

ROSELLI, CLARK & ASSOCIATES
Certified Public Accountants

CITY OF FALL RIVER, MASSACHUSETTS

Basic Financial Statements
and
Additional Information

Year Ended June 30, 2025



CITY OF FALL RIVER, MASSACHUSETTS

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Honorable Members of the City Council
City of Fall River, Massachusetts

Opinions

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

In our opinion, based on our audit and the report of the other auditors, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Fall River Redevelopment Authority, which represent 100% of the assets, net position and revenues of the discretely presented component as of December 31, 2024, and the respective changes in financial position thereof for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the Fall River Redevelopment Authority are based solely on the report of the other auditors.

Basis for Opinions

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers these to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 19, 2026 in our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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* and should be considered in assessing the results of our audit.



Roselli, Clark and Associates
Certified Public Accountants
Woburn, Massachusetts
February 19, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the management of the City of Fall River, Massachusetts (the "City"), we offer readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with their review of the basic financial statements, notes to the basic financial statements and required supplementary information.

Financial Highlights

- The City's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by approximately \$99.4 million (total net position). The City's total net position deficit improved by nearly \$66.3 million year-over-year. The City's governmental activities increased approximately \$40.1 million while its business-type activities increased approximately \$26.2 million.
- The City continues to report deficits in unrestricted net position in both its governmental activities and business-type activities. At June 30, 2025, deficits reported in the City's total unrestricted net position totaled nearly \$775.9 million. This deficit is primarily the result of the recording of approximately \$720.2 million in long-term liabilities associated with net OPEB liabilities and net pension liabilities.
- At June 30, 2025, the City's governmental funds balance sheet reported a combined ending fund balance of approximately \$101.6 million. This represents an increase of over \$8.5 million from the prior year.
- The general fund reported an approximate \$39.5 million unassigned fund balance at June 30, 2025, which is available for spending at the City's discretion, while its total fund balance approached \$51.5 million.
- The City's total general obligation bond and notes payable debt increased over \$41.4 million in fiscal year 2025 to approximately \$372.3 million. In fiscal year 2025, the City issued nearly \$62.3 million in long-term debt in its sewer and water enterprise funds and \$2.5 million in its governmental activities.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: (1) government-wide financial statements, (2) governmental fund financial statements and (3) notes to the financial statements. This report also contains other required supplementary information.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, sanitation, education, health and human services, culture and recreation, community development, fringe benefits and debt service. The business-type activities of the City include sewer, water and emergency medical services, or EMS (a nonmajor enterprise fund).

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

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

- Nonspendable – amounts that cannot be spent because they are either (a) not in spendable form (i.e., inventory or prepaid items) or (b) legally or contractually required to be maintained intact.
- Restricted – amounts constrained by external parties, constitutional provision, or enabling legislation.
- Committed – amounts constrained by a government using its highest level of decision-making authority.
- Assigned – amounts a government intends to use for a particular purpose.
- Unassigned – amounts that are not constrained will be reported in the general fund or in other major governmental funds, if negative.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions.

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

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

Proprietary Funds – Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for enterprise funds of the sewer, water and EMS activities.

Internal service funds are used to report activities that service all other City departments. The City uses an internal service fund to account for self-insured health insurance claims.

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

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

Government-Wide Financial Analysis

The condensed comparative statements of net position for the two most recent years are as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Assets:						
Current and other assets	\$ 199,893,187	\$ 199,327,275	\$ 42,820,637	\$ 36,054,657	\$ 242,713,824	\$ 235,381,932
Capital assets, net	<u>607,661,729</u>	<u>603,275,210</u>	<u>381,889,513</u>	<u>374,691,369</u>	<u>989,551,242</u>	<u>977,966,579</u>
Total Assets	<u>807,554,916</u>	<u>802,602,485</u>	<u>424,710,150</u>	<u>410,746,026</u>	<u>1,232,265,066</u>	<u>1,213,348,511</u>
Deferred Outflows of Resources	<u>22,727,029</u>	<u>40,958,295</u>	<u>1,119,897</u>	<u>1,833,588</u>	<u>23,846,926</u>	<u>42,791,883</u>
Liabilities:						
Long-term liabilities	847,620,315	875,710,955	246,280,844	200,057,515	1,093,901,159	1,075,768,470
Other liabilities	<u>88,932,327</u>	<u>99,852,939</u>	<u>30,625,702</u>	<u>89,169,381</u>	<u>119,558,029</u>	<u>189,022,320</u>
Total Liabilities	<u>936,552,642</u>	<u>975,563,894</u>	<u>276,906,546</u>	<u>289,226,896</u>	<u>1,213,459,188</u>	<u>1,264,790,790</u>
Deferred Inflows of Resources	<u>138,628,824</u>	<u>152,984,860</u>	<u>3,411,374</u>	<u>4,003,066</u>	<u>142,040,198</u>	<u>156,987,926</u>
Net Position:						
Net investment in capital assets	445,035,756	430,761,022	150,435,100	134,921,623	595,470,856	565,682,645
Restricted	81,029,413	76,853,611	-	-	81,029,413	76,853,611
Unrestricted	<u>(770,964,690)</u>	<u>(792,602,607)</u>	<u>(4,922,973)</u>	<u>(15,571,971)</u>	<u>(775,887,663)</u>	<u>(808,174,578)</u>
Total Net Position	<u>\$ (244,899,521)</u>	<u>\$ (284,987,974)</u>	<u>\$ 145,512,127</u>	<u>\$ 119,349,652</u>	<u>\$ (99,387,394)</u>	<u>\$ (165,638,322)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's total net position improved nearly \$66.3 million from the prior year.

The largest portion of the City's overall net position (approximately \$595.5 million) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional significant portion of the City's total net position (approximately \$81.0 million) represents resources that are subject to external restrictions on how they may be used.

The remaining category represents unrestricted net position, which currently has a deficit balance of approximately \$775.9 million. This deficit is primarily attributable to the City's recognition of net pension and net other postemployment benefits liabilities.

The condensed comparative statements of activities for the two most recent years are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024 (a)	2025	2024	2025	2024 (a)
Revenues:						
Program revenues:						
Charges for services	\$ 14,908,547	\$ 16,119,376	\$ 63,447,312	\$ 54,118,291	\$ 78,355,859	\$ 70,237,667
Operating grants and contributions	322,618,703	313,669,605	909,772	921,345	323,528,475	314,590,950
Capital grants and contributions	18,710,877	19,918,237	12,569,215	2,742,326	31,280,092	22,660,563
General revenues:						
Property taxes	142,955,700	133,687,389	-	-	142,955,700	133,687,389
Excise taxes	13,851,880	13,363,823	-	-	13,851,880	13,363,823
Intergovernmental	29,342,937	28,488,289	-	-	29,342,937	28,488,289
Other	10,318,492	9,040,148	99,915	126,742	10,418,407	9,166,890
Total Revenues	<u>552,707,136</u>	<u>534,286,867</u>	<u>77,026,214</u>	<u>57,908,704</u>	<u>629,733,350</u>	<u>592,195,571</u>
Expenses:						
General government	13,968,134	16,307,007	-	-	13,968,134	16,307,007
Public safety	78,500,474	79,017,355	-	-	78,500,474	79,017,355
Education	358,010,985	354,950,959	-	-	358,010,985	354,950,959
Public works	28,161,860	28,142,420	-	-	28,161,860	28,142,420
Health and human services	10,877,295	9,958,269	-	-	10,877,295	9,958,269
Culture and recreation	5,526,992	2,690,048	-	-	5,526,992	2,690,048
Community development	8,653,942	10,300,773	-	-	8,653,942	10,300,773
Interest expense	4,511,680	4,822,373	-	-	4,511,680	4,822,373
Utility and user services	-	-	55,271,060	46,972,282	55,271,060	46,972,282
Total Expenses	<u>508,211,362</u>	<u>506,189,204</u>	<u>55,271,060</u>	<u>46,972,282</u>	<u>563,482,422</u>	<u>553,161,486</u>
Change in Net Position Before Transfers	44,495,774	28,097,663	21,755,154	10,936,422	66,250,928	39,034,085
Transfers	<u>(4,407,321)</u>	<u>(8,789,833)</u>	<u>4,407,321</u>	<u>8,789,833</u>	<u>-</u>	<u>-</u>
Change in Net Position	<u>40,088,453</u>	<u>19,307,830</u>	<u>26,162,475</u>	<u>19,726,255</u>	<u>66,250,928</u>	<u>39,034,085</u>
Net Position:						
Beginning of year	<u>(284,987,974)</u>	<u>(304,295,804)</u>	<u>119,349,652</u>	<u>99,623,397</u>	<u>(165,638,322)</u>	<u>(204,672,407)</u>
End of year	<u>\$ (244,899,521)</u>	<u>\$ (284,987,974)</u>	<u>\$ 145,512,127</u>	<u>\$ 119,349,652</u>	<u>\$ (99,387,394)</u>	<u>\$ (165,638,322)</u>

(a) Certain reclassifications were made to prior year balances to conform to current year presentation.

Governmental Activities Revenues – Revenues in the City’s governmental activities increased approximately \$18.4 million, or 3.4%, year-over-year. This increase was due primarily to a nearly \$9.3 million increase in property taxes revenues and an approximate \$8.9 million increase in operating grants and contributions.

Operating grants and contributions continue to be the largest revenue source for the City. The largest sources of operating grants and contributions include state education reimbursements (commonly referred to as Chapter 70 funds) and on-behalf retirement benefit payments made by the Commonwealth to the MTRS for City teachers. As a percentage of total revenues, operating grants and contributions represented approximately 58% and 59%, respectively, of fiscal year 2025 and 2024 total revenues. Operating grants and contributions increased approximately \$8.9 million, or 2.9%, year-over-year.

Property tax revenues represented approximately 26% and 25%, respectively, of fiscal year 2025 and 2024 total revenues. Property tax revenues increased nearly \$9.3 million, or over 6.9%, year-over-year. This increase was due primarily to normal statutory property tax increases under Proposition 2 ½, new growth and the near complete use of previous excess levy capacity.

No other revenue source exceeded 10% of reported governmental activities’ revenues in either fiscal year 2025 or 2024.

Governmental Activities Expenses – Expenses in the City’s governmental activities increased over \$2.0 million year-over-year. As a percentage of total expenses, education represented approximately 70% of both fiscal year 2025 and 2024 expenses. Public safety expenses totaled approximately 15% and 16%, respectively, of fiscal year 2025 and 2024 expenses.

No other expense category exceeded 10% of reported governmental activities’ expenses in either fiscal year 2025 or 2024.

Business-Type Activities Revenues – Revenues in the City’s business-type activities increased approximately \$19.1 million year-over-year. This increase was due principally to an approximate \$9.8 million increase in capital grants and contributions and a \$9.3 million increase in charges for services. The increase in capital grants and contributions was due primarily to the debt forgiveness by the MCWT coupled with ARPA awards used to fund capital projects. The increase in charges for services was due primarily to utility rate increases coupled with higher consumption.

Business-Type Activities Expenses – Expenses in the City’s business-type activities increased nearly \$8.3 million year-over-year, which was primarily due to higher cash and noncash personnel related expenses and higher noncapitalizable repairs and maintenance expenses.

Government Funds Financial Analysis

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

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

At June 30, 2025, the City’s governmental funds balance sheet reported a combined ending fund balance of over \$101.6 million. This represents an increase of approximately \$8.5 million from the prior year. The City reported near break-even results in its general fund, an approximately \$1.6 million decrease in fund balance in its capital projects fund and an increase of nearly \$10.2 million in its nonmajor governmental funds.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was approximately \$39.5 million, while total general fund balance approached \$51.5 million. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance at year end represents approximately 9.0% of total fiscal year 2025 general fund expenditures, while total fund balance was 11.8% of that same amount. Both of these ratios were slightly lower than the prior year.

The City reports its capital projects fund as a major governmental fund. In fiscal year 2025, the fund balance in the capital projects fund decreased over \$1.6 million as the City did not issue any long-term debt or other financing instruments during the fiscal year.

In fiscal year 2021, the City began reporting the financial activities of the federal government under the coronavirus state and local fiscal recovery funds, which are a part of ARPA, as a major fund. Unspent proceeds have been deferred in these basic financial statements and reported as unearned revenues, which at June 30, 2025 totaled nearly \$25.8 million.

The City's aggregate nonmajor governmental funds include the City's special revenue funds and trust funds. The fund balances in the nonmajor funds increased approximately \$10.2 million in fiscal year 2025 to approximately \$47.5 million at June 30, 2025.

Proprietary Funds – The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Each proprietary fund reported positive changes in net position for the fiscal year ended June 30, 2025.

The internal service fund, which is used to account for the financial activity of the City's self-insured medical insurance programs, had a net position of approximately \$12.2 million at June 30, 2025.

Fiduciary Fund – The City's fiduciary fund is comprised of the City's pension trust, other postemployment benefits trust and private purpose trust funds. The City's pension and other postemployment benefits trusts are combined for financial reporting purposes. The pension trust has a December 31, 2024 year end, while the other postemployment benefits trust has a June 30, 2025 year end. The combined pension and other employee benefit trust funds increased over \$38.8 million year-over-year. This increase was due almost entirely to the approximate \$34.0 million in net investment income reported by the Fall River Contributory Retirement System.

The City's private purpose trust funds are not significant and were relatively unchanged year-over-year.

General Fund Budgetary Highlights

The City adopted a final fiscal year 2025 budget in its general fund with total funds available for current year expenditures of approximately \$420.0 million, which was approximately \$10.2 million, or 2.5%, greater than the fiscal year 2025 final general fund budget.

The final general fund budgeted expenditures and transfers out increased approximately \$9.3 million and \$7.6 million, respectively, from the original budget. These budget increases were funded with free cash and stabilization funds.

Actual fiscal year 2025 general fund revenues were approximately \$10.8 million over budget and actual expenditures (as adjusted for year-end encumbrances) were approximately \$4.7 million under budget. All reported expenditure categories were materially within budget in fiscal year 2025.

For a more detailed analysis, refer to the Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund.

Capital Asset and Debt Administration

Capital Assets – The City's investment in capital assets for its governmental and business-type activities as of June 30, 2025 totaled approximately \$989.6 million, net of accumulated depreciation. This investment in capital assets includes land, buildings and system improvements, machinery and equipment and reflects an increase of approximately \$11.6 million as current year additions outpaced depreciation expense.

Additional information on the City's capital assets can be found in the notes to the basic financial statements.

