American Rescue Plan Act Fund* is a special revenue fund used to account for financial resources related to federal ARPA funds.

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

*Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

*Capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

*Permanent funds* are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)**

Fund Financial Statements (Continued)

**Proprietary funds** financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby 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 *Utility fund* is used to account for water and sewer activities.

The *Internal Service fund* is used to account for risk financing activities related to employees' dental insurance, life insurance, and used to account for unanticipated run-off claims from when the City converted from a self-insured employee health program to GIC insurance plan in fiscal year 2015.

**Internal service funds** of the City (which provide services primarily to other funds of the City) are presented, in summary form, as part of the proprietary funds financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of the internal service funds are presented in the governmental activities column when presented at the government-wide level.

**Fiduciary funds** 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 government's programs.

The following fiduciary fund types are reported:

The *pension and OPEB trust funds* are used to account for the activities of the System and OPEB trust fund, which accumulate resources to provide pension and OPEB benefits to eligible retirees and their beneficiaries.

The *custodial fund* is used to account for assets held in a custodial capacity.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. 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, net asset value (NAV), or amortized cost, as further discussed in Note 3.

**G. Accounts Receivable**

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

**Real Estate Taxes, 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 quarterly and are subject to penalties and interest if they are not paid by the respective due date. Real estate tax liens are processed in accordance with Massachusetts General Law (MGL) on delinquent properties and are recorded as receivables in the fiscal year they are processed.

**Motor Vehicle Excise Taxes**

Motor vehicle excise taxes are assessed annually and are recorded as receivables in the fiscal year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered in the City 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.

**Leases**

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Accounts Receivable (Continued)**

Government-Wide and Fund Financial Statements (Continued)

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.
- The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**User Charges (Utility)**

User charges are levied quarterly based on meter readings and are subject to penalties and interest if they are not paid by the respective due date. Utility liens are processed in accordance with MGL. Utility charges are recorded as receivables when levied.

**Departmental and Other**

Departmental and other receivables consist primarily of uncollected trash fees and police details and are recorded as receivables in the fiscal year accrued.

**Intergovernmental**

Various state and federal grants are applied for and received annually. Grant revenue is recognized as soon as all eligibility requirements imposed by the provider have been met.

**H. Allowance for Uncollectible Amounts**

Government-Wide and Fund Financial Statements

The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis for the following accounts receivable:

- Personal property taxes,
- Motor vehicle and other excise taxes,
- Tax Foreclosures, and
- Departmental and other.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Allowance for Uncollectible Amounts (Continued)**

Government-Wide and Fund Financial Statements (Continued)

At June 30, 2023, the allowances for uncollectible amounts for personal property taxes and departmental and other receivables are immaterial and therefore not reported.

The following types of accounts receivable are secured via the lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible amounts is not reported.

- Real estate taxes and tax liens,
- User charges (utility), and
- Utility liens.

Intergovernmental receivables are considered 100% collectible.

**I. 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.

**J. Restricted Assets**

Government-Wide and Fund Financial Statements

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

**K. Capital Assets**

Government-Wide and Proprietary Fund Financial Statements

Capital assets are reported in the applicable governmental or business-type activities 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 acquisition value at the date of donation. All purchases and construction costs are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Capital Assets (Continued)**

Government-Wide and Proprietary Fund Financial Statements (Continued)

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

Buildings	10 to 40 Years
Land Improvements	15 to 40 Years
Machinery, Vehicles and Equipment	5 to 20 Years
Infrastructure	10 to 60 Years

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 fiscal year of the purchase.

**L. Interfund Receivables and Payables**

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

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental 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.

**M. Interfund Transfers**

During the course of its operations, resources are permanently reallocated between and within funds.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**M. Interfund Transfers (Continued)**

Government-Wide Financial Statements

Transfers between and within governmental 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.

**N. Unearned Revenue**

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

**O. Deferred Outflows of Resources**

Government-Wide and Fund Financial Statements

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

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

**P. Deferred Inflows of Resources**

Government-Wide and Fund Financial Statements

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 represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The following deferred inflows of resources are reported:

- Unavailable revenue is reported in the governmental funds balance sheet. Unavailable revenue represents billed receivables that do not meet the available criterion in accordance with GAAP.
- Deferred inflows of resources related to pensions and OPEB are reported in the government-wide and proprietary funds statement of net position.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. Deferred Inflows of Resources (Continued)**

Government-Wide and Fund Financial Statements (Continued)

- Deferred inflows of resources for leases are reported in the government-wide statement of net position and governmental funds balance sheet.
- Deferred inflows of resources for taxes received in advance are reported in the government-wide statement of net position and governmental funds balance sheet for taxes collected for future levy years.

**Q. Net Position and Fund Balances**

Government-Wide Financial Statements and Proprietary Fund Financial Statements

Net position represents the residual difference between assets and deferred outflows less liabilities and deferred inflows.

Net position is reported as restricted when amounts are restricted by outside parties for a specific future use. Net position has been “restricted” for the following:

*School State Grants, School Special Revenue and Other Special Revenue* represents restrictions placed on assets from outside parties for school state grants and other school and City special funds.

*Community Preservation* represents restrictions placed on assets accumulated from the Community Preservation Act.

*Permanent Funds – Expendable* and *Permanent Funds – Nonexpendable* represents amounts held in trust.

*Other Specific Purposes* represents restrictions on assets from outside parties.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding borrowings attributable to those assets. Unrestricted net position is the difference between total net position, net investment in capital assets and restricted net position.

Governmental Funds Financial Statements (Fund Balances)

The following fund balance classifications describe the relative strength of the spending constraints:

*Nonspendable* – represents amounts that cannot be spent either because they are in nonspendable form (i.e., prepaid amounts) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

*Restricted* – Represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Net Position and Fund Balances (Continued)**

Governmental Funds Financial Statements (Fund Balances) (Continued)

*Committed* – Represents amounts that can be used only for specific purposes imposed by a formal action of City Council, which is the highest level of decision-making authority for the City. Committed amounts may be established, modified, or rescinded only through actions approved by City Council.

*Assigned* – Represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the City's structure, only authorized assignments for noncontractual encumbrances can be made by individual department heads.

*Unassigned* – Represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

**R. Long-Term Debt**

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statements of net position. Material bond premiums and discounts are deferred and amortized (through interest expense) over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium/discount.

Governmental Funds Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources when the debt is issued. 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.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**S. Investment Income**

Government-Wide and Fund Financial Statements

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

Investment income from the proprietary funds is retained in the proprietary funds.

**T. Compensated Absences**

Government-Wide and Proprietary Fund Financial Statements

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

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

Governmental Funds 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 upon employee retirements and resignations.

**U. Pensions**

Government-Wide and Proprietary Fund Financial Statements

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

**V. Other Postemployment Benefits**

Government-Wide and Proprietary Fund Financial Statements

In addition to providing pension benefits, and as more fully described in Note 15, the City provides health and life insurance coverage for current and future retirees and their spouses.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**W. 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 fiscal year. Actual results could vary from estimates that were used.

**X. 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 presented 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 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by the City Council. The Mayor presents an annual operating and capital budget to 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 the 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 to the original budget subsequent to the approval of the annual budget requires City Council approval.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**A. Budgetary Information (Continued)**

The majority of appropriations are noncontinuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year.

Generally, expenditures may not exceed the level of spending (salaries, expenses, and capital) authorized for an appropriation account. However, the City is statutorily required to pay debt service, regardless of whether such amounts are appropriated.

An annual budget is adopted for the General Fund in conformity with the guidelines described above. The original fiscal year 2023 approved budget for the General Fund authorized \$326,215,008 in appropriations. During fiscal year 2023, supplemental appropriations totaling \$2,513,374 were authorized.

The City Accountant's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

The General Fund schedule of revenues, expenditures, and changes in fund balance – non-GAAP budgetary basis – budget and actual, presented in the accompanying Required Supplementary Information, presents comparison of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

**B. Fund Deficits**

At June 30, 2023, the following temporary fund deficits exist:

Fund	Amount	Funding Source
FEMA-Grant	\$ 5,061,945	Federal Grant
Municipal Buildings	4,321,114	Issuance of Long-Term Debt
School Capital Projects	3,567,260	Issuance of Long-Term Debt
ESSER 3	1,499,833	Federal Grant
Municipal Equipment	1,317,901	Issuance of Long-Term Debt
Chapter 90	426,236	State Grant
Total Deficits	\$ 16,194,289	

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 DEPOSITS AND INVESTMENTS**

**City (Excluding the Pension Trust Fund)**

The municipal finance laws of the Commonwealth authorize the City to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. Treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool – the Massachusetts Municipal Depository Trust (MMDT). The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is at amortized cost.

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments. The deposits and investments of the permanent funds, private purpose trust funds, and the pension trust fund are held separately from other City funds.

Deposits – Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City does not have a policy for custodial credit risk of deposits. As of June 30, 2023, \$67,465,193 of the City's bank balance of \$100,717,241 was uninsured and uncollateralized.

Investments Summary

The City's investments at June 30, 2023, are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Investment Maturities			Total Amount
	Less than 1 Year	1 to 5 Years	6 to 10 Years	
<u>Debt Securities:</u>				
U.S. Treasuries	\$ 7,131,136	\$ 9,241,260	\$ 160,397	\$ 16,532,793
U.S. Agencies	-	1,018,718	504,546	1,523,264
Corporate Bonds	71,730	1,743,173	109,733	1,924,636
Money Market Mutual Funds	3,769,130	-	-	3,769,130
Fixed Income Securities	1,350,186	-	-	1,350,186
Certificates of Deposit	-	241,204	-	241,204
External Investment Pool (MMDT)	1,819,131	-	-	1,819,131
Total Debt Securities	<u>\$ 14,141,313</u>	<u>\$ 12,244,355</u>	<u>\$ 774,676</u>	<u>\$ 27,160,344</u>
<u>Other Investments:</u>				
Equity Securities				11,511,055
Equity Mutual Funds				3,921,647
Total Other Investments				<u>15,432,702</u>
Total Investments				<u>\$ 42,593,046</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**City (Excluding the Pension Trust Fund) (Continued)**

Investments – Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The City has a policy that the fixed income portion of the portfolio shall have an average maturity of not more than 10 years.