Long-Term Debt – At June 30, 2025, the City’s total general obligation bond and notes payable debt increased over \$41.4 million to approximately \$372.3 million. The City issued approximately \$64.8 million in new long-term bonds and notes and repaid approximately \$23.4 million in fiscal year 2024.

The City’s short-term borrowings, which at June 30, 2025 consist of BANs and interim loans from the MCWT, decreased over \$59.5 million to approximately \$19.9 million at June 30, 2025. The City continues to dedicate significant resources to capital projects. The City expects to finance these short-term borrowings with general obligation bonds or MCWT notes payable in future periods.

Moody’s Investors Services assigns the City an A3 credit rating on its general obligation bond obligations.

Additional information on the City’s long-term debt can be found in the notes to the basic financial statements.

Economic Factors and Next Year’s Budget

- Net state aid for fiscal year 2026 is expected to increase to nearly \$226.0 million.
- Unlike most Massachusetts municipalities, the City’s property tax levy is heavily weighted to commercial and industrial taxpayers. Approximately 28% of the property tax levy is assessed to commercial, industrial and personal property taxes.
- The City maintains rainy-day funds in the form of a general stabilization fund and two specialized stabilization funds, which at June 30, 2025 had balances of \$19,519,901 and \$6,010,526, respectively.
- The Massachusetts Department of Revenue certified free cash of nearly \$15.6 million as of July 1, 2025, which may be used at the discretion of the City Council.
- Medical costs have soared over the past several years. As the City is self-insured, it must continually evaluate its plan design and closely monitor its costs to appropriately manage City versus employee contributions to the plan.

The above items were considered when the City accepted its budget for fiscal year 2026 in a June 2025 City Council Meeting. The City set its fiscal year 2026 tax rate on November 19, 2025.

Requests for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of the City Auditor, One Government Center, Fall River, Massachusetts 02722.

CITY OF FALL RIVER, MASSACHUSETTS

**STATEMENT OF NET POSITION
JUNE 30, 2025**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Unit</u>
Assets:				
Cash and cash equivalents	\$ 109,538,675	\$ 18,708,044	\$ 128,246,719	\$ 15,617,099
Investments	50,122,452	-	50,122,452	-
Receivables, net of allowances:				
Property taxes	6,876,824	-	6,876,824	-
Excise taxes	2,284,987	-	2,284,987	-
Departmental, user charges and other	9,399,402	15,412,608	24,812,010	-
Leased properties	1,577,089	-	1,577,089	-
Intergovernmental	13,892,799	8,699,985	22,592,784	80,414
Prepaid items	121,459	-	121,459	22,282
Working capital deposit	6,079,500	-	6,079,500	-
Land	20,215,356	6,862,169	27,077,525	274,650
Construction in-progress	4,956,760	32,694,307	37,651,067	188,134
Depreciable capital assets, net	<u>582,489,613</u>	<u>342,333,037</u>	<u>924,822,650</u>	<u>3,766,600</u>
Total Assets	<u>807,554,916</u>	<u>424,710,150</u>	<u>1,232,265,066</u>	<u>19,949,179</u>
Deferred Outflows of Resources:				
Loss on refunding	465,550	12,385	477,935	
Related to OPEB	10,811,248	245,667	11,056,915	-
Related to pension	<u>11,450,231</u>	<u>861,845</u>	<u>12,312,076</u>	<u>113,448</u>
Total Deferred Outflows of Resources	<u>22,727,029</u>	<u>1,119,897</u>	<u>23,846,926</u>	<u>113,448</u>

(continued)

CITY OF FALL RIVER, MASSACHUSETTS

**STATEMENT OF NET POSITION
JUNE 30, 2025**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Component Unit</u>
Liabilities:				
Warrants and accounts payable	\$ 16,839,176	\$ 724,645	\$ 17,563,821	\$ 102,223
Accrued payroll and withholdings	8,277,058	67,194	8,344,252	-
Health claims incurred but not reported	3,082,000	-	3,082,000	-
Retainage payable	227,374	2,336,404	2,563,778	-
Accrued interest	2,030,605	2,099,771	4,130,376	-
Unearned revenues	27,177,736	4,917,300	32,095,036	20,000
Other liabilities	229,255	-	229,255	-
Short-term notes payable	15,180,460	4,747,861	19,928,321	-
Noncurrent liabilities:				
Due within one year	15,888,663	15,732,527	31,621,190	-
Due in more than one year	847,620,315	246,280,844	1,093,901,159	283,793
Total Liabilities	<u>936,552,642</u>	<u>276,906,546</u>	<u>1,213,459,188</u>	<u>406,016</u>
Deferred Inflows of Resources:				
Prepaid property taxes	208,881	-	208,881	-
Related to leased properties	1,577,089	-	1,577,089	-
Related to OPEB	131,098,360	2,978,993	134,077,353	-
Related to pension	5,744,494	432,381	6,176,875	3,851
Total Deferred Inflows of Resources	<u>138,628,824</u>	<u>3,411,374</u>	<u>142,040,198</u>	<u>3,851</u>
Net Position:				
Net investment in capital assets	445,035,756	150,435,100	595,470,856	4,196,651
Restricted for:				
Nonexpendable permanent funds	873,758	-	873,758	-
Expendable permanent funds	1,833,537	-	1,833,537	-
Federal and state grants	20,978,538	-	20,978,538	-
Internal services	12,238,957	-	12,238,957	-
Other purposes	45,104,623	-	45,104,623	-
Unrestricted	<u>(770,964,690)</u>	<u>(4,922,973)</u>	<u>(775,887,663)</u>	<u>15,456,109</u>
Total Net Position	<u>\$ (244,899,521)</u>	<u>\$ 145,512,127</u>	<u>\$ (99,387,394)</u>	<u>\$ 19,652,760</u> <i>(concluded)</i>

See accompanying notes to basic financial statements.

CITY OF FALL RIVER, MASSACHUSETTS

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			Component
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Unit
					Governmental Activities	Business-Type Activities	Total	Total
Governmental Activities:								
General government	\$ 13,968,134	\$ 1,903,274	\$ 3,521,217	\$ -	\$ (8,543,643)		\$ (8,543,643)	
Public safety	78,500,474	8,849,731	5,327,897	-	(64,322,846)		(64,322,846)	
Education	358,010,985	2,184,556	283,676,044	5,964,793	(66,185,592)		(66,185,592)	
Public works	28,161,860	1,390,838	5,143,905	12,746,084	(8,881,033)		(8,881,033)	
Health and human services	10,877,295	328,767	15,826,635	-	5,278,107		5,278,107	
Culture and recreation	5,526,992	109,580	1,153,153	-	(4,264,259)		(4,264,259)	
Community development	8,653,942	141,801	7,969,852	-	(542,289)		(542,289)	
Interest expense	4,511,680	-	-	-	(4,511,680)		(4,511,680)	
Total Governmental Activities	508,211,362	14,908,547	322,618,703	18,710,877	(151,973,235)		(151,973,235)	
Business-Type Activities:								
Sewer	28,384,558	32,024,983	909,772	8,825,577		\$ 13,375,774	13,375,774	
Water	12,373,692	16,039,798	-	3,743,638		7,409,744	7,409,744	
EMS	14,512,810	15,382,531	-	-		869,721	869,721	
Total Business-Type Activities	55,271,060	63,447,312	909,772	12,569,215		21,655,239	21,655,239	
Total Primary Government	\$ 563,482,422	\$ 78,355,859	\$ 323,528,475	\$ 31,280,092		21,655,239	(130,317,996)	
Component Unit:								
Fall River Redevelopment Authority	\$ 1,334,018	\$ 10,888	\$ 89,999	\$ 155,942				\$ (1,077,189)
General Revenues:								
Property taxes					142,955,700	-	142,955,700	-
Motor vehicle and other excise taxes					13,851,880	-	13,851,880	-
Grants and contributions not restricted to specific programs					29,342,937	-	29,342,937	-
Penalties and interest on taxes					1,150,390	-	1,150,390	-
Unrestricted investment income					9,067,803	99,915	9,167,718	1,277,713
Other income					100,299	-	100,299	130,090
Transfers, net					(4,407,321)	4,407,321	-	-
Total General Revenues and Transfers					192,061,688	4,507,236	196,568,924	330,614
Change in Net Position					40,088,453	26,162,475	66,250,928	330,614
Net Position:								
Beginning of year					(284,987,974)	119,349,652	(165,638,322)	19,322,146
End of year					\$ (244,899,521)	\$ 145,512,127	\$ (99,387,394)	\$ 19,652,760

See accompanying notes to basic financial statements.

CITY OF FALL RIVER, MASSACHUSETTS

**GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025**

	General Fund	Capital Projects Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total
Assets:					
Cash and cash equivalents	\$ 40,979,699	\$ 18,201,027	\$ 3,985,731	\$ 35,592,866	\$ 98,759,323
Investments	24,445,023	-	21,848,687	3,828,742	50,122,452
Receivables, net of allowances:					
Property taxes	6,812,695	-	-	64,129	6,876,824
Excise taxes	2,284,987	-	-	-	2,284,987
Departmental, user charges and other	2,807,954	-	-	2,806,904	5,614,858
Leased properties	1,577,089	-	-	-	1,577,089
Intergovernmental	-	-	-	13,892,799	13,892,799
Prepaid items	121,459	-	-	-	121,459
Total Assets	79,028,906	18,201,027	25,834,418	56,185,440	179,249,791
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	\$ 79,028,906	\$ 18,201,027	\$ 25,834,418	\$ 56,185,440	\$ 179,249,791
Liabilities:					
Warrants and accounts payable	\$ 7,409,316	\$ 352,102	\$ 52,419	\$ 3,702,900	\$ 11,516,737
Accrued payroll and withholdings	7,330,720	-	677	945,661	8,277,058
Retainage payable	-	-	-	227,374	227,374
Other liabilities	227,965	-	-	1,290	229,255
Unearned revenues	-	-	25,781,322	1,396,414	27,177,736
Bond anticipation note payable	-	15,180,460	-	-	15,180,460
Total Liabilities	14,968,001	15,532,562	25,834,418	6,273,639	62,608,620
Deferred Inflows of Resources:					
Prepaid property taxes	208,881	-	-	-	208,881
Related to leased properties	1,577,089	-	-	-	1,577,089
Unavailable revenues - property taxes	5,728,016	-	-	73,073	5,801,089
Unavailable revenues - other	5,092,941	-	-	2,329,990	7,422,931
Total Deferred Inflows of Resources	12,606,927	-	-	2,403,063	15,009,990
Fund Balances:					
Nonspendable	121,459	-	-	873,758	995,217
Restricted	-	10,737,690	-	49,014,253	59,751,943
Committed	6,010,526	-	-	-	6,010,526
Assigned	5,834,765	-	-	-	5,834,765
Unassigned	39,487,228	(8,069,225)	-	(2,379,273)	29,038,730
Total Fund Balances	51,453,978	2,668,465	-	47,508,738	101,631,181
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 79,028,906	\$ 18,201,027	\$ 25,834,418	\$ 56,185,440	\$ 179,249,791

See accompanying notes to basic financial statements.

CITY OF FALL RIVER, MASSACHUSETTS

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

Total Governmental Fund Balances		\$ 101,631,181
Capital assets used in governmental activities in the statement of net position are not financial resources and, therefore, are not reported in the funds.		607,661,729
Certain receivables and revenues are deferred in the governmental funds as they are not current financial resources. These revenues are accrued under the economic resources basis of accounting.		13,224,020
Assets, liabilities, deferred outflows/inflows of resources and net position of internal service funds established to administer insurance costs are included in the statement of net position. These amounts are not presented in the governmental funds.		12,238,957
Deferred outflows and inflows of resources to be recognized in future expense are not available resources and, therefore, are not reported in the funds:		
Deferred outflows of resources - loss on refunding	465,550	
Deferred outflows of resources - other postemployment benefits	10,811,248	
Deferred outflows of resources - pensions	11,450,231	
Deferred inflows of resources - other postemployment benefits	(131,098,360)	
Deferred inflows of resources - pensions	<u>(5,744,494)</u>	
Net effect of reporting deferred outflows and inflows of resources		(114,115,825)
Interest is accrued on outstanding long-term debt in the statement of net position but not in the funds until due.		(2,030,605)
Long-term liabilities not currently due and payable are reported in the statement of net position and not in the funds:		
Net other postemployment benefits liability	(390,201,777)	
Net pension liability	(298,600,754)	
Compensated absences	(18,784,261)	
Workers' compensation claims	(1,440,096)	
Bonds and notes payable	<u>(154,482,090)</u>	
Net effect of reporting long-term liabilities		<u>(863,508,978)</u>
Net Position — Governmental Activities		<u>\$ (244,899,521)</u>

See accompanying notes to basic financial statements.

CITY OF FALL RIVER, MASSACHUSETTS

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

	General Fund	Capital Projects Fund	ARPA Grant Fund	Nonmajor Governmental Funds	Total
Revenues:					
Property taxes, net of tax refunds	\$ 140,593,912	\$ -	\$ -	\$ 1,646,865	\$ 142,240,777
Intergovernmental	266,320,963	-	17,647,440	85,616,383	369,584,786
Motor vehicle and other excise taxes	13,703,018	-	-	-	13,703,018
Licenses and permits	3,551,685	-	-	-	3,551,685
Penalties and interest on taxes	1,150,390	-	-	-	1,150,390
Fines and forfeitures	1,616,290	-	-	-	1,616,290
Departmental and other revenues	3,423,065	-	-	6,975,009	10,398,074
Contributions and donations	-	-	-	1,087,731	1,087,731
Investment income	7,797,386	-	-	705,286	8,502,672
Total Revenues	438,156,709	-	17,647,440	96,031,274	551,835,423
Expenditures:					
Current:					
General government	6,157,254	-	1,953,246	981,848	9,092,348
Public safety	45,133,431	898,030	904,495	9,215,555	56,151,511
Education	220,140,809	311,436	-	54,734,409	275,186,654
Public works	20,204,702	103,737	4,727,559	8,170,332	33,206,330
Health and human services	2,230,460	-	4,894,819	7,447,071	14,572,350
Culture and recreation	3,658,888	412,358	662,321	321,440	5,055,007
Community development	-	-	-	8,001,373	8,001,373
Pension and fringe benefits	85,324,663	-	-	-	85,324,663
State and county charges	39,499,670	-	-	-	39,499,670
Debt service:					
Principal	9,179,786	-	-	484,292	9,664,078
Interest	5,485,848	-	-	167,690	5,653,538
Total Expenditures	437,015,511	1,725,561	13,142,440	89,524,010	541,407,522
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,141,198	(1,725,561)	4,505,000	6,507,264	10,427,901
Other Financing Sources (Uses):					
Issuance of long-term debt	-	-	-	2,500,000	2,500,000
Transfers in	131,176	97,679	-	1,299,700	1,528,555
Transfers out	(1,299,700)	-	(4,505,000)	(131,176)	(5,935,876)
Total Other Financing Sources (Uses)	(1,168,524)	97,679	(4,505,000)	3,668,524	(1,907,321)
Change in Fund Balances	(27,326)	(1,627,882)	-	10,175,788	8,520,580
Fund Balances:					
Beginning of the year	51,481,304	4,296,347	-	37,332,950	93,110,601
End of the year	\$ 51,453,978	\$ 2,668,465	\$ -	\$ 47,508,738	\$ 101,631,181

See accompanying notes to basic financial statements.