Investments – Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk of investments. As of June 30, 2023, the City was not exposed to custodial credit risk.

Investments – Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. As of June 30, 2023, the City's investments in debt securities were rated A+ (\$180,722), AA+ (\$954,653), AAA (\$17,101,404), BBB (\$957,420) and BBB+ (\$281,946) by nationally recognized statistical rating organizations. \$7,684,199 of debt securities were unrated.

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. As of June 30, 2023, the City was not exposed to concentration of credit risk.

Investments – Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in exchange rates will adversely affect the fair value of an investment or deposit. As of June 30, 2023, the City was not exposed to foreign currency risk.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**City (Excluding the Pension Trust Fund) (Continued)**

Investments – Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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.

Investment Type	Fair Value Measurements Using		Total Amount
	Level 1	Level 2	
<u>Investments by Fair Value Level:</u>			
Money Market Mutual Funds	\$ 3,769,130	\$ -	\$ 3,769,130
Equity Securities	11,511,055	-	11,511,055
Equity Mutual Funds	3,921,647	-	3,921,647
U.S. Treasuries	16,532,793	-	16,532,793
U.S. Agencies	1,523,264	-	1,523,264
Corporate Bonds	-	1,924,636	1,924,636
Fixed Income Securities	57,853	1,292,333	1,350,186
Total Investments by Fair Value Level	<u>\$ 37,315,742</u>	<u>\$ 3,216,969</u>	<u>\$ 40,532,711</u>
<u>Investments Measured at Amortized Cost:</u>			
External Investment Pool (MMDT)			1,819,131
Certificates of Deposit			241,204
Total Investments			<u>\$ 42,593,046</u>

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

Debt securities 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.

**Pension Trust Fund (The System)**

The System participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee and provides regulatory oversight. The reported value of the pool is the same as the fair value of the System's position in pool shares.

Deposits – Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the System's deposits may not be recovered. The System does not have a policy for custodial credit risk of deposits. As of December 31, 2022, the System was not exposed to custodial credit risk.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Pension Trust Fund (The System) (Continued)**

Investment Summary

The System's investments at December 31, 2022, are presented below. All investments are presented by investment type, with debt securities presented by maturity:

Investment Type	Investment Maturities Less than 1 Year	Total Amount
PRIT	\$ 408,540,317	\$ 408,540,317

Investments – Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The System does not have a policy for interest rate risk of debt securities.

Investments – Custodial Credit Risk

The Pension System does not have an investment policy for custodial credit risk. At December 31, 2022, the System's investments are not subject to custodial credit risk exposure because they are not evidenced by securities that exist in physical or book entry form.

Investments – Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The System does not have a policy for credit risk of debt securities. As of December 31, 2022, the System's investments in debt securities were unrated by a nationally recognized statistical rating organization.

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. As of December 31, 2022, the System was not exposed to concentration of credit risk.

Investments – Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in exchange rates will adversely affect the fair value of an investment or deposit. As of December 31, 2022, the System was not exposed to foreign currency risk.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Pension Trust Fund (The System) (Continued)**

Investments – Fair Value Measurements

The System categorizes its fair value measurements within the fair value hierarchy established by GAAP. Level 1 is quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs; Level 3 inputs are significant unobservable inputs.

Investments measured at the NAV:

External Investment Pool (PRIT)	<u>\$ 408,540,317</u>
---------------------------------	-----------------------

PRIT investments are measured at the net asset value (NAV) per share. PRIT is not registered with the Securities and Exchange Commission but is subject to oversight provided by the Pension Reserves Investment Management Board (the PRIM Board). Investments can be redeemed on a monthly basis with 24-hours' notice.

**NOTE 4 ACCOUNTS RECEIVABLE**

At June 30, 2023, receivables (except for leases) for the governmental funds are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real Estate and Personal Property Taxes	\$ 1,539,349	\$ -	\$ 1,539,349
Tax Liens	2,305,596	-	2,305,596
Motor Vehicle and Other Excise Taxes	3,796,562	(2,239,023)	1,557,539
Departmental and Other	2,186,249	-	2,186,249
Loans	172,663	-	172,663
Intergovernmental	6,334,527	-	6,334,527
Total	<u>\$ 16,334,946</u>	<u>\$ (2,239,023)</u>	<u>\$ 14,095,923</u>

At June 30, 2023, receivables for the enterprise funds are reported in the Proprietary Statement of Net Position. They do not include any allowance for doubtful accounts.

Leases

The City, acting as lessor, leases property under long-term noncancellable lease agreements. The lease expires in fiscal year 2033. During the year ended June 30, 2023, the City recognized approximately \$163,000 and \$71,000 in lease revenue and interest revenue, respectively, pursuant to the contract.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 4 ACCOUNTS RECEIVABLE (CONTINUED)**

Total future minimum lease payments under lease agreements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	121,802	66,152	\$ 187,954
2025	131,566	61,087	192,653
2026	141,849	55,621	197,470
2027	152,672	49,734	202,406
2028	164,064	43,403	207,467
2029-2033	1,012,942	104,833	1,117,775
Total	<u>\$ 1,724,895</u>	<u>\$ 380,830</u>	<u>\$ 2,105,725</u>

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 21,427,127	\$ 19,301	\$ -	\$ 21,446,428
Construction in Progress	4,342,641	-	-	4,342,641
Total Capital Assets Not Being Depreciated	25,769,768	19,301	-	25,789,069
Capital Assets Being Depreciated:				
Building and Improvements	297,752,171	7,122,206	-	304,874,377
Vehicles, Machinery, and Equipment	89,153,693	2,761,666	(85,532)	91,829,827
Infrastructure	149,979,520	12,563,309	-	162,542,829
Total Capital Assets Being Depreciated	536,885,384	22,447,181	(85,532)	559,247,033
Less Accumulated Depreciation for:				
Building and Improvements	(111,667,373)	(6,928,208)	-	(118,595,581)
Vehicles, Machinery, and Equipment	(65,983,755)	(5,455,809)	85,532	(71,354,032)
Infrastructure	(84,266,893)	(10,369,589)	-	(94,636,482)
Total Accumulated Depreciation	<u>(261,918,021)</u>	<u>(22,753,606)</u>	<u>85,532</u>	<u>(284,586,095)</u>
Total Capital Assets Being Depreciated, Net	274,967,363	(306,425)	-	274,660,938
Total Governmental Activities Capital Assets	<u>\$ 300,737,131</u>	<u>\$ (287,124)</u>	<u>\$ -</u>	<u>\$ 300,450,007</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
<b>Capital Assets Not Being Depreciated:</b>				
Land	\$ 1,491,658	\$ -	\$ -	\$ 1,491,658
Construction in Progress	6,519,110	-	-	6,519,110
Total Capital Assets Not Being Depreciated	<u>8,010,768</u>	-	-	<u>8,010,768</u>
<b>Capital Assets Being Depreciated:</b>				
Building and Improvements	71,426,721	274,110	-	71,700,831
Vehicles, Machinery, and Equipment	14,585,588	32,966	-	14,618,554
Infrastructure	300,876,112	4,309,403	-	305,185,515
Total Capital Assets Being Depreciated	<u>386,888,421</u>	<u>4,616,479</u>	-	<u>391,504,900</u>
<b>Less Accumulated Depreciation for:</b>				
Building and Improvements	(18,016,285)	(1,878,733)	-	(19,895,018)
Vehicles, Machinery, and Equipment	(10,965,243)	(632,803)	-	(11,598,046)
Infrastructure	(102,867,316)	(5,599,182)	-	(108,466,498)
Total Accumulated Depreciation	<u>(131,848,844)</u>	<u>(8,110,718)</u>	-	<u>(139,959,562)</u>
Total Capital Assets Being Depreciated, Net	<u>255,039,577</u>	<u>(3,494,239)</u>	-	<u>251,545,338</u>
Total Utility Enterprise Capital Assets, Net	<u>\$ 263,050,345</u>	<u>\$ (3,494,239)</u>	<u>\$ -</u>	<u>\$ 259,556,106</u>

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

<b>Governmental Activities:</b>	
General Government	\$ 1,868,630
Public Safety	1,750,221
Education	8,535,551
Public Works	8,828,367
Health and Human Services	135,863
Culture and Recreation	<u>1,634,974</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 22,753,606</u>
<b>Business-Type Activities:</b>	
Utility	<u>\$ 8,110,718</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 6 INTERFUND TRANSFERS AND BALANCES**

Interfund transfers for the fiscal year ended June 30, 2023, are summarized below:

Transfers Out	Transfers In		Total
	General Fund	Nonmajor Governmental Fund	
General Fund (1)	\$ -	\$ 509,000	\$ 509,000
School Capital Projects Funds (2)	52,385	760,117	812,502
Nonmajor Governmental Funds (3)	926,524	-	926,524
Utility Enterprise Funds (4)	3,275,682	-	3,275,682
Internal Service Fund (5)	1,514,570	-	1,514,570
Total	<u>\$ 5,769,161</u>	<u>\$ 1,269,117</u>	<u>\$ 7,038,278</u>

- (1) Represents transfer to the Municipal Capital Project Funds (\$509,000).
- (2) Represents budgeted transfer in from School Capital Projects Fund (\$52,385). Also represents transfer from School Capital Projects fund to Special Revenue Funds (\$760,117).
- (3) Represents budgeted transfer from the School Capital Project fund (\$43,588), Affordable Housing Unit Fund (\$195,000), Municipal Equipment Capital Project Fund (\$64), Receipts Reserve Fund (\$78,035), PEG cable Fund (\$604,837), and Consumer and Merchant Protection Fund (5,000).
- (4) Represents indirect cost transfers in from the Utility Enterprise Fund (\$3,275,682).
- (5) Represents transfers in from Internal Service Funds (\$1,514,570).

**NOTE 7 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 anticipation notes (RAN) or tax anticipation notes (TAN), and
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN) or grant anticipation notes (GAN).

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.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 7 SHORT-TERM FINANCING (CONTINUED)**

Details related to the short-term debt activity for the fiscal year ended June 30, 2023 are as follows:

**Governmental Funds**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year
BAN	Other BANS	6/17/22	8/19/22	2.00 %	\$ 1,316,429	\$ -	\$ (1,316,429)	\$ -
BAN	School Buildings	6/21/23	3/21/24	5.00 %	-	2,870,337	-	2,870,337
BAN	Other BANS	6/21/23	3/21/24	5.00 %	-	12,999,353	-	12,999,353
					1,316,429	15,869,690	(1,316,429)	15,869,690
	Add: Unamortized Premium				-	217,947	-	217,947
	Total				\$ 1,316,429	\$ 16,087,637	\$ (1,316,429)	\$ 16,087,637

**Enterprise Funds**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance - Beginning of Year	Increases	Decreases	Balance - End of Year
BAN	Sewer	6/17/22	8/19/22	2.00 %	\$ 4,064	\$ -	\$ (4,064)	\$ -
BAN	Water	6/17/22	8/19/22	2.00 %	431,852	-	(431,852)	-
BAN	Water	6/21/23	3/21/24	5.00 %	-	2,774,109	-	2,774,109
BAN	Sewer	6/21/23	3/21/24	5.00 %	-	1,782,326	-	1,782,326
	Total				\$ 435,916	\$ 4,556,435	\$ (435,916)	\$ 4,556,435

**Subsequent Events**

On March 21, 2024, the City renewed \$20,426,125 of BANs outstanding at June 30, 2023. The renewed BANs have an interest rate of 4.0% and a maturity date of December 19, 2024.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 8 LONG-TERM OBLIGATIONS**

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<b>Governmental Activities:</b>					
Bonds and Notes Payable	\$ 118,046,754	\$ 3,983,161	\$ (9,920,552)	\$ 112,109,363	\$ 10,627,183
Direct Borrowings	286,237	-	(61,981)	224,256	32,626
Unamortized Bond Premiums	12,036,096	3,006,453	(1,896,547)	13,146,002	1,987,785
Financed Purchases (Direct Borrowings)	4,464,618	-	(371,941)	4,092,677	396,161
Total Bonds and Notes Payable	<u>134,833,705</u>	<u>6,989,614</u>	<u>(12,251,021)</u>	<u>129,572,298</u>	<u>13,043,755</u>
Compensated Absences	3,977,926	-	(25,362)	3,952,564	79,051
Total Governmental	<u>\$ 138,811,631</u>	<u>\$ 6,989,614</u>	<u>\$ (12,276,383)</u>	<u>\$ 133,524,862</u>	<u>\$ 13,122,806</u>
<b>Business-Type Activities:</b>					
Bonds and Notes Payable	\$ 119,180,537	\$ 1,104,788	\$ (9,970,728)	\$ 110,314,597	\$ 10,074,097
Direct Borrowings	39,531,183	-	(4,674,780)	34,856,403	4,171,256
Unamortized Bond Premiums	10,865,167	705,887	(1,620,929)	9,950,125	1,504,002
Total Bonds and Notes Payable	<u>169,576,887</u>	<u>1,810,675</u>	<u>(16,266,437)</u>	<u>155,121,125</u>	<u>15,749,355</u>
Compensated Absences	197,483	-	(26,934)	170,549	3,411
Total Business-Type	<u>\$ 169,774,370</u>	<u>\$ 1,810,675</u>	<u>\$ (16,293,371)</u>	<u>\$ 155,291,674</u>	<u>\$ 15,752,766</u>
Total	<u>\$ 308,586,001</u>	<u>\$ 8,800,289</u>	<u>\$ (28,569,754)</u>	<u>\$ 288,816,536</u>	<u>\$ 28,875,572</u>

For direct borrowings, there are no terms specified in debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses. Also, the City has entered into a financed purchase agreement for technology and energy upgrades for governmental activities. Title to the upgrades transfers ownership to the City upon delivery.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 9 LONG-TERM DEBT**

Details related to the outstanding indebtedness at June 30, 2023, and the debt service requirements are as follows:

**Bonds and Notes Payable — Governmental Funds**

Original Issue	Project	Maturity Date	Interest Rate	Outstanding - Beginning of Year	Issued	Redeemed	Outstanding - End of Year
\$ 477,029	MCWT Bonds of 2005*	2023	3.00-5.00%	\$ 30,000	\$ -	\$ (30,000)	\$ -
307,600	MCWT Bonds 2010*	2028	2.00%	102,281	-	(16,206)	86,075
325,000	MCWT Bonds 2012*	2031	2.00%	153,956	-	(15,775)	138,181
8,333,940	General Obligation Bonds 2013	2033	2.00-5.00%	2,105,000	-	(310,000)	1,795,000
12,179,750	General Obligation Refunding Bonds 2013	2025	2.00-5.00%	776,000	-	(332,800)	443,200
12,380,745	General Obligation Bonds 2014	2034	2.00-5.00%	3,265,000	-	(515,000)	2,750,000
7,270,120	General Obligation Bonds 2015	2035	2.50-5.00%	2,940,000	-	(465,000)	2,475,000
19,734,325	General Obligation Bonds 2016	2041	3.00-5.00%	7,440,000	-	(840,000)	6,600,000
10,728,765	General Obligation Bonds 2017	2037	2.00-4.00%	4,037,530	-	(519,320)	3,518,210
16,968,474	General Obligation Bonds 2018	2038	2.50-4.00%	9,910,000	-	(1,220,000)	8,690,000
13,071,921	General Obligation Bonds 2019	2039	4.00-5.00%	8,735,000	-	(1,225,000)	7,510,000
11,004,951	General Obligation Bonds 2020	2040	2.125-5.00%	8,860,000	-	(885,000)	7,975,000
38,540,000	General Obligation Bonds 2021	2041	2.00-5.00%	26,495,000	-	(1,415,000)	25,080,000
13,430,000	General Obligation Refunding Bonds 2021	2041	4.00-5.00%	4,747,960	-	(1,011,110)	3,736,850
27,695,000	General Obligation Bonds 2022	2042	2.00-5.00%	20,782,322	-	(1,182,322)	19,600,000
27,425,000	General Obligation Bonds 2023	2043	5.00%	17,952,942	3,983,161	-	21,936,103
	Subtotal			118,332,991	3,983,161	(9,982,533)	112,333,619
	Add: Unamortized Premiums			12,036,096	3,006,453	(1,896,547)	13,146,002
	Add: Energy Improvements Financed Purchase*			4,464,618	-	(371,941)	4,092,677
	Total Governmental Funds			<u>\$ 134,833,705</u>	<u>\$ 6,989,614</u>	<u>\$ (12,251,021)</u>	<u>\$ 129,572,298</u>

\*Direct borrowings

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

Debt service requirements (gross) for principal and interest for governmental bonds and notes payable in future fiscal years are as follows:

Fiscal Year	Bonded Debt		Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	10,627,183	4,329,879	428,787	93,254	11,055,970	4,423,133
2025	9,671,870	3,348,415	454,706	83,540	10,126,576	3,431,955
2026	8,758,080	2,972,285	481,719	73,212	9,239,799	3,045,497
2027	8,229,980	2,647,066	509,864	62,244	8,739,844	2,709,310
2028	7,633,240	2,355,535	539,187	50,610	8,172,427	2,406,145
2029	7,132,020	2,078,110	551,455	38,280	7,683,475	2,116,390
2030	6,794,350	1,815,595	582,891	25,225	7,377,241	1,840,820
2031	6,392,640	1,571,911	615,628	11,416	7,008,268	1,583,327
2032	6,025,000	1,366,624	152,696	607	6,177,696	1,367,231
2033	5,615,000	1,192,928	-	-	5,615,000	1,192,928
2034	5,195,000	1,023,750	-	-	5,195,000	1,023,750
2035	4,990,000	855,564	-	-	4,990,000	855,564
2036	4,520,000	704,043	-	-	4,520,000	704,043
2037	4,125,000	565,692	-	-	4,125,000	565,692
2038	3,770,000	445,116	-	-	3,770,000	445,116
2039	3,460,000	339,181	-	-	3,460,000	339,181
2040	3,285,000	243,512	-	-	3,285,000	243,512
2041	3,110,000	153,644	-	-	3,110,000	153,644
2042	1,850,000	78,025	-	-	1,850,000	78,025
2043	925,000	23,125	-	-	925,000	23,125
Total	<u>\$ 112,109,363</u>	<u>\$ 28,110,000</u>	<u>\$ 4,316,933</u>	<u>\$ 438,388</u>	<u>\$ 116,426,296</u>	<u>\$ 28,548,388</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