CITY OF FALL RIVER, 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, 2025**

Change in Fund Balances — Total Governmental Funds		\$ 8,520,580
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is capitalized and depreciated over their estimated useful lives. Capital asset activity in the current fiscal year included:</p>		
Capital asset additions	28,280,903	
Depreciation expense	<u>(23,894,384)</u>	
Net effect of reporting capital activity		4,386,519
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.</p>		
		306,583
<p>Internal service funds established to administer insurance costs are included in the statement of activities. These activities are not presented in the governmental funds.</p>		
		927,740
<p>The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also, the governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued; whereas these amounts are deferred and amortized in the statement of activities. Differences in the treatment of long-term debt transactions in the current fiscal year included:</p>		
Issuance of long-term debt	(2,500,000)	
Repayments of long-term debt	9,664,078	
Amortization of deferred loss on refunding	(143,248)	
Amortization of bond premiums	<u>1,212,182</u>	
Net effect of reporting long-term debt activity		8,233,012
<p>Some revenues/expenses reported in the statement of activities do not provide/require the use of current financial resources and therefore are not reported as revenues/expenses in the governmental funds:</p>		
Net other postemployment benefits liability	12,738,008	
Net pension liability	5,187,759	
Compensated absences	(344,219)	
Workers' compensation claims	59,547	
Accrued interest	<u>72,924</u>	
Net effect of reporting long-term liabilities		<u>17,714,019</u>
Change in Net Position — Governmental Activities		\$ <u>40,088,453</u>

See accompanying notes to basic financial statements.

CITY OF FALL RIVER, MASSACHUSETTS

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Business-Type Activities				Governmental
	Sewer	Water	EMS	Total	Internal Service Fund
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 11,396,503	\$ 5,397,831	\$ 1,913,710	\$ 18,708,044	\$ 10,779,352
Receivables, net of allowances:					
User charges and other	6,489,392	5,830,704	3,092,512	15,412,608	3,784,544
Intergovernmental	3,921,353	-	-	3,921,353	-
Working capital deposit	-	-	-	-	6,079,500
Total Current Assets	<u>21,807,248</u>	<u>11,228,535</u>	<u>5,006,222</u>	<u>38,042,005</u>	<u>20,643,396</u>
Noncurrent Assets:					
Intergovernmental receivables	4,778,632	-	-	4,778,632	-
Land	933,026	5,929,143	-	6,862,169	-
Construction in-progress	25,672,067	7,022,240	-	32,694,307	-
Depreciable capital assets, net	<u>241,987,751</u>	<u>96,415,800</u>	<u>3,929,486</u>	<u>342,333,037</u>	<u>-</u>
Total Noncurrent Assets	<u>273,371,476</u>	<u>109,367,183</u>	<u>3,929,486</u>	<u>386,668,145</u>	<u>-</u>
Total Assets	<u>295,178,724</u>	<u>120,595,718</u>	<u>8,935,708</u>	<u>424,710,150</u>	<u>20,643,396</u>
Deferred Outflows of Resources:					
Loss on refunding	12,385	-	-	12,385	-
Related to OPEB	23,779	146,301	75,587	245,667	-
Related to pension	<u>61,561</u>	<u>283,177</u>	<u>517,107</u>	<u>861,845</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>97,725</u>	<u>429,478</u>	<u>592,694</u>	<u>1,119,897</u>	<u>-</u>

(continued)

CITY OF FALL RIVER, MASSACHUSETTS

**PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025**

	Business-Type Activities				Governmental
	Sewer	Water	EMS	Total	Internal Service Fund
Liabilities:					
Current Liabilities:					
Warrants and accounts payable	\$ 640,451	\$ 84,194	\$ -	\$ 724,645	\$ 5,322,439
Accrued payroll and withholdings	1,882	25,952	39,360	67,194	-
Health claims incurred but not reported	-	-	-	-	3,082,000
Retainage payable	2,336,404	-	-	2,336,404	-
Accrued interest	1,640,951	458,820	-	2,099,771	-
Unearned revenues	4,917,300	-	-	4,917,300	-
Compensated absences	24,423	112,461	260,755	397,639	-
Short-term notes payable	3,177,624	1,570,237	-	4,747,861	-
Current portion of long-term debt	10,628,462	4,181,961	524,465	15,334,888	-
Total Current Liabilities	23,367,497	6,433,625	824,580	30,625,702	8,404,439
Noncurrent liabilities:					
Compensated absences	73,267	337,383	782,263	1,192,913	-
Net other postemployment benefits liability	858,257	5,280,321	2,728,107	8,866,685	-
Net pension liability	1,605,380	7,384,750	13,485,195	22,475,325	-
Long-term debt	166,777,844	46,628,698	339,379	213,745,921	-
Total Noncurrent Liabilities	169,314,748	59,631,152	17,334,944	246,280,844	-
Total Liabilities	192,682,245	66,064,777	18,159,524	276,906,546	8,404,439
Deferred Inflows of Resources:					
Related to OPEB	288,354	1,774,061	916,578	2,978,993	-
Related to pension	30,885	142,068	259,428	432,381	-
Total Deferred Inflows of Resources	319,239	1,916,129	1,176,006	3,411,374	-
Net Position:					
Net investment in capital assets	89,351,776	58,017,682	3,065,642	150,435,100	-
Unrestricted	12,923,189	(4,973,392)	(12,872,770)	(4,922,973)	12,238,957
Total Net Position	\$ 102,274,965	\$ 53,044,290	\$ (9,807,128)	\$ 145,512,127	\$ 12,238,957

(concluded)

See accompanying notes to basic financial statements.

CITY OF FALL RIVER, MASSACHUSETTS

**PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

	Business-Type Activities				Governmental
	Sewer	Water	EMS	Total	Internal Service Fund
Operating Revenues:					
Charges for services	\$ 31,057,286	\$ 15,863,013	\$ 15,307,597	\$ 62,227,896	\$ -
Employer contributions	-	-	-	-	53,348,138
Employee contributions	-	-	-	-	16,702,347
Reinsurance settlements and other	-	-	-	-	6,395,609
Other operating revenues	967,697	176,785	74,934	1,219,416	-
Total Operating Revenues	32,024,983	16,039,798	15,382,531	63,447,312	76,446,094
Operating Expenses:					
Payroll and personnel costs	646,751	3,358,329	11,172,488	15,177,568	-
Operating costs	16,643,457	5,107,764	2,828,420	24,579,641	-
Depreciation	6,596,721	2,473,178	393,379	9,463,278	-
Employee benefits	-	-	-	-	76,083,485
Total Operating Expenses	23,886,929	10,939,271	14,394,287	49,220,487	76,083,485
Operating Income	8,138,054	5,100,527	988,244	14,226,825	362,609
Nonoperating Revenues (Expenses):					
Intergovernmental	909,772	-	-	909,772	-
Investment income	27,385	33,760	38,770	99,915	565,131
Interest expenses	(4,497,629)	(1,434,421)	(118,523)	(6,050,573)	-
Total Nonoperating Revenues (Expenses)	(3,560,472)	(1,400,661)	(79,753)	(5,040,886)	565,131
Income Before Capital Contributions and Transfers	4,577,582	3,699,866	908,491	9,185,939	927,740
Capital Contributions and Transfers:					
Capital contributions	8,825,577	3,743,638	-	12,569,215	-
Transfers in	1,636,310	2,868,690	-	4,505,000	-
Transfers out	-	(97,679)	-	(97,679)	-
Total Capital Contributions and Transfers	10,461,887	6,514,649	-	16,976,536	-
Change in Net Position	15,039,469	10,214,515	908,491	26,162,475	927,740
Net Position:					
Beginning of the year	87,235,496	42,829,775	(10,715,619)	119,349,652	\$ 11,311,217
End of the year	\$ 102,274,965	\$ 53,044,290	\$ (9,807,128)	\$ 145,512,127	\$ 12,238,957

See accompanying notes to basic financial statements.

CITY OF FALL RIVER, MASSACHUSETTS

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

	Business-Type Activities				Governmental
	Sewer	Water	EMS	Total	Internal Service Fund
Cash Flows from Operating Activities:					
Receipts from user charges	\$ 30,480,929	\$ 15,749,639	\$ 15,423,106	\$ 61,653,674	\$ -
Employee contributions	-	-	-	-	53,348,138
Employer contributions	-	-	-	-	16,702,347
Reinsurance settlements and other	-	-	-	-	3,322,862
Payments to employees	(797,617)	(3,897,519)	(11,416,755)	(16,111,891)	-
Payments to vendors	(18,859,528)	(5,462,980)	(2,884,664)	(27,207,172)	-
Payments for internal services used	-	-	-	-	(74,195,650)
Net Cash Provided By (Used In) Operating Activities	11,791,481	6,565,925	1,196,621	19,554,027	(822,303)
Cash Flows from Noncapital Financial Activities:					
Proceeds from operating grants	909,772	-	-	909,772	-
Transfers in	1,636,310	2,868,690	-	4,505,000	-
Transfers out	-	(97,679)	-	(97,679)	-
Net Cash Provided By Noncapital Financing Activities	2,546,082	2,771,011	-	5,317,093	-
Cash Flows from Capital and Related Financing Activities:					
Proceeds from capital grants	5,959,152	3,870,265	-	9,829,417	-
Proceeds from the issuance of long-term debt	54,258,288	8,032,906	1,548,892	63,840,086	-
Proceeds from the issuance of short-term debt	4,440,000	5,700,000	-	10,140,000	-
Acquisition and construction of capital assets	(10,195,992)	(4,171,341)	(2,294,089)	(16,661,422)	-
Principal repayments on long-term debt	(9,064,367)	(4,795,837)	(1,168,912)	(15,029,116)	-
Repayments on short-term debt	(54,836,347)	(13,798,097)	-	(68,634,444)	-
Interest payments	(4,267,678)	(1,485,395)	(119,523)	(5,872,596)	-
Net Cash Used In Capital and Related Financing Activities	(13,706,944)	(6,647,499)	(2,033,632)	(22,388,075)	-
Cash Flow from Investing Activities:					
Investment income	27,385	33,760	38,770	99,915	565,131
Net Cash Provided By Investing Activities	27,385	33,760	38,770	99,915	565,131
Change in Cash and Cash Equivalents	658,004	2,723,197	(798,241)	2,582,960	(257,172)
Cash and Cash Equivalents:					
Beginning of the year	10,738,499	2,674,634	2,711,951	16,125,084	11,036,524
End of the year	\$ 11,396,503	\$ 5,397,831	\$ 1,913,710	\$ 18,708,044	\$ 10,779,352

(continued)

CITY OF FALL RIVER, MASSACHUSETTS

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

	Business-Type Activities				Governmental
	Sewer	Water	EMS	Total	Internal Service Fund
Reconciliation of Operating Income to Net Cash Provided By (Used In) Operating Activities:					
Operating Income	\$ 8,138,054	\$ 5,100,527	\$ 988,244	\$ 14,226,825	\$ 362,609
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:					
Depreciation expense	6,596,721	2,473,178	393,379	9,463,278	-
Provision for bad debts expense	20,000	400,000	2,186,000	2,606,000	-
Changes in assets, deferred outflows (inflows) of resources and liabilities:					
Receivables and other current assets	(596,357)	(513,374)	(2,070,491)	(3,180,222)	(3,072,747)
Warrants payable and other current liabilities	(2,214,189)	(329,264)	(16,884)	(2,560,337)	1,478,317
Accrued and deferred benefits payable	(152,748)	(565,142)	(283,627)	(1,001,517)	409,518
Net Cash Provided By (Used In) Operating Activities	<u>\$ 11,791,481</u>	<u>\$ 6,565,925</u>	<u>\$ 1,196,621</u>	<u>\$ 19,554,027</u>	<u>\$ (822,303)</u>

(concluded)

See accompanying notes to basic financial statements.

CITY OF FALL RIVER, MASSACHUSETTS

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2025**

	Pension and Other Employee Benefit Trust Funds (a)	Private Purpose Trust Funds
Assets:		
Cash and cash equivalents	\$ 10,709,749	\$ 3,722
Investments at fair value:		
Fixed income securities	1,072,788	64,496
Equity securities	1,176,899	-
Mutual funds	957,127	-
PRIT	403,533,233	-
Other investments	18,544	-
Receivables:		
Contributions	21,721,907	-
Other	1,894	-
Prepaid items	2,196	-
Total Assets	<u>439,194,337</u>	<u>68,218</u>
Liabilities:		
Warrants and accounts payable	<u>713,601</u>	<u>-</u>
Total Liabilities	<u>713,601</u>	<u>-</u>
Net Position:		
Restricted for pensions	434,817,483	-
Restricted for other postemployment benefits	3,663,253	-
Held in trust for private purposes	<u>-</u>	<u>68,218</u>
Total Net Position	<u>\$ 438,480,736</u>	<u>\$ 68,218</u>

(a) Refer to Note III.

See accompanying notes to basic financial statements.

CITY OF FALL RIVER, MASSACHUSETTS
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Pension and Other Employee Benefit Trust Funds (a)</u>	<u>Private Purpose Trust Funds</u>
Additions:		
Employer contributions	\$ 62,541,789	\$ -
Employee contributions	11,532,698	-
Other contributions	<u>1,276,078</u>	<u>-</u>
Total contributions	<u>75,350,565</u>	<u>-</u>
Investment income:		
Interest and dividends	10,215,366	3,989
Net gain in value of investments	25,729,655	-
Less investment management fees	<u>(1,909,298)</u>	<u>-</u>
Total net investment income	<u>34,035,723</u>	<u>3,989</u>
Other income	<u>22,786</u>	<u>-</u>
Total Additions	<u>109,409,074</u>	<u>3,989</u>
Deductions:		
Benefits and refunds to Plan members:		
Benefits to retirees and survivors	64,171,863	-
Member refunds	1,317,748	-
Transfers and reimbursements to other systems	4,531,184	-
Administrative expenses:		
Operations payroll and related personnel costs	373,519	-
Other administrative expenses	<u>193,725</u>	<u>-</u>
Total Deductions	<u>70,588,039</u>	<u>-</u>
Change in Net Position	38,821,035	3,989
Net Position:		
Beginning of the year	<u>399,659,701</u>	<u>64,229</u>
End of the year	<u>\$ 438,480,736</u>	<u>\$ 68,218</u>

(a) Refer to Note III.

See accompanying notes to basic financial statements.

CITY OF FALL RIVER, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2025

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

The City is located in Bristol County, approximately fifty-three miles south of Boston and seventeen miles southeast from Providence, Rhode Island. The City was incorporated as a town in 1803 and as a city in 1854. The City is governed by an elected Mayor, an appointed City Administrator and an elected nine-member City Council. The City provides governmental services for the territory within its boundaries, including police, ambulance and fire protection, garbage disposal, public education in grades kindergarten to twelve, sewer and water services, street maintenance, community development, a public library, veteran services parks and recreational facilities. The sewer, water and emergency medical services (“EMS”), a nonmajor enterprise fund, are principally self-funded through user charges.

The component units discussed below are included in the City's reporting entity because of the significance of their operations or financial relationships with the City.

Fall River Contributory Retirement System – The Fall River Contributory Retirement System (the “Retirement System”) was established to provide retirement benefits to City employees and the employees of three other related entities. While legally separate, the Retirement System provides services almost entirely to the City. The Retirement System is reported as a pension trust fund in the fiduciary fund financial statements. The audited annual financial statements of the Retirement System at December 31, 2024 are available at the Retirement Office, 21 Father DeValles Boulevard, Suite GR101, Fall River, Massachusetts 02723.

Fall River Redevelopment Authority – Discretely presented components units are entities that are legally separate from the City but are included in the City’s basic financial statements as their exclusion would cause the City’s basic financial statements to be misleading or incomplete. The Fall River Redevelopment Authority (“FRA”) qualifies as a discretely presented component unit because of the nature and significance of its relationship with the City. Inclusion as a discretely presented component unit in the City’s basic financial statements does not affect the FRA’s separate legal standing.

The FRA was established in 1965 and is governed by Chapter 121B of Massachusetts General Law (“MGL”). The purpose of the FRA is to engage in urban renewal activities within the City. By statute, the FRA is governed by a five-member board of directors, four of which are appointed by the City Mayor and subject to confirmation by the City Council.

Complete audited financial statements for the FRA as of December 31, 2024 are available the offices of the FRA at One Government Center, Fall River, Massachusetts 02722.

Unless otherwise indicated, the notes to these basic financial statements pertain only to the primary government because certain disclosures of the component units are not significant relative to the primary government.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of material interfund activity has been removed from these statements. Governmental activities, which are principally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which are primarily supported by user fees. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor governmental funds are aggregated and presented in a single column. Internal service funds and fiduciary funds are reported by fund type.

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

- 1) The total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10% of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- 2) The total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5% of the corresponding element for all governmental and enterprise funds combined.

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

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

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

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

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

The City applies the susceptible to accrual criteria to intergovernmental revenues. In applying the susceptible to accrual concept, there are two types of revenues. In the first, monies must be expended for a specific purpose or project before any amounts will be paid; therefore, revenues are recognized as expenditures are incurred. In the second, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues when cash is received, or earlier if the susceptible to accrual criteria are met. State aid is accrued as revenue in the year that the funds are appropriated by the Commonwealth of Massachusetts (the “Commonwealth”).

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

The government reports the following major governmental funds:

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

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

ARPA Grant Fund – was established to account for the City’s expenditure of the American Rescue Plan Act of 2021.

Nonmajor Governmental Funds – consist of other special revenue and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The City reports its special revenue funds, which are used to account for the proceeds of specific revenue sources restricted/committed for specified purposes other than debt service or capital projects, and permanent funds, which are used to account for financial resources that are restricted to the extent that only interest (not principal) may be used for purposes that support the governmental programs, in the nonmajor governmental funds.

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded when 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 a proprietary fund's principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, noncapitalizable expenses, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports its sewer, water and EMS activities as proprietary funds. Additionally, the internal service fund, which is used to account for the City's self-insured health insurance activities, is reported as a proprietary fund.

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

The City reports the following fiduciary funds:

Pension and Other Employee Benefits Trust Funds – is used to account for the activities of the Retirement System, which accumulates resources for pension benefits to retired City employees, and to accumulate funds for future payments of other postemployment benefits, or OPEB, for retirees such as health and life insurance.

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

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

Deposits and Investments – The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The City reports its investments at fair value. When actively quoted observable prices are not available, the City generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

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

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

The remaining investments not categorized under the fair value hierarchy are shown at net asset value (“NAV”). These are investments for which a readily determinable fair value is not available, such as member units or an ownership interest in partners’ capital to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent quarterly and are due on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes at the rate of 14% per annum. Property taxes levied are recorded as receivables in the fiscal year of the levy.

Real estate taxes as well as sewer and water usage fees are secured through a lien process within sixty days after the due date and are generally considered 100% collectible. Accordingly, any allowance for uncollectible balances for these receivables is not expected to be significant. All personal property tax, excise tax, user fees and other departmental receivables are shown net of an allowance for uncollectible accounts.

Loans receivable are principally comprised of funds advanced to residents, developers and certain qualified community housing development organizations for the purpose of rehabilitating properties. The City received these funds from the U.S. Department of Housing and Urban Development under community development block grants and other programs for the City. The City secures these promissory notes with a lien; however, these liens are subordinated to other liens such as bank mortgages. Additionally, there are many loan forgiveness covenants within the individual loans. As a result, the City has experienced losses related to these loans. The City recorded an allowance for uncollectible accounts of approximately \$22.2 million at June 30, 2025 relative to these loans receivable.

The City has entered into loan agreements with the Massachusetts Clean Water Trust (“MCWT”), whereby it expects to be subsidized by the MCWT in future years for debt service costs relative to its sewer business-type activities until the maturity of these loan agreements. The City is legally obligated for the total amount of the debt; therefore, portions of future debt service subsidies have been recorded as intergovernmental receivables in the accompanying basic financial statements under the sewer and water business-type activities.

Inventories and Prepaid Items – Inventories, which are not material to the City, are considered expenditures at the time of purchase. Certain payments to vendors reflect costs applicable to future accounting periods and may be recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include land, construction in-progress, buildings and improvements, machinery and equipment, vehicles, software and infrastructure are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

Capital assets (excluding land and construction in-progress) are depreciated by the City on a straight-line basis over the following estimated useful lives:

Buildings and improvements	10 to 40 years
Vehicles, machinery and equipment	5 to 10 years
Infrastructure	50 years

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds or advances to/from other funds. All other outstanding balances between funds are reported as due to/from other funds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

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

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

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

Unearned Revenues – Amounts collected in advance from federal and state grants and sewer user charges are reported as unearned revenues, if material.

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

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

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, 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 then. The City principally reports deferred outflows of resources in its government-wide financial statements relative to OPEB and pension-related transactions. The City expects to recognize the reported deferred outflows of resources relative to these personnel-related transactions over the next five years.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The City reports deferred inflows of resources in its government-wide financial statements relative to prepaid taxes, deferred lease revenues, OPEB and pension-related transactions. The City expects to recognize the prepaid taxes in fiscal year 2026, the deferred lease revenues over the course of the next eighteen years using the effective interest method and the personnel-related transactions over the next six years. The City reports unavailable revenues and prepaid taxes as deferred inflows of resources in its governmental funds financial statements. These amounts are expected to be recognized as an inflow of resources in the period in which the amounts become available.

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

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

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

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

Committed represents amounts that can only be used for specific purposes pursuant to formal action of the City Council through City Council Orders, which represent the most binding constraint that give rise to committed fund balance. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (through City Council Orders) it employed previously to commit those amounts.

Assigned represents amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed.

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

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

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

Nonexpendable permanent funds represent the amounts held in trust for which cannot be expended and are permanently restricted by various trust agreements.

Expendable permanent funds represent the expendable portion of permanent funds, which is restricted based on the individual trust/donor agreements.

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

Internal services represent assets restricted for employee health benefits.

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

E. Use of Estimates

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

II. Detailed Notes to All Funds

A. Deposits and Investments

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

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

City (excludes component units)

Custodial Credit Risk: Deposits – In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk relative to cash holdings. At June 30, 2025, approximately \$55.5 million of the City’s bank deposits were uninsured by the Federal Depository Insurance Corporation or other forms of depository insurance and/or collateralization and were therefore exposed to custodial credit risk.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the City may not be able to recover the full amount of its principal investment and/or investment earnings. The City does not have a formal investment policy related to custodial credit risk. All the City’s investments are registered in its name and cannot be pledged or assigned. As a result, the City is not exposed to custodial credit risk on its investments.

Fair Value Measurements: Investments – The following table presents the City’s investments carried at fair value on a recurring basis in the statement of net position at June 30, 2025:

Investments by Fair Value Level	June 30, 2025	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt securities:				
U.S. Treasury notes	\$ 37,618,700	\$ 37,618,700	\$ -	\$ -
U.S. Government agency notes	1,486,330	1,486,330	-	-
Corporate bonds	5,491,475	-	5,491,475	-
Total debt securities	44,596,505	39,105,030	5,491,475	-
Equity securities	5,548,276	5,548,276		
Mutual funds	3,248,981	-	3,248,981	-
Total investments by fair value level	\$ 53,393,762	\$ 44,653,306	\$ 8,740,456	\$ -

Concentration of Credit Risk: Investments – The City does not place a limit on the amount that may be invested in any one issuer. At June 30, 2025, no individual investment exceeded 5% of the City’s investment balance.

Interest Rate Risk: Investments – This is the risk that changes in interest rates will adversely affect the market value of an investment. The City does not have formal investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. In practice, the City mitigates interest rate risk by managing the duration of its investments.

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

Investment Type	Fair Value	Time Until Maturity (in years)		
		Less than 1	1 to 5	6 to 10
Debt securities:				
U.S. government obligations and notes	\$ 39,105,030	\$ 32,863,844	\$ 4,191,719	\$ 2,049,467
Corporate bonds	<u>5,491,475</u>	<u>523,832</u>	<u>4,552,008</u>	<u>415,635</u>
Total investments with maturities	<u>44,596,505</u>	<u>\$ 33,387,676</u>	<u>\$ 8,743,727</u>	<u>\$ 2,465,102</u>
Other investments:				
Equity securities	5,548,276			
Mutual funds	<u>3,248,981</u>			
Total City investments	<u>\$ 53,393,762</u>			

Credit Risk: Investments – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City has not adopted a formal policy related to credit risk. The following table summarizes the credit ratings assigned by Moody’s Investors Service for City investments in fixed income securities at June 30, 2025:

Moody's Rating	U.S.	
	Government Obligations	Corporate Bonds
Aaa	\$ -	\$ 255,795
Aa1	39,105,030	-
Aa2	-	326,192
Aa3	-	520,710
A1	-	338,079
A2	-	1,690,795
A3	-	668,977
Baa1	-	682,433
Baa2	-	968,509
Unrated	-	<u>39,985</u>
	<u>\$ 39,105,030</u>	<u>\$ 5,491,475</u>

Retirement System (as of December 31, 2024)

Chapter 32 of MGL and the Public Employee Retirement Administration Commission (“PERAC”) regulations require the Retirement System to invest its funds only in preapproved investment instruments, which include, but are not necessarily limited to, bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, certain corporate bonds, equities and investment pools.

Nearly all (over 99%) of the Retirement System’s investments are invested with the State Commonwealth of Massachusetts’ Pension Reserve Investment Management Board, or PRIM. The specific investment held by the System is the PRIT General Allocation Fund, which consists of a diverse set of investments that includes domestic and international equities and fixed income securities, private debt, private equity, venture, timber and real estate investments. The determination of the fair value of these investments is subjective, and the period-end values are reported to the Retirement System as NAV. Investments in the PRIT General Allocation Fund are more liquid than investments in private equity and real estate holdings, but generally cannot be resold to third parties. The Retirement System may liquidate its investment in the PRIT General Allocation Fund at any time with less than thirty days’ notice. Distributions from the PRIT Absolute Fund are received regularly monthly and may be deposited into an accompanying short-term cash investment account.

At December 31, 2024, the Retirement System maintained an investment in a private equity fund, whose primary investment objective is to invest in North American limited partnerships. The fair value of this investment is measured using the NAV (or its equivalent) of the Retirement System’s ownership in the partners’ capital. The System is unable to liquidate this investment on its own. However, this fund is currently being liquidated by the investment manager, which is a multi-year process. There were no unfunded commitments remaining at December 31, 2024.