**Bonds and Notes Payable — Utility Enterprise Fund**

Project	Maturity Date	Interest Rate	Outstanding - Beginning of Year	Issued	Redeemed	Outstanding - End of Year
MCWT Bonds of 2007*	2024	0.00%	\$ 38,101	\$ -	\$ (19,049)	\$ 19,052
MCWT Bonds of 2009*	2029	2.00%	847,840	-	(113,975)	733,865
MCWT Bonds of 2010*	2028	2.00%	3,149,411	-	(499,009)	2,650,402
MCWT Bonds of 2010*	2031	2.00%	4,223,098	-	(432,579)	3,790,519
MCWT Bonds of 2011*	2029	2.00%	173,978	-	(23,388)	150,590
MCWT Bonds of 2012*	2031	2.00%	4,559,396	-	(470,533)	4,088,863
MCWT Bonds of 2012*	2033	2.00%	14,334,031	-	(1,167,735)	13,166,296
MCWT Bonds of 2013*	2031	2.00%	849,359	-	(86,463)	762,896
GOB Bonds of 2013	2033	2.00-5.00%	11,385,000	-	(1,050,000)	10,335,000
GOB Bonds of 2013 Refunding	2025	2.00-5.00%	604,000	-	(262,200)	341,800
MWRA Bonds of 2013*	2023	0.00%	570,444	-	(570,444)	-
MCWT Bonds of 2014*	2033	2.00%	197,281	-	(16,069)	181,212
GOB Bonds of 2014	2039	2.00-5.00%	6,705,000	-	(470,000)	6,235,000
MCWT Bonds of 2015*	2035	2.00%	4,203,163	-	(283,271)	3,919,892
GOB Bonds of 2015	2040	2.50-5.00%	9,295,000	-	(580,000)	8,715,000
MWRA Bonds of 2015 - 2*	2025	0.00%	441,419	-	(147,140)	294,279
MCWT Bonds of 2016*	2036	2.00%	1,623,841	-	(103,242)	1,520,599
GOB Bonds of 2016	2041	3.00-5.00%	16,345,000	-	(1,010,000)	15,335,000
GOB Bonds of 2017	2037	2.00-4.00%	9,422,470	-	(995,680)	8,426,790
MWRA Bonds of 2017*	2027	0.00%	735,699	-	(147,140)	588,559
GOB Bonds of 2018	2038	2.50-5.00%	11,985,000	-	(1,100,000)	10,885,000
GOB Bonds of 2019	2039	4.00-5.00%	13,620,000	-	(975,000)	12,645,000
MWRA Bonds of 2019*	2029	0.00%	3,274,922	-	(556,093)	2,718,829
GOB Bonds 2020	2039	0.00%	11,990,240	-	(1,176,280)	10,813,960
MWRA Bonds of 2020*	2029	0.00%	309,200	-	(38,650)	270,550
GOB Bonds 2021	2041	2.00-5.00%	9,605,000	-	(1,015,000)	8,590,000
GOB Bonds of 2021 Refunding	2041	4.00-5.00%	6,927,040	-	(813,890)	6,113,150
GOB Bonds 2022	2042	2.00-5.00%	6,912,678	-	(522,678)	6,390,000
GOB Bonds 2023	2043	5.00%	4,384,109	1,104,788	-	5,488,897
Subtotal			158,711,720	1,104,788	(14,645,508)	145,171,000
Add: Unamortized Premiums			10,865,167	705,887	(1,620,929)	9,950,125
Total Utility Enterprise Fund			<u>\$ 169,576,887</u>	<u>\$ 1,810,675</u>	<u>\$ (16,266,437)</u>	<u>\$ 155,121,125</u>

\*Direct borrowings

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

Debt service requirements for the utility enterprise fund bonds and notes payable in future years are as follows:

Fiscal Year	Bonded Debt		Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	10,074,097	4,747,075	4,171,256	-	14,245,353	4,747,075
2025	9,404,410	4,091,791	4,096,982	-	13,501,392	4,091,791
2026	8,423,200	3,631,293	4,019,593	-	12,442,793	3,631,293
2027	8,051,300	3,226,112	4,090,808	-	12,142,108	3,226,112
2028	7,768,040	2,840,740	4,016,378	-	11,784,418	2,840,740
2029	7,454,260	2,467,171	3,519,260	-	10,973,520	2,467,171
2030	7,291,930	2,112,861	2,992,478	-	10,284,408	2,112,861
2031	6,837,360	1,772,227	3,009,194	-	9,846,554	1,772,227
2032	6,220,000	1,476,680	1,897,881	-	8,117,881	1,476,680
2033	6,160,000	1,231,479	1,939,129	-	8,099,129	1,231,479
2034	5,080,000	1,018,597	482,134	-	5,562,134	1,018,597
2035	5,000,000	838,767	492,612	-	5,492,612	838,767
2036	4,870,000	661,840	128,698	-	4,998,698	661,840
2037	4,775,000	499,903	-	-	4,775,000	499,903
2038	4,345,000	349,222	-	-	4,345,000	349,222
2039	3,685,000	216,013	-	-	3,685,000	216,013
2040	2,570,000	114,388	-	-	2,570,000	114,388
2041	1,610,000	50,609	-	-	1,610,000	50,609
2042	490,000	18,300	-	-	490,000	18,300
2043	205,000	5,125	-	-	205,000	5,125
Total	<u>\$ 110,314,597</u>	<u>\$ 31,370,193</u>	<u>\$ 34,856,403</u>	<u>\$ -</u>	<u>\$ 145,171,000</u>	<u>\$ 31,370,193</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, 2023, the City had the following authorized and unissued debt:

Purpose	Amount
Dennison Renovation & Remediation	\$ 19,463,015
Worcester Road Pump Station	13,979,833
Fuller Middle School	7,961,627
Freeman Rail Trail	6,000,000
Property Purchase	6,000,000
Farley Roof Replacement	5,546,100
Warren Rd. & Prindiville Water Main	2,989,476
Memorial Building Exterior Envelope Repairs for Masonry	2,094,680
Flanagan Drive Pump Station	2,050,000
Various Roadway Improvements, Sidewalks, ADA Compliance FY23	2,000,000
188 Concord Street Acquisition	2,000,000
Cedar Street Area Water Improvements	1,765,500
Winch Tennis and Basketball Court Replacement	1,558,399
Exterior Envelope	1,294,200
Exterior Envelope Walsh Middle School Phase 2	1,161,705
Garvey Road Sewer Pump Station Replacement - Construction	1,100,000
Various Other Projects	<u>28,887,020</u>
Total	<u>\$ 105,851,555</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 10 FUND BALANCE**

The constraints on fund balances in the Governmental Funds Balance Sheet are detailed as follows:

	General	School Capital	American Rescue Plan Act	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>					
Permanent Fund Principal	\$ -	\$ -	\$ -	\$ 523,192	\$ 523,192
<b>Restricted:</b>					
City Federal Grants	-	-	183,098	515,329	698,427
City State Grants	-	-	-	1,149,889	1,149,889
School State Grants	-	-	-	2,046,409	2,046,409
School Federal Grants	-	-	-	1,013,440	1,013,440
School Special Revenue	-	-	-	5,656,135	5,656,135
Other Special Revenue	-	-	-	7,558,449	7,558,449
Community Preservation	-	-	-	3,904,534	3,904,534
Other Capital Projects	-	-	-	129,556	129,556
Highway Improvement Fund	-	-	-	6,093	6,093
Cemetery Trust	-	-	-	1,634,893	1,634,893
Expendable Trust Funds	-	-	-	1,523,505	1,523,505
Other Permanent Funds	-	-	-	189,647	189,647
Subtotal - Restricted	-	-	183,098	25,327,879	25,510,977
<b>Committed:</b>					
Subsequent Year's Expenditures	2,790,000	-	-	-	2,790,000
Continuing Appropriations	1,934,639	-	-	-	1,934,639
Subtotal - Committed	4,724,639	-	-	-	4,724,639
<b>Assigned:</b>					
Encumbrances	2,256,138	-	-	-	2,256,138
Sub-Total -Assigned	2,256,138	-	-	-	2,256,138
<b>Unassigned</b>					
	46,455,068	(3,567,260)	-	(12,627,029)	30,260,779
<b>Total</b>	<b>\$ 53,435,845</b>	<b>\$ (3,567,260)</b>	<b>\$ 183,098</b>	<b>\$ 13,224,042</b>	<b>\$ 63,275,725</b>

**NOTE 11 STABILIZATION FUNDS**

The City maintains general, open space, capital and special education reserve stabilization funds that were established under MGL Chapter 40, Section 5B. Appropriations in and out of the stabilization funds require two-thirds vote of City Meeting. Investment income is retained by the funds.

The balance of the general, open space, capital and special education reserve stabilization funds at June 30, 2023 total \$18,771,884, \$184,706, \$3,518,241 and \$1,320,407, respectively, and are reported as unassigned fund balance in the general fund.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 12 RISK FINANCING**

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

**Health Insurance** – On July 1, 2014, the City joined the Commonwealth of Massachusetts' Group Insurance Commission (GIC) plan which is a premium based health insurance plan. Since then the City's share of the health insurance premium has been paid directly from the governmental and enterprise funds. Prior to joining the GIC plan the City was self-insured and maintained an internal service fund to receive employer and employee premiums and pay for the related expenses. The City has maintained the net position in the internal service fund to first pay for any claims covered under the self-insured plan submitted after June 30, 2014, and to keep in reserve the remaining net position in the event the City elected to leave the GIC plan and reestablish the self-insured plan. The City does not expect to receive any additional significant claims and at the end of the current fiscal year \$319,168 of net position is reserved for health insurance.

The City accounts for employee life insurance in the internal service fund in which the employee pays 100% of the premium. There is no net position reserved for life insurance.