B. Receivables

Receivables for the City’s major governmental funds, including applicable allowances or uncollectible accounts, were as follows at June 30, 2025:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Personal property taxes	\$ 367,921	\$ (38,000)	\$ 329,921
Real estate taxes	1,519,169	-	1,519,169
Tax liens	5,027,734	-	5,027,734
Excise taxes	4,535,987	(2,251,000)	2,284,987
Loans	24,509,015	(22,179,025)	2,329,990
Leased properties	1,577,089	-	1,577,089
Departmental and other	6,776,868	(3,492,000)	3,284,868
Intergovernmental	13,892,799	-	13,892,799
	<u>\$ 58,206,582</u>	<u>\$ (27,960,025)</u>	<u>\$ 30,246,557</u>

Receivables for the City’s proprietary funds, including applicable allowances or uncollectible accounts, were as follows at June 30, 2025:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Sewer usage	\$ 6,609,392	\$ (120,000)	\$ 6,489,392
Water usage	6,610,704	(780,000)	5,830,704
Ambulance charges	13,035,512	(9,943,000)	3,092,512
Due from MCWT	8,699,985	-	8,699,985
	<u>\$ 34,955,593</u>	<u>\$ (10,843,000)</u>	<u>\$ 24,112,593</u>

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

	General Fund	Nonmajor Governmental Funds	Total
Property taxes	\$ 743,177	\$ -	\$ 743,177
Tax liens	4,984,839	73,073	5,057,912
Excise taxes	2,284,987	-	2,284,987
Loans	-	2,329,990	2,329,990
Departmental and other	2,807,954	-	2,807,954
	<u>\$ 10,820,957</u>	<u>\$ 2,403,063</u>	<u>\$ 13,224,020</u>

Lease Receivables – The City leases property to several lessors with lease terms ranging from three to thirty years. Lease receivables have been recorded in the City’s general fund. The net present value of future receipts from the leased properties, which use discount rates ranging from 3.95% to 4.20%, totaled \$1,577,089 at June 30, 2025 and is reported as lease receivables. Lease revenues of \$89,340 and interest income of \$64,464 related to these lease transactions were reported in fiscal year 2025. Future expected receipts on these lease arrangements were as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 93,043	\$ 60,761	\$ 153,804
2027	81,219	56,985	138,204
2028	52,537	54,467	107,004
2029	61,187	52,237	113,424
2030	63,649	49,775	113,424
2031 - 2035	372,903	207,825	580,728
2036 - 2040	492,572	122,992	615,564
2041 - 2043	359,979	22,341	382,320
	<u>\$ 1,577,089</u>	<u>\$ 627,383</u>	<u>\$ 2,204,472</u>

MCWT Subsidies Receivable – The City expects to receive principal subsidies from the MCWT in its sewer enterprise fund as follows:

Year Ended June 30,	Principal Subsidy	Interest Subsidy	Total Subsidy
2026	\$ 507,634	\$ 872,354	\$ 1,379,988
2027	547,675	776,063	1,323,738
2028	610,022	655,277	1,265,299
2029	675,556	529,319	1,204,875
2030	742,211	343,396	1,085,607
2031 - 2034	<u>2,203,171</u>	<u>473,344</u>	<u>2,676,515</u>
	<u>\$ 5,286,269</u>	<u>\$ 3,649,753</u>	<u>\$ 8,936,022</u>

The City records the principal subsidies receivable as intergovernmental receivables in its sewer enterprise. Interest subsidies are recognized in the year in which the subsidy is received.

MCWT Interim Loans – The City records receivables due from the MCWT in its sewer and water activities as part of the MCWT’s interim loan processes. At June 30, 2025, \$3,413,716 was reported in the sewer enterprise fund as a receivable from the MCWT for interim loan proceeds receivable.

C. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 20,215,356	\$ -	\$ -	\$ 20,215,356
Construction in-progress	-	4,956,760	-	4,956,760
Total capital assets not being depreciated	<u>20,215,356</u>	<u>4,956,760</u>	<u>-</u>	<u>25,172,116</u>
Capital assets being depreciated:				
Buildings and improvements	742,599,003	7,201,030	-	749,800,033
Infrastructure	113,910,218	11,434,281	-	125,344,499
Machinery and equipment	48,498,761	1,989,162	(983,347)	49,504,576
Vehicles and boats	13,033,093	2,699,670	(575,444)	15,157,319
Total capital assets being depreciated	<u>918,041,075</u>	<u>23,324,143</u>	<u>(1,558,791)</u>	<u>939,806,427</u>
Less accumulated depreciation for:				
Buildings and improvements	(253,253,702)	(17,567,308)	-	(270,821,010)
Infrastructure	(33,848,079)	(3,612,577)	-	(37,460,656)
Machinery and equipment	(38,349,822)	(1,991,227)	983,347	(39,357,702)
Vehicles and boats	(9,529,618)	(723,272)	575,444	(9,677,446)
Total accumulated depreciation	<u>(334,981,221)</u>	<u>(23,894,384)</u>	<u>1,558,791</u>	<u>(357,316,814)</u>
Total capital assets being depreciated, net	<u>583,059,854</u>	<u>(570,241)</u>	<u>-</u>	<u>582,489,613</u>
Total governmental activities capital assets, net	<u>\$ 603,275,210</u>	<u>\$ 4,386,519</u>	<u>\$ -</u>	<u>\$ 607,661,729</u>

<u>Business-Type Activities - Combined</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated/amortized:				
Land	\$ 6,862,169	\$ -	\$ -	\$ 6,862,169
Construction in-progress	<u>74,954,832</u>	<u>10,363,398</u>	<u>(52,623,923)</u>	<u>32,694,307</u>
Total capital assets not being depreciated/amortized	<u>81,817,001</u>	<u>10,363,398</u>	<u>(52,623,923)</u>	<u>39,556,476</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	2,527,449	-	-	2,527,449
Infrastructure	435,515,963	56,321,781	-	491,837,744
Machinery and equipment	3,772,860	93,421	-	3,866,281
Vehicles	<u>6,395,495</u>	<u>2,506,745</u>	<u>(163,575)</u>	<u>8,738,665</u>
Total capital assets being depreciated/amortized	<u>448,211,767</u>	<u>58,921,947</u>	<u>(163,575)</u>	<u>506,970,139</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(2,520,076)	(1,142)	-	(2,521,218)
Infrastructure	(144,859,506)	(8,985,734)	-	(153,845,240)
Machinery and equipment	(3,326,800)	(78,971)	-	(3,405,771)
Vehicles and boats	<u>(4,631,017)</u>	<u>(397,431)</u>	<u>163,575</u>	<u>(4,864,873)</u>
Total accumulated depreciation/amortization	<u>(155,337,399)</u>	<u>(9,463,278)</u>	<u>163,575</u>	<u>(164,637,102)</u>
Total capital assets being depreciated/amortized, net	<u>292,874,368</u>	<u>49,458,669</u>	<u>-</u>	<u>342,333,037</u>
Total business-type activities capital assets, net	<u>\$ 374,691,369</u>	<u>\$ 59,822,067</u>	<u>\$ (52,623,923)</u>	<u>\$ 381,889,513</u>
<u>Business-Type Activities: Sewer</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 933,026	\$ -	\$ -	\$ 933,026
Construction in-progress	<u>60,389,676</u>	<u>7,174,605</u>	<u>(41,892,214)</u>	<u>25,672,067</u>
Total capital assets not being depreciated	<u>61,322,702</u>	<u>7,174,605</u>	<u>(41,892,214)</u>	<u>26,605,093</u>
Capital assets being depreciated:				
Buildings and improvements	4,632	-	-	4,632
Infrastructure	313,155,591	44,913,601	-	358,069,192
Machinery and equipment	1,773,995	-	-	1,773,995
Vehicles	<u>1,481,262</u>	<u>-</u>	<u>-</u>	<u>1,481,262</u>
Total capital assets being depreciated	<u>316,415,480</u>	<u>44,913,601</u>	<u>-</u>	<u>361,329,081</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,632)	-	-	(4,632)
Infrastructure	(109,484,721)	(6,596,721)	-	(116,081,442)
Machinery and equipment	(1,773,995)	-	-	(1,773,995)
Vehicles	<u>(1,481,261)</u>	<u>-</u>	<u>-</u>	<u>(1,481,261)</u>
Total accumulated depreciation	<u>(112,744,609)</u>	<u>(6,596,721)</u>	<u>-</u>	<u>(119,341,330)</u>
Total capital assets being depreciated, net	<u>203,670,871</u>	<u>38,316,880</u>	<u>-</u>	<u>241,987,751</u>
Total sewer capital assets, net	<u>\$ 264,993,573</u>	<u>\$ 45,491,485</u>	<u>\$ (41,892,214)</u>	<u>\$ 268,592,844</u>

<u>Business-Type Activities: Water</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 5,929,143	\$ -	\$ -	\$ 5,929,143
Construction in-progress	<u>14,565,156</u>	<u>3,188,793</u>	<u>(10,731,709)</u>	<u>7,022,240</u>
Total capital assets not being depreciated	<u>20,494,299</u>	<u>3,188,793</u>	<u>(10,731,709)</u>	<u>12,951,383</u>
Capital assets being depreciated:				
Buildings and improvements	2,522,817	-	-	2,522,817
Infrastructure	122,360,372	11,408,180	-	133,768,552
Machinery and equipment	536,935	-	-	536,935
Vehicles	<u>653,580</u>	<u>306,077</u>	<u>(45,919)</u>	<u>913,738</u>
Total capital assets being depreciated	<u>126,073,704</u>	<u>11,714,257</u>	<u>(45,919)</u>	<u>137,742,042</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,515,444)	(1,142)	-	(2,516,586)
Infrastructure	(35,374,785)	(2,389,013)	-	(37,763,798)
Machinery and equipment	(502,990)	(26,363)	-	(529,353)
Vehicles	<u>(505,764)</u>	<u>(56,660)</u>	<u>45,919</u>	<u>(516,505)</u>
Total accumulated depreciation	<u>(38,898,983)</u>	<u>(2,473,178)</u>	<u>45,919</u>	<u>(41,326,242)</u>
Total capital assets being depreciated, net	<u>87,174,721</u>	<u>9,241,079</u>	<u>-</u>	<u>96,415,800</u>
Total water capital assets, net	<u>\$ 107,669,020</u>	<u>\$ 12,429,872</u>	<u>\$ (10,731,709)</u>	<u>\$ 109,367,183</u>

<u>Business-Type Activities: EMS</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets being depreciated/amortized:				
Machinery and equipment	\$ 1,461,930	\$ 93,421	\$ -	\$ 1,555,351
Vehicles	<u>4,260,653</u>	<u>2,200,668</u>	<u>(117,656)</u>	<u>6,343,665</u>
Total capital assets being depreciated/amortized	<u>5,722,583</u>	<u>2,294,089</u>	<u>(117,656)</u>	<u>7,899,016</u>
Less accumulated depreciation/amortization for:				
Machinery and equipment	(1,049,815)	(52,608)	-	(1,102,423)
Vehicles	<u>(2,643,992)</u>	<u>(340,771)</u>	<u>117,656</u>	<u>(2,867,107)</u>
Total accumulated depreciation/amortization	<u>(3,693,807)</u>	<u>(393,379)</u>	<u>117,656</u>	<u>(3,969,530)</u>
Total capital assets being depreciated/amortized, net	<u>2,028,776</u>	<u>1,900,710</u>	<u>-</u>	<u>3,929,486</u>
Total EMS capital assets, net	<u>\$ 2,028,776</u>	<u>\$ 1,900,710</u>	<u>\$ -</u>	<u>\$ 3,929,486</u>

Component Unit: FRA	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 521,950	\$ -	\$ (247,300)	\$ 274,650
Construction in-progress	<u>970,147</u>	<u>188,134</u>	<u>(970,147)</u>	<u>188,134</u>
Total capital assets not being depreciated	<u>1,492,097</u>	<u>188,134</u>	<u>(1,217,447)</u>	<u>462,784</u>
Capital assets being depreciated:				
Buildings and improvements	3,229,829	1,039,526	-	4,269,355
Machinery and equipment	<u>40,288</u>	<u>-</u>	<u>-</u>	<u>40,288</u>
Total capital assets being depreciated	<u>3,270,117</u>	<u>1,039,526</u>	<u>-</u>	<u>4,309,643</u>
Less accumulated depreciation for:				
Buildings and improvements	(251,209)	(284,138)	-	(535,347)
Machinery and equipment	<u>(4,515)</u>	<u>(3,181)</u>	<u>-</u>	<u>(7,696)</u>
Total accumulated depreciation	<u>(255,724)</u>	<u>(287,319)</u>	<u>-</u>	<u>(543,043)</u>
Total capital assets being depreciated net	<u>3,014,393</u>	<u>752,207</u>	<u>-</u>	<u>3,766,600</u>
Total FRA capital assets, net	<u>\$ 4,506,490</u>	<u>\$ 940,341</u>	<u>\$ (1,217,447)</u>	<u>\$ 4,229,384</u>

Depreciation expense was charged to functions/programs within the City's governmental activities as follows in fiscal year 2025:

General government	\$ 217,627
Public safety	1,279,791
Education	17,043,126
Public works	4,525,490
Health and human services	7,000
Culture and recreation	581,132
Community development	<u>240,218</u>
	<u>\$ 23,894,384</u>

D. Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2025 was as follows:

Transfers Out	Transfers In					Total	
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Sewer Enterprise Fund	Water Enterprise Fund		
General Fund	\$ -	\$ -	\$ 1,299,700	\$ -	\$ -	\$ 1,299,700	(1)
ARPA Grant Fund	-	-	-	1,636,310	2,868,690	4,505,000	(2)
Nonmajor Governmental Funds	131,176	-	-	-	-	131,176	(3)
Water Enterprise Fund	<u>-</u>	<u>97,679</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,679</u>	(4)
	<u>\$ 131,176</u>	<u>\$ 97,679</u>	<u>\$ 1,299,700</u>	<u>\$ 1,636,310</u>	<u>\$ 2,868,690</u>	<u>\$ 6,033,555</u>	

- (1) Primarily transfers from opioid stabilization to revolving funds.
- (2) ARPA expended \$4,505,000 for various sewer and water capital projects.
- (3) Primarily the close out of closed or inactive funds.
- (4) Transfer closed capital projects to similar public works capital projects.

E. Temporary Debt

The City is authorized to borrow on a temporary or short-term basis to fund the following:

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

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

Temporary notes are general obligations of the City and carry maturity dates that are limited by state law. Interest expenditures and expenses for temporary borrowings are accounted for in the general fund and enterprise funds, respectively. Temporary notes activity for the year ended June 30, 2025 was as follows:

Type	Interest Rate	Maturity Date	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities:</i>						
Bond anticipation note	4.5%	matured	\$ 13,700,167	\$ -	\$(13,700,167)	\$ -
HUD interim loan	4.4%	matured	2,500,000	-	(2,500,000)	-
Bond anticipation note	4.0%	1/30/2026	-	15,180,460	-	15,180,460
Total Governmental Activities			<u>\$ 16,200,167</u>	<u>\$ 15,180,460</u>	<u>\$(16,200,167)</u>	<u>\$ 15,180,460</u>
<i>Business-Type Activities - Sewer:</i>						
Bond anticipation note	4.5%	matured	\$ 44,156,560	\$ -	\$(44,156,560)	\$ -
MCWT interim loans	0.0%	6/30/2027	9,417,711	1,440,000	(10,680,087)	177,624
Bond anticipation note	4.0%	1/30/2026	-	3,000,000	-	3,000,000
Total Sewer			<u>53,574,271</u>	<u>4,440,000</u>	<u>\$(54,836,647)</u>	<u>3,177,624</u>
<i>Business-Type Activities - Water:</i>						
Bond anticipation note	4.5%	matured	5,243,759	-	(5,243,759)	-
MCWT interim loans	0.0%	6/30/2027	4,424,575	4,150,000	(8,554,338)	20,237
Bond anticipation note	4.0%	1/30/2026	-	1,550,000	-	1,550,000
Total Water			<u>9,668,334</u>	<u>5,700,000</u>	<u>\$(13,798,097)</u>	<u>1,570,237</u>
Total Business-Type Activities			<u>\$ 63,242,605</u>	<u>\$ 10,140,000</u>	<u>\$(68,634,744)</u>	<u>\$ 4,747,861</u>

BANs and other temporary debt issued and outstanding as of June 30, 2025 were as follows:

	<u>Amount Outstanding</u>
Governmental Activities:	
Durfee High School construction	\$ 6,918,718
Resiliency Preparatory Academy repairs	6,581,253
EMS building construction	1,500,000
Watson School repairs	<u>180,489</u>
Total Governmental Activities	<u>\$ 15,180,460</u>
Business-Type Activities:	
Water/storm water master plan (phase 2)	3,000,000
MCWT interim loan	<u>177,624</u>
Total Sewer	<u>3,177,624</u>
Drinking water programs (phases 20-22)	1,550,000
MCWT interim loan	<u>20,237</u>
Total Water	<u>1,570,237</u>
Total Business-Type Activities	<u>\$ 4,747,861</u>

At June 30, 2025, the City maintained two MCWT interim loans in its sewer and water activities. The amount available to be drawn on these two MCWT interim loans totaled \$1,257,139 at June 30, 2025.

F. Long-Term Obligations

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

The following reflects the fiscal year 2025 activity in the City's long-term liability accounts:

<u>Description of Issue</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<i>Governmental Activities:</i>					
General obligation bonds	\$ 147,370,281	\$ -	\$ (9,053,171)	\$ 138,317,110	\$ 8,916,930
Direct borrowings and placements	5,159,532	2,500,000	(610,907)	7,048,625	742,907
Unamortized bond premiums	<u>10,328,537</u>	<u>-</u>	<u>(1,212,182)</u>	<u>9,116,355</u>	<u>1,172,737</u>
Total long-term debt	<u>162,858,350</u>	<u>2,500,000</u>	<u>(10,876,260)</u>	<u>154,482,090</u>	<u>10,832,574</u>
Compensated absences (a)	18,440,042	344,219	-	18,784,261	4,696,065
Workers' compensation	1,499,643	249,583	(309,130)	1,440,096	360,024
Net OPEB liability	401,106,714	159,590,411	(170,495,348)	390,201,777	-
Net pension liability	<u>307,667,388</u>	<u>52,494,727</u>	<u>(61,561,361)</u>	<u>298,600,754</u>	<u>-</u>
Total Governmental Activities	<u>\$ 891,572,137</u>	<u>\$ 215,178,940</u>	<u>\$ (243,242,099)</u>	<u>\$ 863,508,978</u>	<u>\$ 15,888,663</u>

(a) Change is presented as a net change.

Description of Issue	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds	\$ 16,698,820	\$ 9,323,402	\$ (907,740)	\$ 25,114,482	\$ 1,131,132
Direct borrowings and placements	114,579,341	44,934,886	(8,061,567)	151,452,660	9,406,102
Unamortized bond premiums	934,224	-	(95,060)	839,164	91,228
Total long-term debt	132,212,385	54,258,288	(9,064,367)	177,406,306	10,628,462
Compensated absences (a)	148,576	-	(50,886)	97,690	24,423
Net OPEB liability	917,470	400,300	(459,513)	858,257	-
Net pension liability	1,654,126	282,231	(330,977)	1,605,380	-
Total Sewer	134,932,557	54,940,819	(9,905,743)	179,967,633	10,652,885
<i>Business-Type Activities - Water:</i>					
General obligation bonds	18,499,025	4,956,598	(1,234,291)	22,221,332	1,393,049
Direct borrowings and placements	28,608,061	3,076,308	(3,515,396)	28,168,973	2,744,026
Unamortized bond premiums	466,504	-	(46,150)	420,354	44,886
Total long-term debt	47,573,590	8,032,906	(4,795,837)	50,810,659	4,181,961
Compensated absences (a)	379,407	70,437	-	449,844	112,461
Net OPEB liability	5,684,630	2,548,426	(2,952,735)	5,280,321	-
Net pension liability	7,608,978	1,298,257	(1,522,485)	7,384,750	-
Total Water	61,246,605	11,950,026	(9,271,057)	63,925,574	4,294,422
<i>Business-Type Activities - EMS:</i>					
Lease liabilities	483,864	1,548,892	(1,168,912)	863,844	524,465
Compensated absences (a)	818,087	224,931	-	1,043,018	260,755
Net OPEB liability	2,946,334	1,652,383	(1,870,610)	2,728,107	-
Net pension liability	13,894,656	2,370,730	(2,780,191)	13,485,195	-
Total EMS	18,142,941	5,796,936	(5,819,713)	18,120,164	785,220
Total Business-Type Activities	\$ 214,322,103	\$ 72,687,781	\$ (24,996,513)	\$ 262,013,371	\$ 15,732,527

(a) Change is presented as a net change.

The long-term liabilities of the governmental activities will be liquidated by the City's general fund. The long-term liabilities of the business-type funds will be liquidated by the individual enterprise fund reporting the long-term liabilities.

General obligation bonds and notes payable outstanding at June 30, 2025 were as follows:

Description of Issue	Interest Rates	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities:</i>					
General obligation bonds	2.00% - 5.00%	\$ 147,370,281	\$ -	\$ (9,053,171)	\$ 138,317,110
MSBA loans	2.00%	1,739,532	-	(347,907)	1,391,625
HUD loans	1.50%	3,420,000	2,500,000	(263,000)	5,657,000
Total Governmental Activities		<u>\$ 152,529,813</u>	<u>\$ 2,500,000</u>	<u>\$ (9,664,078)</u>	<u>\$ 145,365,735</u>
<i>Business-Type Activities - Sewer:</i>					
General obligation bonds	2.00% - 5.00%	\$ 16,698,820	\$ 9,323,402	\$ (907,740)	\$ 25,114,482
MCWT notes payable	2.00% - 5.50%	114,579,341	44,934,886	(8,061,567)	151,452,660
Total Sewer		<u>131,278,161</u>	<u>54,258,288</u>	<u>(8,969,307)</u>	<u>176,567,142</u>
<i>Business-Type Activities - Water:</i>					
General obligation bonds	2.00% - 5.00%	18,499,025	4,956,598	(1,234,291)	22,221,332
MCWT notes payable	2.00% - 5.50%	28,608,061	3,076,308	(3,515,396)	28,168,973
Total Water		<u>47,107,086</u>	<u>8,032,906</u>	<u>(4,749,687)</u>	<u>50,390,305</u>
Total Business-Type Activities		<u>\$ 178,385,247</u>	<u>\$ 62,291,194</u>	<u>\$ (13,718,994)</u>	<u>\$ 226,957,447</u>

Debt service requirements on long-term debt at June 30, 2025 are as follows:

Year Ended June 30,	<i>Governmental Activities</i>		Direct Borrowings and Placements	
	General Obligation Bonds Principal	Interest	Principal	Interest
2026	\$ 8,916,930	\$ 4,517,474	\$ 742,907	\$ 158,302
2027	9,199,710	4,115,168	742,906	142,442
2028	8,548,840	3,732,292	742,906	126,409
2029	8,279,530	3,354,111	742,906	110,211
2030	6,151,290	2,959,129	395,000	93,599
2031 - 2035	29,205,810	11,478,262	1,975,000	295,397
2036 - 2040	24,195,000	7,283,526	1,187,000	72,027
2041 - 2045	23,885,000	3,963,245	520,000	15,030
2046 - 2050	19,805,000	1,067,887	-	-
2051	130,000	1,300	-	-
	<u>\$ 138,317,110</u>	<u>\$ 42,472,394</u>	<u>\$ 7,048,625</u>	<u>\$ 1,013,417</u>

Business-Type Activities - Sewer

Year Ended June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2026	\$ 1,131,132	\$ 970,892	\$ 9,406,102	\$ 3,694,602
2027	1,161,570	919,209	9,659,497	3,432,223
2028	1,011,350	871,970	9,915,945	3,117,881
2029	1,047,160	826,324	10,153,441	2,792,775
2030	1,022,020	779,807	10,413,589	2,459,924
2031 - 2035	5,226,250	3,177,637	46,189,846	8,027,005
2036 - 2040	4,400,000	2,246,256	28,446,479	3,848,928
2041 - 2045	4,950,000	1,432,906	10,291,674	1,909,927
2046 - 2050	3,705,000	669,756	8,095,741	1,172,804
2051 - 2055	1,460,000	123,094	8,880,346	458,483
	<u>\$ 25,114,482</u>	<u>\$ 12,017,851</u>	<u>\$ 151,452,660</u>	<u>\$ 30,914,552</u>

Business-Type Activities - Water

Year Ended June 30,	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2026	\$ 1,393,049	\$ 823,903	\$ 2,744,026	\$ 525,802
2027	1,415,758	758,686	2,654,242	472,888
2028	1,332,793	697,686	2,708,527	419,168
2029	1,372,258	639,283	2,427,579	367,929
2030	1,406,623	579,271	2,378,327	320,117
2031 - 2035	6,098,063	2,064,239	9,135,822	972,237
2036 - 2040	3,892,788	1,197,453	4,608,782	280,323
2041 - 2045	3,775,000	580,866	1,511,668	41,666
2046 - 2050	1,535,000	104,948	-	-
	<u>\$ 22,221,332</u>	<u>\$ 7,446,335</u>	<u>\$ 28,168,973</u>	<u>\$ 3,400,130</u>

The following represents authorized and unissued debt at June 30, 2025:

Project	Amount
School projects	\$ 24,790,608
Other governmental projects	4,707,892
Sewer projects	14,922,139
Water projects	737,026
	<u>\$ 45,157,665</u>

The City is party to noncancellable leases for the purchase of ambulances and other EMS equipment. For financial reporting purposes, these leases have been capitalized and reported as lease liabilities in the EMS enterprise fund. Future lease payment requirements as of June 30, 2025 were as follows:

Year Ended June 30,	Principal	Interest	Total
2026	\$ 524,465	\$ 51,761	\$ 576,226
2027	220,615	19,786	240,401
2028	<u>118,764</u>	<u>714</u>	<u>119,478</u>
	<u>\$ 863,844</u>	<u>\$ 72,261</u>	<u>\$ 936,105</u>

The historical cost and accumulated amortization of leased equipment totaled \$1,858,743 and \$177,485, respectively, at June 30, 2025.

G. Fund Balances

The components of fund balance as listed in the governmental funds balance sheet at June 30, 2025 are as follows:

	General Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:				
Nonexpendable perpetual funds	\$ -	\$ -	\$ 873,758	\$ 873,758
Prepaid items	121,459	-	-	121,459
Restricted:				
Expendable perpetual funds	-	-	1,833,537	1,833,537
Community preservation	-	-	4,945,517	4,945,517
General government	-	3,913,733	2,847,739	6,761,472
Public safety	-	33,085	2,450,977	2,484,062
Education	-	389,052	21,307,781	21,696,833
Public works	-	3,207,299	2,857,397	6,064,696
Health and human services	-	-	11,382,081	11,382,081
Culture and recreation	-	3,194,521	398,947	3,593,468
Community development	-	-	990,277	990,277
Committed:				
Specialized stabilization funds	6,010,526	-	-	6,010,526
Assigned:				
General government	483,239	-	-	483,239
Public safety	643,041	-	-	643,041
Education	2,824,662	-	-	2,824,662
Public works	1,673,243	-	-	1,673,243
Other purposes	210,580	-	-	210,580
Unassigned:				
General stabilization fund	19,519,901	-	-	19,519,901
Unrestricted	<u>19,967,327</u>	<u>(8,069,225)</u>	<u>(2,379,273)</u>	<u>9,518,829</u>
	<u>\$ 51,453,978</u>	<u>\$ 2,668,465</u>	<u>\$ 47,508,738</u>	<u>\$ 101,631,181</u>

The ARPA grant fund is not presented in the table above as its fund balance was \$0 at year end.

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

Stabilization Funds – The City maintains a general and two specialized stabilization funds. The general stabilization fund is reported as a component of unassigned fund balance in the general fund, while the specialized stabilization funds are reported as components of the committed fund balance in the general fund. In addition, the City maintains a stabilization fund for each of its three enterprise funds. At June 30, 2025, the balances in the sewer, water and EMS stabilization funds were \$621,693, \$807,577 and \$739,093, respectively. These amounts are reported as components of unrestricted net position within these individual funds.

Encumbrances – The City’s encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the City Controller as assigned, and (2) classify encumbrances that result from an action of the City Council as committed. Encumbrances of funds already restricted or committed are included within the classification of those fund balances and not reported separately. The City reports \$5,834,765 of encumbrances from normal purchasing activity in the general fund as assigned. There are no encumbrances reported in any other fund.

H. Excess of Expenditures Over Appropriations and Fund Deficits

During the fiscal year ended June 30, 2025, the City did not report any material expenditures in excess of appropriation(s).

The City reports the following material deficits June 30, 2025:

State and federal grants	\$ 1,838,431
Other revolving funds	540,842
Capital projects:	
Durfee High School construction	6,868,719
Other school projects	969,889
Other City projects	<u>230,617</u>
	<u>\$ 10,448,498</u>

The City expects to fund these deficits through future intergovernmental receipts or the issuance of long-term debt.

I. Tax Abatements Related to Economic Incentives

Commercial and Industrial – The City enters into tax increment financing, or TIF, agreements with local businesses as an incentive for economic growth. While these TIF agreements are deemed property tax abatements under GAAP for the purposes of these basic financial statements, no property taxes are abated under a TIF agreement. Rather, the tax liability resulting from the new growth created by the required investment under a TIF agreement is phased in over a number of years. The tax liability for the existing assessed value of the property at the time the TIF agreement is executed is unchanged and continues to be paid throughout the term of the TIF agreement. In addition to a required investment in the property, the TIF agreement also requires retention of existing jobs as well as the creation of new jobs. Pursuant to MGL, property owners may be granted property tax exemptions ranging from 100% to 5% of the assessed value of the incremental investment for a maximum term of twenty years. The City does not normally grant 100% exemptions for more than five years.