**NOTE 13 PENSION PLAN**

**Plan Description** – The City is a member of the Framingham Contributory Retirement System (FCRS), a cost-sharing multiemployer defined benefit pension plan covering eligible employees of the three-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.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 13 PENSION PLAN (CONTINUED)**

**Benefits Provided** – The System 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, 2022.

**Plan Membership** – At January 1, 2022, the latest actuarial valuation, the System’s membership consists of the following:

Active Members	1,271
Retirees and Beneficiaries Entitled to But Not Yet Receiving Benefits	540
Retirees and Beneficiaries Currently Receiving Benefits	901
Total	2,712

**Contributions** - Chapter 32 of MGL governs the contributions of plan members and the City. Plan members are required to contribute to the System at rates ranging from 5% to 9% of annual covered compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$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 FCRS 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, 2022, was an actuarially determined amount of \$21,212,755. 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 City’s proportionate share of the required contribution was \$19,942,110, which equaled its actual contribution.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 13 PENSION PLAN (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – The components of the net pension liability of the System at December 31, 2022, were as follows:

Total Pension Liability	\$ 533,768,000
Plan Fiduciary Net Position	<u>(410,773,583)</u>
Net Pension Liability	<u>\$ 122,994,417</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.96 %
---	---------

At June 30, 2023, the City reported a liability of \$115,627,046 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022, that was rolled forward to the December 31, 2022, measurement date. The City's proportion of the net pension liability is the proportionate share of employer contributions to the System as of December 31, 2022, actuarially determined. At December 31, 2022, the City's proportion was 94.01%, compared to a proportion of 94.05% as of December 31, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$16,956,584. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ 26,858,655	\$ -
Changes in Assumptions	7,156,041	-
Differences Between Expected and Actual Experience	<u>867,712</u>	<u>1,525,782</u>
Total	<u>\$ 34,882,408</u>	<u>\$ 1,525,782</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 2,567,413
2025	6,557,198
2026	8,303,903
2027	<u>15,928,112</u>
Total	<u>\$ 33,356,626</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 13 PENSION PLAN (CONTINUED)**

Actuarial Assumptions

The total pension liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, that was rolled forward to the December 31, 2022, measurement date:

Valuation Date:	January 1, 2022
Actuarial Cost Method:	Entry Age Normal Cost
Amortization Method UAAL:	Total payments increase 5.50% per year until FY29, with a final amortization payment in FY30.
Remaining Amortization Period:	7 years from July 1, 2023
Asset Valuation Method:	Market Value for GASB 67/68. For funding purposes, gains and losses each year are recognized over five years.
Investment Rate of Return:	7.00%
Discount Rate:	7.00%
Salary Increases:	Select and Ultimate by Job Group; Ultimate Rates 4.25% for Group 1 and 4.75% for Group 4.
Cost of Living Adjustment:	3% of the First \$16,000 in Benefits
Mortality Rates:	Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020 (gender distinct). Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020 (gender distinct). For disabled retirees, the rates reflect the RP-2014 Collar Healthy Annuitant table set forward one year projected generationally with Scale MP-2020 (gender distinct).

Investment Policies and Rates of Return

The pension plan's policy in regard to the allocation of invested assets is established by PRIT. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 13 PENSION PLAN (CONTINUED)**

Investment Policies and Rates of Return (Continued)

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.00 %	4.74 %
Fixed Income	23.00	7.30
Private Equity	16.00	7.60
Real Estate	10.00	3.10
Portfolio Completion Strategies	10.00	3.90
Timber/Natural Resources	4.00	4.40
Total	100.00 %	

Rate of Return

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -11.05%. 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 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 13 PENSION PLAN (CONTINUED)**

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

The following presents the net pension liability of the System calculated using the discount rate of 7.00%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
System's Net Pension Liability	\$ 181,000,000	\$ 122,994,417	\$ 73,850,000

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate Share of the Net Pension Liability	\$ 170,158,092	\$ 115,627,046	\$ 69,426,382

**NOTE 14 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM**

**Plan Description** – Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiemployer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth's reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth's audited financial statements that can be found at:

<https://mtrs.state.ma.us/service/financial-reports/>

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

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 14 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)**

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

**Contributions** – The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5% to 11% of regular compensation. Members hired in 1979 or subsequent contribute an additional 2.0% of regular compensation in excess of \$30,000.

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

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – Since the City does not contribute directly to MTRS, the City does not report a proportionate share of the net pension liability of the MTRS at June 30, 2023. The Commonwealth's net pension liability associated with the City was \$280,662,432.

The MTRS' net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 rolled forward to June 30, 2022.

For the year ended June 30, 2023, the City recognized pension expense of \$23,087,223 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 14 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)**

Actuarial Assumptions

The MTRS' total pension liability for the June 30, 2022, measurement date was determined by an actuarial valuation as of January 1, 2022, rolled forward to June 30, 2022. This valuation used the following assumptions:

Investment Rate of Return:	7.00%
Salary Increases:	Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service.
Mortality Rates:	Pre-retirement reflects Pub-2010 Teachers Employees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct). Post-retirement reflects Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally Scale MP-2020 (gender distinct). Disability is assumed to be in accordance with the Pub-2010 Teachers Retirees mortality table (headcount weighted) projected generationally with Scale MP-2020 (gender distinct)
Other:	3.5% interest rate credited to the annuity savings fund; 3.0% cost of living increase on the first \$13,000 per year.

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage.

Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	38.00 %	4.20 %
Core Fixed Income	15.00	0.50
Private Equity	15.00	7.30
Portfolio Completion Strategies	10.00	2.70
Real Estate	10.00	3.30
Value Added Fixed Income	8.00	3.70
Timber/Natural Resources	4.00	3.90
Totals	100.00 %	

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 14 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)**

Discount Rate

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

Pension Plan Fiduciary Net Position

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

**NOTE 15 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

Plan Description

The City of Framingham 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.

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 between 77.5% and 84% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining portion of their premium costs.

The Commonwealth of Massachusetts passed special legislation that has allowed the City to establish a postemployment benefit trust fund and to enable the City to raise taxes necessary to begin pre-funding its OPEB liabilities. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2023, the balance of this fund totaled \$9,194,797.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 15 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by benefit terms:

Active Members	1,617
Inactive Members Currently Receiving Benefits	1,412
Total	3,029

Components of the Net OPEB Liability

The following table represents the components of the Plan's Net OPEB liability as of the measurement date of June 30, 2023:

Total OPEB Liability	\$ 273,097,445
Plan Fiduciary Net Position	(9,194,797)
Net OPEB Liability	\$ 263,902,648

Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	3.4 %
---	-------

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2022, 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, 2023, to be in accordance with GASB Statement No. 75:

Valuation Date:	July 1, 2022
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	Market Value
Discount Rate/Investment Rate of Return:	4.13%
Healthcare Trend Rate:	7% Decreasing to an Ultimate Rate of 4.5%
Inflation Rate:	3% per Annum
Salary Increases:	3% per Annum
Mortality Rates:	PUB-2010 Mortality Table with MP-2021 Projection

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 15 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

Investment Policy

The City's policy in regard to the allocation of invested assets is established and may be amended by City Council by a majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The City's OPEB investments were invested using the City's investment policy. The City maintains their OPEB trust funds in a portfolio that is invested to achieve a specific real rate of return. For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 11.44%. The money-weighted rate of return expresses investment performance, net of investment expense. The projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized below:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	6.50 %
Fixed Income	1.50 %
Private Equity	6.00 %
Real Estate	5.50 %
Cash	0.00 %

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore the 4.13% municipal bond rate, based on the S&P Municipal Bond 20-Year High Grade Bond index rate as of June 30, 2023, was applied to all periods to determine the total OPEB liability.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 15 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Changes in the Net OPEB Liability**

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance - Beginning of Year	\$ 333,952,453	\$ 8,253,384	\$ 325,699,069
Changes for the Year:			
Service Cost	13,456,282	-	13,456,282
Interest	13,330,281	-	13,330,281
Differences between Expected Actual Experience	(34,458,566)	-	(34,458,566)
Changes of Assumptions	(24,159,660)	-	(24,159,660)
Benefit Payments	(16,057,413)	(16,057,413)	-
Employer Contributions	-	16,057,413	(16,057,413)
Net Investment Income	-	941,413	(941,413)
Changes in Benefit Terms	(12,965,932)	-	(12,965,932)
Net Changes	<u>(60,855,008)</u>	<u>941,413</u>	<u>(61,796,421)</u>
Balance - End of Year	<u>\$ 273,097,445</u>	<u>\$ 9,194,797</u>	<u>\$ 263,902,648</u>

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (3.13)	Current Discount Rate (4.13%)	1% Increase (5.13)
Net OPEB Liability	<u>\$ 305,981,679</u>	<u>\$ 263,902,648</u>	<u>\$ 229,938,613</u>

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

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

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	<u>\$ 226,776,331</u>	<u>\$ 263,902,648</u>	<u>\$ 311,206,078</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 15 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the City recognized OPEB revenue of \$8,824,096. At June 30, 2023, the City reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 18,124,438	\$ 65,474,424
Changes of Assumptions	75,834,387	121,994,526
Net Difference Between Projected and Actual Earnings on OPEB Trust Investments	-	691,598
Total	<u>\$ 93,958,825</u>	<u>\$ 188,160,548</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2024	\$ (22,190,150)
2025	(22,191,259)
2026	(21,862,145)
2027	(22,011,680)
2028	(15,280,988)
Thereafter	9,334,499
Total	<u>\$ (94,201,723)</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 16 COMBINING FIDUCIARY FUND FINANCIAL STATEMENTS**

The City's Pension Trust Fund and OPEB Trust Fund statements of fiduciary net position are as follows:

	<u>Pension Trust Fund (as of December 31, 2022)</u>	<u>OPEB Trust Fund (as of June 30, 2023)</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,027,647	\$ 223,896	\$ 2,251,543
Investments:			
Equity Mutual Funds		2,522,293	2,522,293
Fixed Income Mutual Funds	-	1,078,271	1,078,271
Equity Securities	-	4,139,955	4,139,955
Fixed Income Securities	-	1,230,382	1,230,382
External Investment Pool (PRIT)	408,540,317	-	408,540,317
Other Assets	<u>225,935</u>	<u>-</u>	<u>225,935</u>
Total Assets	<u>410,793,899</u>	<u>9,194,797</u>	<u>419,988,696</u>
<b>LIABILITIES</b>			
Warrants Payable	<u>20,316</u>	<u>-</u>	<u>20,316</u>
Total Liabilities	<u>20,316</u>	<u>-</u>	<u>20,316</u>
<b>NET POSITION</b>			
Restricted for Pensions and OPEB	<u>\$ 410,773,583</u>	<u>\$ 9,194,797</u>	<u>\$ 419,968,380</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 16 COMBINING FIDUCIARY FUND FINANCIAL STATEMENTS (CONTINUED)**

The City's Pension Trust Fund and OPEB Trust Fund statements of changes in fiduciary net position are as follows:

	Pension Trust Fund (Year Ended December 31, 2022)	OPEB Trust Fund (Year Ended June 30, 2023)	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 21,212,755	\$ 16,057,413	\$ 37,270,168
Plan Members	8,178,691	-	8,178,691
Transfers from Other Systems	3,036,810	-	3,036,810
Total Contributions	<u>32,428,256</u>	<u>16,057,413</u>	<u>48,485,669</u>
Net Investment Income/(Loss):			
Net Appreciation in Fair Value of Investments	(59,723,034)	-	(59,723,034)
Interest and Dividends	<u>10,791,759</u>	<u>941,413</u>	<u>11,733,172</u>
Total Investment Income/(Loss)	(48,931,275)	941,413	(47,989,862)
Less: Investment Expense	<u>(2,103,808)</u>	<u>-</u>	<u>(2,103,808)</u>
Net Investment Income/(Loss)	(51,035,083)	941,413	(50,093,670)
Intergovernmental	183,715	-	183,715
Other Additions	<u>2,274</u>	<u>-</u>	<u>2,274</u>
Total Additions	(18,420,838)	16,998,826	(1,422,012)
<b>DEDUCTIONS</b>			
Administration	400,207	-	400,207
Retirement Benefits and Refunds	30,377,393	-	30,377,393
Other Postemployment Benefits	-	16,057,413	16,057,413
Transfers to Other Systems	<u>3,348,021</u>	<u>-</u>	<u>3,348,021</u>
Total Deductions	<u>34,125,621</u>	<u>16,057,413</u>	<u>50,183,034</u>
<b>CHANGE IN NET POSITION</b>	(52,546,459)	941,413	(51,605,046)
Net Position - Beginning of Year	<u>463,320,042</u>	<u>8,253,384</u>	<u>471,573,426</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 410,773,583</u>	<u>\$ 9,194,797</u>	<u>\$ 419,968,380</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023**

**NOTE 17 COMMITMENTS**

The City is entering into, or is planning to enter into, various capital projects totaling approximately \$106,000,000.

**NOTE 18 CONTINGENCIES**

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, 2023, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2023, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2023.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-GAAP BUDGETARY BASIS — BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2023**

	Prior Year Encumbrances and Continuing Appropriations	Current Year Initial Budget	Original Budget	Final Budget
<b>REVENUES</b>				
Real Estate and Personal Property Taxes	\$ -	\$ 206,308,872	\$ 206,308,872	\$ 206,308,872
Motor Vehicle and Other Excise Taxes	-	9,640,000	9,640,000	9,640,000
Hotel/Motel Tax	-	850,000	850,000	850,000
Tax Liens	-	-	-	-
Payments in Lieu of Taxes	-	604,302	604,302	604,302
Meals Tax	-	1,500,000	1,500,000	1,500,000
Fees and Rentals	-	1,895,000	1,895,000	1,895,000
Intergovernmental	-	84,602,373	84,602,373	84,602,373
Penalties and Interest on Taxes	-	1,000,000	1,000,000	1,000,000
Licenses and Permits	-	4,000,000	4,000,000	4,000,000
Fines and Forfeitures	-	330,000	330,000	330,000
Departmental and Other	-	950,000	950,000	950,000
Investment Income	-	199,157	199,157	199,157
Miscellaneous	-	1,132,502	1,132,502	1,132,502
Total Revenues	-	313,012,206	313,012,206	313,012,206
<b>EXPENDITURES</b>				
Current:				
General Government	36,023	4,737,685	4,773,708	4,841,899
City Council	18,629	304,014	322,643	341,272
Finance Division	257	2,489,591	2,489,848	2,580,900
Technology Services Division	-	2,204,629	2,204,629	2,214,826
Human Resources Division	13,879	599,145	613,024	580,729
Planning and Economic Development	1,786	872,025	873,811	879,687
Police Division	10,279	17,353,690	17,363,969	17,395,698
Fire Division	9,561	16,110,316	16,119,877	16,142,642
Public Works Division	147,420	13,004,465	13,151,885	13,492,061
Snow and Ice Appropriation	-	1,654,688	1,654,688	1,654,688
Parks/Recreation/Cultural Affairs	22,795	6,001,837	6,024,632	6,122,223
Inspectional Services Division	76	1,250,922	1,250,998	1,264,455
Framingham Public Schools	760	153,748,982	153,749,742	153,795,502
Keefe Technical Assessment	-	10,333,928	10,333,928	10,333,928
Framingham Public Library	5,628	3,336,610	3,342,238	3,354,350
City Clerk/Elections	-	334,517	334,517	334,517
City Clerk/Stipend	-	423,200	423,200	430,085
Reserve Fund	-	400,000	400,000	58,000
Miscellaneous Unclassified	7,189,917	42,071,540	42,790,457	43,386,347
Retirement Appropriation	-	19,942,110	19,942,110	19,942,110
Debt Service	-	14,358,396	14,358,396	14,358,396
Nonappropriated Items	-	9,862,225	9,862,225	11,391,584
Articles	2,751,443	574,040	3,325,483	3,323,483
Total Expenditures	3,737,453	321,968,555	325,706,008	328,219,382
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	(3,737,453)	(8,956,349)	(12,693,802)	(15,207,176)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	5,769,161	5,769,161	5,769,161
Transfers Out	-	(509,000)	(509,000)	(509,000)
Total Other Financing Sources (Uses)	-	5,260,161	5,260,161	5,260,161
<b>NET CHANGE IN FUND BALANCE</b>				
	(3,737,453)	(3,696,188)	(7,433,641)	(9,947,015)
Fund Balance - Beginning of Year	23,647,360	23,647,360	23,647,360	23,647,360
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 19,909,907</u>	<u>\$ 19,951,172</u>	<u>\$ 16,213,719</u>	<u>\$ 13,700,345</u>

See accompanying Note to Required Supplementary Information.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-GAAP BUDGETARY BASIS — BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED JUNE 30, 2023**

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive (Negative)
<b>REVENUES</b>				
Real Estate and Personal Property Taxes	\$ 207,239,502	\$ -	\$ 207,239,502	\$ 930,630
Motor Vehicle and Other Excise Taxes	9,614,116	-	9,614,116	(25,884)
Hotel/Motel Tax	1,063,660	-	1,063,660	213,660
Tax Liens	978,764	-	978,764	978,764
Payments in Lieu of Taxes	410,339	-	410,339	(193,963)
Meals Tax	1,743,514	-	1,743,514	243,514
Fees and Rentals	1,803,770	-	1,803,770	(91,230)
Intergovernmental	83,524,072	-	83,524,072	(1,078,301)
Penalties and Interest on Taxes	977,518	-	977,518	(22,482)
Licenses and Permits	5,106,599	-	5,106,599	1,106,599
Fines and Forfeitures	478,741	-	478,741	148,741
Departmental and Other	1,002,729	-	1,002,729	52,729
Investment Income	798,956	-	798,956	599,799
Miscellaneous	1,797,808	-	1,797,808	665,306
Total Revenues	<u>316,540,088</u>	<u>-</u>	<u>316,540,088</u>	<u>3,527,882</u>
<b>EXPENDITURES</b>				
Current:				
General Government	4,084,881	191,697	4,276,578	565,321
City Council	278,579	7,777	286,356	54,916
Finance Division	2,293,735	152,569	2,446,304	134,596
Technology Services Division	2,194,060	5,792	2,199,852	14,974
Human Resources Division	440,013	65,873	505,886	74,843
Planning and Economic Development	591,438	42,888	634,326	245,361
Police Division	16,770,491	42,354	16,812,845	582,853
Fire Division	15,805,516	20,780	15,826,296	316,346
Public Works Division	12,017,712	483,195	12,500,907	991,154
Snow and Ice Appropriation	1,320,865	-	1,320,865	333,823
Parks/Recreation/Cultural Affairs	5,279,546	25,678	5,305,224	816,999
Inspectional Services Division	1,234,693	116	1,234,809	29,646
Framingham Public Schools	153,195,882	565,310	153,761,192	34,310
Keefe Technical Assessment	10,333,928	-	10,333,928	-
Framingham Public Library	3,239,761	19,463	3,259,224	95,126
City Clerk/Elections	312,685	783	313,468	21,049
City Clerk/Stipend	406,676	-	406,676	23,409
Reserve Fund	-	-	-	58,000
Miscellaneous Unclassified	42,341,864	605,586	42,947,450	438,897
Retirement Appropriation	19,942,110	-	19,942,110	-
Debt Service	14,332,119	26,277	14,358,396	-
Nonappropriated Items	8,578,452	-	8,578,452	2,813,132
Articles	950,425	1,934,639	2,885,064	438,419
Total Expenditures	<u>315,945,431</u>	<u>4,190,777</u>	<u>320,136,208</u>	<u>8,083,174</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>				
	594,657	(4,190,777)	(3,596,120)	11,611,056
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	5,769,161	-	5,769,161	-
Transfers Out	(509,000)	-	(509,000)	-
Total Other Financing Sources (Uses)	<u>5,260,161</u>	<u>-</u>	<u>5,260,161</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>				
	5,854,818	(4,190,777)	1,664,041	11,611,056
Fund Balance - Beginning of Year	<u>23,647,360</u>	<u>-</u>	<u>23,647,360</u>	<u>-</u>
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 29,502,178</u>	<u>\$ (4,190,777)</u>	<u>\$ 25,311,401</u>	<u>\$ 11,611,056</u>