TIF agreements must first be approved by the Tax Increment Financing Board, which consists of the City Mayor, City Council President, Chairperson of the Board of Assessors, President of Jobs for Fall River, Inc. (a nonprofit corporation), two members of City Council and the City Administrator. Once approved by this board, a TIF agreement must then be approved by the City Mayor and the City Council. The approved TIF agreement is then presented to the Massachusetts Economic Assistance Coordinating Council for final approval.

For the fiscal year ended June 30, 2025, the City exempted property taxes totaling approximately \$1.4 million under this program to eight property owners. Two executed TIF agreements represented approximately 74% of the entire abatement in the current year. The pertinent details of these TIF agreements were as follows:

- \$ 608,447 A national online retailer and technology company was provided a 100% property tax abatement on its new investment (50% at June 30, 2025), which phases down over a 15-year period to a 25% exemption in its final year (fiscal year 2032). In addition to making timely payments of all taxes owed to the City, the property owner constructed a 1,000,000 square foot facility, made a minimum capital investment of \$50,000,000, and created and retained over 500 permanent full-time employees, with preference to local suppliers, vendors and residents.
- \$ 441,491 A real estate developer was provided a 100% property tax exemption, which phases down over a 15-year period to a 25% abatement in its final year (fiscal year 2033). In addition to making timely payments of all taxes owed to the City, the property owner developed a multiple-use retail mall, made a minimum capital investment of \$25,000,000, and created approximately 200 temporary construction jobs during its development. The property is leased to commercial tenants who have created and retained approximately 300 permanent full-time jobs, with preference to local suppliers, vendors and residents.

Residential – Pursuant to MGL, as a qualified “gateway city,” the City enters into tax increment exemption, or TIE, agreements to support the development of existing underutilized commercial properties into mixed-use market-rate residential properties under the Housing Development Incentive Program, or HDIP. These TIE assisted properties may also contain some affordable rental units. These TIEs may be deemed property tax abatements under GAAP for the purposes of these basic financial statements. These TIEs stimulate increased residential growth, diversify housing stock, support economic development and promote neighborhood stabilization in designated areas. The City’s TIEs exempt 80% of the assessed value of the investment in the

portion of the property that is converted to residential use for five years and then exempt 20% of the assessed value of the investment in the portion of the property that is converted to residential use for five years. The property owner continues to pay the tax liability on the value of the property as it existed before the investment and continues to pay the tax liability on the portion of the property that remains in commercial use during the term of the TIE. The property tax abatements relative to this program were less than \$0.4 million in fiscal year 2025 for seven property owners.

III. Other Information

A. Retirement System

Pension Plan Description – The City contributes to the Retirement System, a cost-sharing multiple-employer defined benefit pension plan. The Retirement System was established under Chapter 32 of MGL. The Retirement System is administered by the Fall River Retirement Board (the “Retirement Board”). The Retirement Board, subject to MGL and PERAC regulations, has the authority to amend or modify the Retirement System’s funding policies. Stand-alone financial statements for the year ended December 31, 2024 were issued and are available by submitting a request to the Retirement Board, 21 Father DeValles Boulevard, Suite GR101, Fall River, Massachusetts 02723.

Current membership in the Retirement System as of December 31, 2024 was as follows:

Retirees and beneficiaries receiving benefits	1,561
Active plan members	2,367
Inactive plan members	<u>724</u>
	<u><u>4,652</u></u>

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

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

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

- Normal retirement generally occurs at age 65. However, participants may retire after twenty years of service or at any time after attaining age 55, if hired prior to April 2, 2012 or at any time after attaining age 60 if hired on or after April 2, 2012. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years’ creditable service in order to retire at age 55. Participants become vested after ten years of service.

Benefits commencing before age 65 are provided at a reduced rate. Members working in certain occupations may retire with full benefits earlier than age 65.

- Ordinary disability retirement is where a participant is permanently incapacitated from a cause unrelated to employment. Accidental disability retirement is where the disability is the result of an injury or illness received or aggravated in the performance of duty. The amount of benefits to be received in such cases is dependent upon several factors, including the age at which the disability retirement occurs, the years of service, average compensation and veteran status.
- Survivor benefits are extended to eligible beneficiaries of participants whose death occurs prior to or following retirement.

Cost-of-living adjustments granted to members of Massachusetts retirement systems granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth during those years have been the financial responsibility of the Commonwealth. Beginning in 1998, the funding of cost-of-living amounts became the responsibility of the participating units like the Retirement System.

The Retirement System may be amended or terminated in whole or in part at any time by the Massachusetts Legislature, provided that no such modification, amendment or termination shall be made that would deprive a current member of superannuation pension rights or benefits provided under applicable laws of Massachusetts, if such member has paid the stipulated contributions specified in sections or provisions of such laws. There were no significant changes to the Retirement System's benefit terms in calendar year 2024.

Contributions Requirements – Under current MGL, the Retirement System is required to be fully funded by June 30, 2040. Participating employers to the Retirement System are assessed their proportionate share of the total annual pension appropriation. The City contributed approximately \$42.1 million to the Retirement System in fiscal year 2025, which equaled the actuarially-determined contribution requirement for the fiscal year. The City's contributions as a percentage of covered payroll were approximately 41% in fiscal year 2025.

Net Pension Liability – At June 30, 2025, the City reported a net pension liability of approximately \$321.1 million. The total pension liability was determined by an actuarial valuation as of January 1, 2025 and rolled back to the measurement date of December 31, 2024. There were no material changes in key actuarial assumptions used in the latest actuarial valuation.

The City's proportion of the net pension liability is based on a projection of the City's long-term share of contributions to the Retirement System relative to the projected contributions of all employers. The City's proportion was approximately 90.5% and 90.9%, respectively at December 31, 2024 and December 31, 2023.

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

The Retirement System’s fiduciary net position was determined using the accrual basis of accounting. The Retirement System’s accounting records are maintained on a calendar-year basis in accordance with the standards and procedures established by PERAC. Contributions from employers and employees are recognized in the period in which they become due pursuant to formal commitments, statutory or contractual requirements. Benefit payments (including refunds of employee contributions) are recorded when incurred, regardless of the timing of payment. Investments are reported at fair value; fair value is determined as the price one would receive in an orderly transaction between market participants at a measurement date.

Pension Expense – The City recognized approximately \$36.5 million in pension expense in the statement of activities in fiscal year 2025.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,975,970	\$ 4,357,152
Changes of assumptions	1,296,102	-
Net difference between projected and actual earnings on pension plan investments	8,040,004	-
Changes in proportion and differences between City contributions and proportionate share of contributions	-	1,819,723
	<u>\$ 12,312,076</u>	<u>\$ 6,176,875</u>

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

<u>Year Ended June 30,</u>	
2026	\$ 1,653,148
2027	8,345,085
2028	(3,594,185)
2029	(763,936)
2030	<u>495,089</u>
	<u>\$ 6,135,201</u>

Actuarial Valuation – The measurement of the Retirement System’s total pension liability is developed by an independent actuary. The significant actuarial assumptions used in the latest actuarial valuation included:

Actuarial cost method	Entry age normal
Investment rate of return	7.0% per year
Projected salary increases	Select and ultimate by job group; ultimate rates of 4.25% for group 1 and 4.75% for group 4
Cost of living adjustments	3% on first \$14,000 of benefits (previously \$12,000)
Pre-retirement mortality	The RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021 (gender distinct)
Post-retirement mortality	The RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 (gender distinct)
Disabled life mortality	The RP-2014 Blue Collar Healthy Annuitant table set forward one year projected generationally with Scale MP-2021 (gender distinct)

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 (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 rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic rates of return for each major asset class included in the Retirement System’s target allocation as of December 31, 2024 are summarized below:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global equity	31% to 41%	6.9% to 9.0%
Core fixed income	12% to 18%	4.4% to 5.3%
Value-added fixed income	6% to 12%	8.0%
Private equity	13% to 19%	10.5%
Real estate	7% to 13%	6.8%
Timberland	1% to 7%	6.8%
Portfolio completion	7% to 13%	6.8%

Discount Rate – The discount rate used to measure the total pension liability at December 31, 2024 actuarial valuation report was 7.0%, which was unchanged from the prior year. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially-determined contribution rates and the member rate. Based on those assumptions, the Retirement System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity Analysis – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.0% as well as the City’s proportionate share of the net pension liability using a discount rate that is 1% lower or higher than the current rate:

Current Discount Rate	Net Pension Liability At		
	1% Decrease	Current Rate	1% Increase
7.0%	\$ 396,976,860	\$ 321,076,079	\$ 256,595,850

B. Massachusetts Teachers’ Retirement System

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

The Commonwealth is a nonemployer contributor to the MTRS and is legally responsible by statute for all actuarially determined employer contributions and future benefit requirements of the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GAAP.

For the year ended June 30, 2024 (the latest period for which MTRS has provided financial data), the Commonwealth contributed approximately \$25.7 million to the MTRS on behalf of the City. The City’s proportionate share of the collective MTRS net pension liability at this reporting date was approximately 1.064%, which was based on the actual, actuarially determined contribution made by the Commonwealth on behalf of the City as a percentage of the total annual contribution made by the Commonwealth on behalf of all employers.

The net pension liability assumed by the Commonwealth on behalf of the City was approximately \$296.7 million at June 30, 2024 (the latest period for which MTRS has provided financial data). The pension expense assumed by the Commonwealth on behalf of the City was approximately \$22.3 million for the year ended June 30, 2024 (the latest period for which MTRS has provided financial data). This amount has been recognized by the City as intergovernmental revenue and pension expense for the year ended June 30, 2025.

Additional information on MTRS can be found on its website.

C. Other Postemployment Benefits

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

Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and City ordinance. All benefits are provided through the City’s insurance program. The OPEB Plan does not issue a stand-alone financial report and is presented as a fiduciary fund in the City’s financial statements. OPEB Plan disclosures can be found in this footnote disclosure.

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2025:

Inactive employees or beneficiaries receiving benefits	2,773
Active employees	<u>2,817</u>
	<u>5,590</u>

Contributions – The contribution requirements of OPEB Plan members and the City are established and may be amended by the City. The City currently contributes 75% of retiree health, dental and life insurance benefits; retirees contribute the remaining 25%. The City currently contributes enough money to the OPEB Plan to satisfy current obligations on a pay-as-you-go basis. Administration costs of the OPEB Plan are paid by the City.

Net OPEB Liability – The City’s net OPEB liability was determined using an actuarial valuation as of June 30, 2024, which was rolled forward to the measurement date of June 30, 2025. The components of the net OPEB liability of the City at June 30, 2025 were as follows:

Total OPEB liability	\$ 402,731,715
Less Plan fiduciary net position	<u>3,663,253</u>
Net OPEB liability	<u>\$ 399,068,462</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.91%

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

Asset valuation method	Market value of the assets as of the reporting date
Actuarial cost method	Individual entry age normal
Investment rate of return	5.48% at June 30, 2025 (previously 6.17%)
Municipal bond rate	4.81% at June 30, 2025 (previously 4.21%)
Single equivalent discount rate	4.93% (previously 4.49%)
Healthcare cost trend rates	4.96% in 2025 grading down to an ultimate rate of 3.63% in 2060
Participation	80% of future retirees are assumed to participate in a retiree medical plan

Pre-retirement mortality	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2021, set forward 1 year for females Teachers: PubT-2010 Mortality Table (headcount-weighted) for employees projected generationally with scale MP-2021
Post-retirement mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for females Teachers: PubT-2010 Mortality Table (headcount-weighted) for healthy annuitants projected generationally with scale MP-2021
Disabled mortality	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2021, set forward 1 year for male and 2 years for females Teachers: PubT-2010 Mortality Table (headcount-weighted) for healthy annuitants projected generationally with scale MP-2021

The long-term expected rate of return on OPEB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity - large cap	33.50%	4.52%
Domestic equity - small/mid cap	3.50%	5.06%
International equity - developed markets	5.25%	5.08%
International equity - emerging markets	1.75%	5.80%
Fixed income - domestic	35.75%	2.44%
Fixed income - international	3.25%	2.13%
Alternatives	2.75%	6.09%
Real estate	1.75%	3.73%
Cash	<u>12.50%</u>	0.00%
	<u>100.00%</u>	
Real rate of return		3.23%
Inflation assumption		<u>2.50%</u>
Total nominal rate of return		5.73%
Investment expense		<u>0.25%</u>
Net investment return		<u>5.48%</u>

Discount Rate – The discount rate used to measure the total OPEB liability at June 30, 2025 was 4.93% versus 4.49% in the prior year. The discount rate reflects the long-term expected real rate of return on OPEB Plan assets for periods in which the fiduciary net position is expected to be sufficient to cover projected benefits; thereafter, a twenty-year high-grade tax exempt municipal bond index is used for unfunded years. The crossover timeframe was near immediate.

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2025:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balances at June 30, 2024	\$ 413,335,463	\$ 2,680,315	\$ 410,655,148
Changes for the year:			
Service cost	11,801,731	-	11,801,731
Interest	18,749,814	-	18,749,814
Changes in assumptions	(25,894,361)	-	(25,894,361)
Employer contributions	-	16,010,932	(16,010,932)
Net investment income	-	232,938	(232,938)
Benefit payments	(15,260,932)	(15,260,932)	-
Net changes	(10,603,748)	982,938	(11,586,686)
Balances at June 30, 2025	<u>\$ 402,731,715</u>	<u>\$ 3,663,253</u>	<u>\$ 399,068,462</u>

With the exception of an increase to the discount rate, there were no other significant changes to key actuarial assumptions in the most recent actuarial study.

Sensitivity Analyses – The following presents the City’s net OPEB liability calculated using the current discount rate of 4.93% as well as what the City’s net OPEB liability using a discount rate that in 1% lower or higher than the current rate:

Current Rate	Net OPEB Liability At		
	1% Decrease	Current	1% Increase
4.93%	\$ 459,057,406	\$ 399,068,462	\$ 350,710,306

The following presents the City’s net OPEB liability calculated using the current healthcare trend rate assumption of 4.96% grading down to an ultimate rate of 3.63%, as well as what the City’s net OPEB liability using a healthcare trend rate that in 1% lower or higher than the current rate:

Current Rate	Net OPEB Liability At		
	1% Decrease	Current	1% Increase
4.96%	\$ 345,067,490	\$ 399,068,462	\$ 467,397,119

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2025, the City recognized an OPEB expense of approximately \$2.4 million. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2025 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,523,853	\$ 51,334,203
Changes in assumptions	1,533,062	82,658,735
Net difference between projected and actual earnings on OPEB Plan investments	<u>-</u>	<u>84,415</u>
	<u>\$ 11,056,915</u>	<u>\$ 134,077,353</u>

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

<u>Year Ended June 30,</u>	
2026	\$ (34,209,977)
2027	(32,993,963)
2028	(19,714,417)
2029	(19,296,935)
2030	(14,204,063)
Thereafter	<u>(2,601,083)</u>
	<u>\$ (123,020,438)</u>

Investment Custody – In accordance with MGL, the City Treasurer is the custodian of the OPEB Plan. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the City.