See accompanying Note to Required Supplementary Information.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2023**

**OTHER POST-EMPLOYMENT BENEFITS SCHEDULE**

**SCHEDULE OF CHANGES IN THE CITY'S NET OPEB LIABILITY AND  
RELATED RATIOS (PLAN) (1)**

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:							
Service Cost	\$ 13,456,282	\$ 20,697,804	\$ 18,002,690	\$ 17,053,088	\$ 16,611,848	\$ 12,759,696	\$ 11,789,210
Interest	13,330,281	9,585,634	10,641,829	10,812,538	12,845,070	9,480,391	12,026,552
Differences Between Expected and Actual Experience	(34,458,566)	(1,175,325)	(3,835,078)	(2,634,351)	(71,678,729)	77,235,384	-
Changes of Assumptions	(24,159,660)	(135,815,302)	32,251,396	8,828,091	12,189,449	31,502,378	-
Changes in Benefit Terms	(12,965,932)	-	-	-	-	-	-
Benefit Payments	(16,057,413)	(15,714,735)	(15,466,083)	(13,651,855)	(13,276,318)	(12,590,312)	(10,372,642)
Net Change in Total OPEB Liability	(60,855,008)	(122,421,924)	41,594,754	20,407,511	(43,308,680)	118,387,537	13,443,120
Total OPEB Liability - Beginning of Year	333,952,453	456,374,377	414,779,623	394,372,112	437,680,792	319,293,255	305,850,135
Total OPEB Liability - End of Year (a)	<u>\$ 273,097,445</u>	<u>\$ 333,952,453</u>	<u>\$ 456,374,377</u>	<u>\$ 414,779,623</u>	<u>\$ 394,372,112</u>	<u>\$ 437,680,792</u>	<u>\$ 319,293,255</u>
Plan Fiduciary Net Position:							
Contributions - Employer	\$ 16,057,413	\$ 15,714,735	\$ 15,466,083	\$ 13,651,855	\$ 13,276,318	\$ 12,590,312	\$ 10,372,642
Contributions - Member	-	-	-	-	250,000	500,600	751,710
Net Investment Income	941,413	(555,633)	1,831,188	183,989	402,053	317,806	341,405
Benefit Payments	(16,057,413)	(15,714,735)	(15,466,083)	(13,651,855)	(13,276,318)	(12,590,312)	(10,372,642)
Net Change in Plan Fiduciary Net Position	941,413	(555,633)	1,831,188	183,989	652,053	818,406	1,093,115
Plan Fiduciary Net Position - Beginning of Year	8,253,384	8,809,017	6,977,829	6,793,840	6,141,787	5,323,381	4,230,266
Plan Fiduciary Net Position - End of Year (b)	<u>9,194,797</u>	<u>8,253,384</u>	<u>8,809,017</u>	<u>6,977,829</u>	<u>6,793,840</u>	<u>6,141,787</u>	<u>5,323,381</u>
Net OPEB Liability - End of Year (a) - (b)	<u>\$ 263,902,648</u>	<u>\$ 325,699,069</u>	<u>\$ 447,565,360</u>	<u>\$ 407,801,794</u>	<u>\$ 387,578,272</u>	<u>\$ 431,539,005</u>	<u>\$ 313,969,874</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	3.37 %	2.47 %	1.93 %	1.68 %	1.72 %	1.40 %	1.67 %
Covered Payroll	<u>\$ 174,836,832</u>	<u>\$ 162,468,228</u>	<u>\$ 155,995,058</u>	<u>\$ 152,441,729</u>	<u>\$ 146,418,000</u>	<u>\$ 113,300,000</u>	<u>\$ 110,000,000</u>
Net OPEB Liability as a Percentage of Covered Payroll	150.94 %	200.47 %	286.91 %	267.51 %	264.71 %	380.88 %	285.43 %

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

See accompanying Note to Required Supplementary Information.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2023**

**OTHER POST-EMPLOYMENT BENEFITS SCHEDULE**

**SCHEDULE OF CITY CONTRIBUTIONS — OTHER POST EMPLOYMENT BENEFITS PLAN (1)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially Required Contribution	\$ 38,225,316	\$ 49,095,272	\$ 45,013,382	\$ 43,049,169
Contributions in Relation to the Actuarially Required Contribution	<u>(16,057,413)</u>	<u>(15,714,735)</u>	<u>(15,466,083)</u>	<u>(13,651,855)</u>
Contribution Deficiency	<u>\$ 22,167,903</u>	<u>\$ 33,380,537</u>	<u>\$ 29,547,299</u>	<u>\$ 29,397,314</u>
City's Covered Payroll	<u>\$ 174,836,832</u>	<u>\$ 162,468,228</u>	<u>\$ 155,995,058</u>	<u>\$ 152,441,729</u>
Contributions as a Percentage of Covered Payroll	9.18 %	9.67 %	9.91 %	8.96 %

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Required Contribution	\$ 45,564,423	\$ 22,240,087	\$ 23,815,762
Contributions in Relation to the Actuarially Required Contribution	<u>(13,526,318)</u>	<u>(13,090,912)</u>	<u>(11,124,352)</u>
Contribution Deficiency	<u>\$ 32,038,105</u>	<u>\$ 9,149,175</u>	<u>\$ 12,691,410</u>
City's Covered Payroll	<u>\$ 146,418,000</u>	<u>\$ 113,300,000</u>	<u>\$ 110,000,000</u>
Contributions as a Percentage of Covered Payroll	9.24 %	11.55 %	10.11 %

**SCHEDULE OF INVESTMENT RETURNS- OTHER POST EMPLOYMENT BENEFITS PLAN (1)**

<u>Year Ending June 30,</u>	<u>Annual Money- Weighted Rate of Return, Net of Investment Expense</u>
2023	11.44%
2022	-6.32%
2021	26.29%
2020	2.71%
2019	6.30%
2018	5.70%
2017	3.00%

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

See accompanying Note to Required Supplementary Information.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2023**

**PENSION PLAN SCHEDULES**

**SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS  
(SYSTEM) (1)**

	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018
<b>Total Pension Liability:</b>					
Service Cost	\$ 12,473,000	\$ 11,595,000	\$ 11,096,000	\$ 10,607,000	\$ 10,150,000
Interest	35,899,000	34,732,000	33,532,000	32,065,000	30,897,000
Changes in Benefit Terms	-	9,300,000	-	-	-
Change in Assumptions	-	9,400,000	-	6,700,000	-
Difference Between Expected and Actual Experience	-	(2,637,000)	-	3,385,000	-
Benefit Payments, including Refunds of Member Contributions	(29,959,000)	(29,011,000)	(28,137,000)	(25,859,000)	(25,349,000)
Net Change in Total Pension Liability	<u>18,413,000</u>	<u>33,379,000</u>	<u>16,491,000</u>	<u>26,898,000</u>	<u>15,698,000</u>
<b>Total Pension Liability - Beginning of Year</b>	<u>515,355,000</u>	<u>481,976,000</u>	<u>465,485,000</u>	<u>438,587,000</u>	<u>422,889,000</u>
<b>Total Pension Liability - End of Year (a)</b>	<u>\$ 533,768,000</u>	<u>\$ 515,355,000</u>	<u>\$ 481,976,000</u>	<u>\$ 465,485,000</u>	<u>\$ 438,587,000</u>
<b>Plan Fiduciary Net Position:</b>					
Contributions - Employer	\$ 21,288,000	\$ 19,891,000	\$ 18,589,000	\$ 17,625,000	\$ 16,420,000
Contributions - Member	7,557,541	6,908,688	7,078,815	7,171,539	6,940,000
Net Investment Income	(51,035,000)	74,066,000	39,521,000	48,399,000	(7,079,000)
Benefit Payments, Including Refunds of Member Contributions and Net of Transfers to or from Other Systems	(29,959,000)	(29,011,000)	(28,137,000)	(25,779,000)	(25,771,000)
Administrative Expense	(398,000)	(360,000)	(360,000)	(355,000)	(382,000)
Net Change in Plan Fiduciary Net Position	<u>(52,546,459)</u>	<u>71,494,688</u>	<u>36,691,815</u>	<u>47,061,539</u>	<u>(9,872,000)</u>
<b>Plan Fiduciary Net Position - Beginning of Year</b>	<u>463,320,042</u>	<u>391,825,354</u>	<u>355,133,539</u>	<u>308,072,000</u>	<u>317,944,000</u>
<b>Plan Fiduciary Net Position - End of Year (b)</b>	<u>410,773,583</u>	<u>463,320,042</u>	<u>391,825,354</u>	<u>355,133,539</u>	<u>308,072,000</u>
<b>Net Pension Liability - End of Year (a) - (b)</b>	<u>\$ 122,994,417</u>	<u>\$ 52,034,958</u>	<u>\$ 90,150,646</u>	<u>\$ 110,351,461</u>	<u>\$ 130,515,000</u>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	76.96 %	89.90 %	81.30 %	76.29 %	70.24 %
<b>Covered Payroll</b>	<u>\$ 74,592,000</u>	<u>\$ 74,592,000</u>	<u>\$ 71,607,000</u>	<u>\$ 71,607,000</u>	<u>\$ 66,275,000</u>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	164.9 %	69.8 %	125.9 %	154.1 %	196.9 %

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

See accompanying Note to Required Supplementary Information.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2023**

**PENSION PLAN SCHEDULES**

**SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS  
(SYSTEM) (1) (CONTINUED)**

	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
Total Pension Liability:				
Service Cost	\$ 9,884,000	\$ 9,458,000	\$ 8,051,000	\$ 7,704,000
Interest	29,959,000	27,295,000	27,088,000	26,082,000
Changes in Benefit Terms	-	-	-	-
Change in Assumptions	9,520,000	17,370,000	-	-
Difference Between Expected and Actual Experience	(4,041,000)	4,294,000	-	-
Benefit Payments, including Refunds of Member Contributions	(24,002,000)	(22,645,000)	(21,633,000)	(20,678,000)
Net Change in Total Pension Liability	<u>21,320,000</u>	<u>35,772,000</u>	<u>13,506,000</u>	<u>13,108,000</u>
Total Pension Liability - Beginning of Year	<u>401,569,000</u>	<u>365,797,000</u>	<u>352,291,000</u>	<u>339,183,000</u>
Total Pension Liability - End of Year (a)	<u>\$ 422,889,000</u>	<u>\$ 401,569,000</u>	<u>\$ 365,797,000</u>	<u>\$ 352,291,000</u>
Plan Fiduciary Net Position:				
Contributions - Employer	\$ 15,525,000	\$ 13,756,000	\$ 13,103,000	\$ 12,470,000
Contributions - Member	6,618,000	6,492,000	6,086,000	5,653,000
Net Investment Income	46,481,000	18,969,000	1,423,000	18,194,000
Benefit Payments, Including Refunds of Member Contributions and Net of Transfers to or from Other Systems	(24,365,000)	(22,635,000)	(21,618,000)	(20,655,000)
Administrative Expense	(364,000)	(327,000)	(327,000)	(351,000)
Net Change in Plan Fiduciary Net Position	<u>43,895,000</u>	<u>16,255,000</u>	<u>(1,333,000)</u>	<u>15,311,000</u>
Plan Fiduciary Net Position - Beginning of Year	<u>274,049,000</u>	<u>257,794,000</u>	<u>259,127,000</u>	<u>243,816,000</u>
Plan Fiduciary Net Position - End of Year (b)	<u>317,944,000</u>	<u>274,049,000</u>	<u>257,794,000</u>	<u>259,127,000</u>
Net Pension Liability - End of Year (a) - (b)	<u>\$ 104,945,000</u>	<u>\$ 127,520,000</u>	<u>\$ 108,003,000</u>	<u>\$ 93,164,000</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.18 %	68.24 %	70.47 %	73.55 %
Covered Payroll	<u>\$ 66,275,000</u>	<u>\$ 64,070,000</u>	<u>\$ 55,766,000</u>	<u>\$ 55,766,000</u>
Net Pension Liability as a Percentage of Covered Payroll	158.3 %	199.0 %	193.7 %	167.1 %

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

See accompanying Note to Required Supplementary Information.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2023**

**PENSION PLAN SCHEDULES**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM) (1)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 21,212,755	\$ 19,834,273	\$ 18,545,370	\$ 17,578,549	\$ 16,371,000
Contributions in Relation to the Actuarially Determined Contribution	<u>(21,212,755)</u>	<u>(19,834,273)</u>	<u>(18,545,370)</u>	<u>(17,578,549)</u>	<u>(16,420,000)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,000)</u>
Covered Payroll	<u>\$ 74,592,000</u>	<u>\$ 74,592,000</u>	<u>\$ 71,607,000</u>	<u>\$ 71,607,000</u>	<u>\$ 66,275,000</u>
Contributions as a Percentage of Covered Payroll	28.44 %	26.59 %	25.90 %	24.55 %	24.70 %
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Actuarially Determined Contribution	\$ 15,525,000	\$ 13,686,000	\$ 13,035,000	\$ 12,414,000	
Contributions in Relation to the Actuarially Determined Contribution	<u>(15,525,000)</u>	<u>(13,686,000)</u>	<u>(13,035,000)</u>	<u>(12,414,000)</u>	
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Covered Payroll	<u>\$ 66,275,000</u>	<u>\$ 64,070,000</u>	<u>\$ 55,766,000</u>	<u>\$ 55,766,000</u>	
Contributions as a Percentage of Covered Payroll	23.43 %	21.36 %	23.37 %	22.26 %	

**SCHEDULE OF INVESTMENT RETURNS (SYSTEM) (1)**

<u>Year Ending June 30,</u>	<u>Annual Money- Weighted Rate of Return, Net of Investment Expense</u>
2022	-11.05%
2021	19.00%
2020	11.20%
2019	15.78%
2018	-2.26%
2017	17.66%
2016	7.45%
2015	0.06%
2014	7.69%

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

See accompanying Note to Required Supplementary Information.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2023**

**PENSION PLAN SCHEDULES**

**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (1) (2)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's Proportion of the Net Pension Liability	94.01 %	94.05 %	93.98 %	93.94 %
City's Proportionate Share of the Net Pension Liability	\$ 115,627,046	\$ 48,938,879	\$ 84,723,578	\$ 103,664,163
City's Covered Payroll	\$ 74,592,000	\$ 70,153,776	\$ 67,296,259	\$ 67,267,544
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	155.01 %	69.76 %	125.90 %	154.11 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.96 %	89.90 %	81.30 %	76.29 %
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's Proportion of the Net Pension Liability	94.15 %	94.30 %	94.56 %	95.19 %
City's Proportionate Share of the Net Pension Liability	\$ 122,880,000	\$ 98,963,000	\$ 120,583,000	\$ 102,808,000
City's Covered Payroll	\$ 62,397,913	\$ 62,497,325	\$ 60,584,138	\$ 55,714,767
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	196.93 %	158.35 %	199.03 %	184.53 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.24 %	75.18 %	68.24 %	70.47 %

**SCHEDULE OF CITY'S CONTRIBUTIONS (1) (2)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Actuarially Required Contribution	\$ 19,942,110	\$ 18,654,134	\$ 17,428,939	\$ 16,513,289
Contributions in Relation to the Actuarially Required Contribution	<u>(19,942,110)</u>	<u>(18,654,134)</u>	<u>(17,428,939)</u>	<u>(16,513,289)</u>
Contribution Deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	<u>\$ 74,592,000</u>	<u>\$ 70,153,776</u>	<u>\$ 67,296,259</u>	<u>\$ 67,267,544</u>
Contributions as a Percentage of Covered Payroll	26.73 %	26.59 %	25.90 %	24.55 %
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially Required Contribution	\$ 15,412,744	\$ 14,584,129	\$ 12,941,893	\$ 12,407,731
Contributions in Relation to the Actuarially Required Contribution	<u>(15,458,744)</u>	<u>(14,584,129)</u>	<u>(12,941,893)</u>	<u>(12,407,731)</u>
Contribution Deficiency	<u>\$ (46,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	<u>\$ 62,397,913</u>	<u>\$ 64,372,245</u>	<u>\$ 62,402,662</u>	<u>\$ 57,386,210</u>
Contributions as a Percentage of Covered Payroll	24.77 %	22.66 %	20.74 %	21.62 %

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

(2) The amounts presented were determined as of December 31 of the applicable fiscal year.

See accompanying Note to Required Supplementary Information.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2023**

**PENSION PLAN SCHEDULES**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (MTRS)  
(1)(2)**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Town's Share of Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's Share of the Town's Net Pension Liability	<u>280,662,432</u>	<u>251,683,946</u>	<u>310,494,304</u>	<u>273,039,022</u>	<u>255,481,136</u>
Total	<u>\$ 280,662,432</u>	<u>\$ 251,683,946</u>	<u>\$ 310,494,304</u>	<u>\$ 273,039,022</u>	<u>\$ 255,481,136</u>
Town's Expense and Revenue Recognized for the Commonwealth's Support	<u>\$ 23,087,223</u>	<u>\$ 20,196,589</u>	<u>\$ 38,350,495</u>	<u>\$ 33,110,720</u>	<u>\$ 25,889,314</u>
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	57.75 %	62.03 %	50.67 %	53.95 %	54.84 %
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Town's Share of Net Pension Liability	\$ -	\$ -	\$ -	\$ -	
Commonwealth's Share of the Town's Net Pension Liability	<u>245,297,947</u>	<u>237,979,362</u>	<u>214,722,934</u>	<u>164,027,046</u>	
Total	<u>\$ 245,297,947</u>	<u>\$ 237,979,362</u>	<u>\$ 214,722,934</u>	<u>\$ 164,027,046</u>	
Town's Expense and Revenue Recognized for the Commonwealth's Support	<u>\$ 25,602,461</u>	<u>\$ 24,275,455</u>	<u>\$ 17,415,941</u>	<u>\$ 11,395,746</u>	
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	54.25 %	52.73 %	55.38 %	61.64 %	

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

(2) The amounts presented were determined as of June 30 of the previous year.

See accompanying Note to Required Supplementary Information.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2023**

**BUDGETARY – GAAP RECONCILIATION**

For budgetary financial reporting purposes, the Uniform Massachusetts 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 fiscal year ended June 30, 2023, is presented below:

	Revenues	Expenditures	Other Financing Sources (Uses)	Fund Balance
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	\$ 316,540,088	\$ 320,136,208	\$ 5,260,161	\$ 25,311,401
Adjustments and Reclassifications:				
To Record MTRS On-Behalf Payments	23,087,223	23,087,223	-	-
Stabilization Fund Activities	924,672	-	-	23,795,239
To Record Accruals	103,342	24,071	-	138,428
To Record Encumbrances and Continuing Appropriations	-	(4,190,777)	-	4,190,777
GAAP Basis as Reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances	<u>\$ 340,655,325</u>	<u>\$ 339,056,725</u>	<u>\$ 5,260,161</u>	<u>\$ 53,435,845</u>



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See [CLAGlobal.com/disclaimer](http://CLAGlobal.com/disclaimer). Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.