Investment Policy – The City Council adopted an investment policy for the City’s OPEB Plan. The investment policy seeks to pursue an investment strategy that reduces risk through the prudent diversification of its investment portfolio of assets across a broad selection of distinct investment asset classes. Additionally, the OPEB Plan invests its funds in permissible investments as stipulated by the Commonwealth.

Investment Rate of Return – For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was approximately 8.7%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

D. Pension and Other Employee Benefit Trust Funds

The City reports pension and other postemployment benefits trust funds in a single column in the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position in the fiduciary funds. The City's OPEB Plan does not issue stand-alone financial statements and must be reported separately.

The Statement of Fiduciary Net Position of the City's pension and other employee benefit trust fund at June 30, 2025 was comprised as follows:

	Fall River Contributory Retirement (a)	OPEB Trust	Pension and Other Employee Benefit Trust Funds
Assets:			
Cash and cash equivalents	\$ 10,253,310	\$ 456,439	\$ 10,709,749
Investments at fair value:			
Fixed income securities	-	1,072,788	1,072,788
Equity securities	-	1,176,899	1,176,899
Mutual funds	-	957,127	957,127
PRIT	403,533,233	-	403,533,233
Other investments	18,544	-	18,544
Receivables:			
Contributions	21,721,907	-	21,721,907
Other	1,894	-	1,894
Prepaid items	2,196	-	2,196
Total Assets	<u>435,531,084</u>	<u>3,663,253</u>	<u>439,194,337</u>
Liabilities:			
Warrants and accounts payable	<u>713,601</u>	<u>-</u>	<u>713,601</u>
Net Position:			
Restricted for pensions	434,817,483	-	434,817,483
Restricted for other postemployment benefits	<u>-</u>	<u>3,663,253</u>	<u>3,663,253</u>
Total Net Position	<u>\$ 434,817,483</u>	<u>\$ 3,663,253</u>	<u>\$ 438,480,736</u>

(a) As of December 31, 2024.

The Statement of Changes in Fiduciary Net Position of the City's pension and other employee benefit trust fund as of and for the year ended June 30, 2025 was comprised as follows:

	Fall River Contributory Retirement (a)	OPEB Trust	Pension and Other Employee Benefit Trust Funds
Additions:			
Employer contributions	\$ 46,530,857	\$ 16,010,932	\$ 62,541,789
Employee contributions	11,532,698	-	11,532,698
Other contributions	<u>1,276,078</u>	<u>-</u>	<u>1,276,078</u>
Total contributions	<u>59,339,633</u>	<u>16,010,932</u>	<u>75,350,565</u>
Investment income:			
Interest and dividends	10,116,051	99,315	10,215,366
Net gain in value of investments	25,578,130	151,525	25,729,655
Less investment management fees	<u>(1,891,396)</u>	<u>(17,902)</u>	<u>(1,909,298)</u>
Total net investment income	<u>33,802,785</u>	<u>232,938</u>	<u>34,035,723</u>
Other income	<u>22,786</u>	<u>-</u>	<u>22,786</u>
Total Additions	<u>93,165,204</u>	<u>16,243,870</u>	<u>109,409,074</u>
Deductions:			
Benefit payments to retirees and survivors	48,910,931	15,260,932	64,171,863
Member refunds	1,317,748	-	1,317,748
Transfers and reimbursements to other systems	4,531,184	-	4,531,184
Operations payroll and related personnel costs	373,519	-	373,519
Other administrative expenses	<u>193,725</u>	<u>-</u>	<u>193,725</u>
Total Deductions	<u>55,327,107</u>	<u>15,260,932</u>	<u>70,588,039</u>
Change in Net Position	37,838,097	982,938	38,821,035
Net Position:			
Beginning of the year	<u>396,979,386</u>	<u>2,680,315</u>	<u>399,659,701</u>
End of the year	<u>\$ 434,817,483</u>	<u>\$ 3,663,253</u>	<u>\$ 438,480,736</u>

(a) As of and for the year ended December 31, 2024.

E. Risk Financing

General – The City is exposed to various risks of loss related to general liability; torts; theft of, damage to and destruction of assets; employment matters; errors and omissions; environmental matters; 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.

Group Health Insurance Plan – The City maintains a reinsured cost reimbursement program, which covers the group health insurance requirements of a majority of City employees (the “Insurance Plan”). The Insurance Plan is essentially a self-insurance program and employee claims in excess of \$225,000 are reinsured by the Insurance Plan. The Insurance Plan is administered by Blue Cross Blue Shield of Massachusetts, who acts as a claims processor and a transfer of risk does not occur between the City and Blue Cross Blue Shield of Massachusetts. City employees and retirees currently contribute 25% of health care costs; the remainder is paid by the City.

The City accrues an amount representing claims incurred but not reported (“IBNR”), which is based on a retrospective review of claims paid. At June 30, 2025, the amount of the liability for IBNR health insurance claims totaled \$3,082,000. This liability is the best estimate based on available information. In the government-wide financial statements, the City reports the activities of the Insurance Plan in the Internal Service Fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

Changes in the reported liability for the past two fiscal years are as follows:

	<u>2025</u>	<u>2024</u>
Balance — beginning of year	2,672,482	1,542,125
Claims and changes in estimates	76,493,004	63,962,283
Claims paid	<u>(76,083,486)</u>	<u>(62,831,926)</u>
Balance — end of year	<u>\$ 3,082,000</u>	<u>\$ 2,672,482</u>

Workers’ Compensation – The City is self-insured for its workers’ compensation activities, which are accounted for in the funds incurring the expenditures. Workers’ compensation claims are administered by a third-party and are funded on a pay-as-you-go basis from annual appropriations. The City does not maintain any form of reinsurance for workers’ compensation. The estimated future workers’ compensation liability is based on history and injury type.

Changes in the reported liability for the past two fiscal years are as follows:

	<u>2025</u>	<u>2024</u>
Balance — beginning of year	1,499,643	999,284
Claims and changes in estimates	249,583	861,423
Claims paid	<u>(309,130)</u>	<u>(361,064)</u>
Balance — end of year	<u>\$ 1,440,096</u>	<u>\$ 1,499,643</u>

Unemployment Insurance – The City is also self-insured for its unemployment compensation. The City’s liability for unemployment claims is not material at June 30, 2025 and was therefore not reported in these basic financial statements.

F. Commitments

The City is party to a number of contracts in the execution of its day-to-day operations.

G. Contingencies

General – During its day-to-day operations, the City is party to certain legal claims, which are subject to many uncertainties. The outcome of individual litigation matters in these situations cannot be reasonably estimated. Although the amount of liability, if any, in these situations at June 30, 2025 cannot be determined, management believes that the resulting liability, if any, should not materially affect the basic financial statements of the City at June 30, 2025.

Appellate Tax Board – The City has pending cases filed with the Massachusetts Appellate Tax Board of the Commonwealth of Massachusetts (“ATB”). Assessed property values for property taxes contested by taxpayers in ATB totaled approximately \$18.7 million at June 30, 2025. The City expects that most of the pending cases in ATB will be settled in the City’s favor. As the outcome in these matters cannot be determined (or even estimated), no provision has been made in the City’s financial statements. However, the City does not believe that any adjustments to these property tax assessments will materially affect its basic financial statements.

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

Arbitrage – The City is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The City does not believe it has failed to comply with any of these agreements.

Allowance for Uncollectible Accounts – Management’s estimate of allowances for uncollectible accounts involves judgment. Management evaluates the collectability of receivables by analyzing historical revenues, historical loss levels as well as the collectability of individual accounts. Should management’s estimates prove to be incorrect, the City may be required to recognize additional bad debt charges, which may have a material effect on the City’s financial position and results of operations.

H. Economic Dependence

During the year ended June 30, 2025, approximately 61% of total general fund revenues were recognized from the Commonwealth or other governmental agencies.

IV. Implementation of GASB Pronouncements

A. Current Year Implementations

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

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

B. Future Year Implementations

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

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

In December 2025, the GASB Issued GASB Statement No. 105, *Subsequent Events*. The objective of this Statement is to improve the financial reporting requirements for subsequent events and enhance consistency in application to better meet the information needs of financial statement users. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2026 (fiscal year 2027). The City is currently evaluating whether adoption will have a material impact on the financial statements.

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CITY OF FALL RIVER, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
CITY PENSION PLAN**

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

(dollar amounts are in thousands)

Year Ended June 30,	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	90.5%	\$ 321,076	\$ 103,754	309.5%	55.1%
2024	90.9%	330,825	89,056	371.5%	52.2%
2023	90.9%	350,491	89,056	393.6%	48.1%
2022	91.2%	304,808	77,172	395.0%	54.4%
2021	91.2%	345,638	77,172	447.9%	47.0%
2020	91.3%	348,480	70,837	491.9%	44.3%
2019	91.2%	364,206	70,729	514.9%	40.3%
2018	91.7%	315,871	66,384	475.8%	45.0%
2017	91.6%	325,819	67,582	482.1%	41.3%
2016	91.8%	320,487	67,691	473.5%	40.7%

SCHEDULE OF THE CITY'S CONTRIBUTIONS TO THE PENSION PLAN

(dollar amounts are in thousands)

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 42,115	\$ 42,115	\$ -	\$ 103,754	40.6%
2024	39,612	39,612	-	89,056	44.5%
2023	36,849	36,849	-	89,056	41.4%
2022	34,387	34,387	-	77,172	44.6%
2021	31,988	31,988	-	77,172	41.5%
2020	29,795	29,795	-	70,837	42.1%
2019	27,933	27,933	-	70,729	39.5%
2018	26,278	26,278	-	66,384	39.6%
2017	24,715	24,715	-	67,582	36.6%
2016	23,288	23,288	-	67,691	34.4%

See accompanying independent auditors' report.

CITY OF FALL RIVER, MASSACHUSETTS
REQUIRED SUPPLEMENTARY INFORMATION
MASSACHUSETTS TEACHERS RETIREMENT SYSTEM PENSION PLAN

**SCHEDULE OF THE COMMONWEALTH'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY**
(dollar amounts are in thousands)

For the Year Ended June 30, *	Commonwealth's Proportion of the MTRS Net Pension Liability	City's Proportion of the MTRS Net Pension Liability	Commonwealth's Proportionate Share of the MTRS Net Pension Liability	Commonwealth's Actuarially Determined Contribution	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	100%	0%	\$ 296,741	\$ 25,718	61.5%
2024	100%	0%	262,076	21,419	58.5%
2023	100%	0%	257,291	20,916	57.8%
2022	100%	0%	217,339	16,736	62.0%
2021	100%	0%	280,825	15,283	50.7%
2020	100%	0%	244,708	14,012	53.9%
2019	100%	0%	230,788	12,797	54.8%
2018	100%	0%	223,349	12,058	54.3%
2017	100%	0%	225,763	11,356	52.7%
2016	100%	0%	204,678	10,208	61.6%

* Amounts determined for the previous year ended June 30.

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

See accompanying independent auditors' report.

CITY OF FALL RIVER, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN**

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
(dollar amounts are in thousands)

	Year Ended June 30,								
	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability:									
Service cost	\$ 11,801	\$ 12,528	\$ 12,416	\$ 20,214	\$ 22,764	\$ 13,928	\$ 17,671	\$ 16,910	\$ 16,182
Interest	18,750	21,049	20,283	15,302	15,476	18,296	18,524	17,840	17,226
Changes in benefit terms	-	-	-	(106,775)	-	-	-	-	-
Experience differences	-	(73,319)	-	29,489	7,667	-	(21,612)	-	-
Changes in assumptions	(25,894)	(29,437)	(2,901)	(124,010)	34,860	107,149	-	-	-
Benefit payments	(15,261)	(16,871)	(15,715)	(17,522)	(16,767)	(17,304)	(16,559)	(17,985)	(17,505)
Net Change in Total OPEB Liability	(10,604)	(86,050)	14,083	(183,302)	64,000	122,069	(1,976)	16,765	15,903
Total OPEB Liability:									
Beginning of year	413,335	499,385	485,302	668,604	604,604	482,535	484,511	467,746	451,843
End of year (a)	\$ 402,731	\$ 413,335	\$ 499,385	\$ 483,302	\$ 668,604	\$ 604,604	\$ 482,535	\$ 484,511	\$ 467,746
Plan Fiduciary Net Position:									
Contributions	\$ 16,011	\$ 17,508	\$ 16,081	\$ 18,132	\$ 16,994	\$ 17,736	\$ 16,658	\$ 17,985	\$ 17,505
Net investment income	233	176	121	3	3	4	1	-	-
Benefit payments	(15,261)	(16,871)	(15,715)	(17,522)	(16,767)	(17,304)	(16,558)	(17,985)	(17,505)
Net Change in Plan Fiduciary Net Position	983	813	487	613	230	436	101	-	-
Plan Fiduciary Net Position:									
Beginning of year	2,680	1,867	1,380	767	537	101	-	-	-
End of year (b)	\$ 3,663	\$ 2,680	\$ 1,867	\$ 1,380	\$ 767	\$ 537	\$ 101	\$ -	\$ -
Net OPEB Liability — End of Year (a) - (b)	\$ 399,068	\$ 410,655	\$ 497,518	\$ 483,922	\$ 667,837	\$ 604,067	\$ 482,434	\$ 484,511	\$ 467,746
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.91%	0.65%	0.37%	0.28%	0.11%	0.09%	0.02%	0.00%	0.00%
Covered payroll	\$ 187,833	\$ 182,362	\$ 157,131	\$ 152,554	\$ 139,527	\$ 135,383	\$ 131,440	\$ 118,880	\$ 114,860
Net OPEB Liability as a Percentage of Covered Payroll	212.46%	225.19%	316.63%	317.21%	478.64%	446.19%	367.04%	407.56%	407.23%

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

See accompanying independent auditors' report.

CITY OF FALL RIVER, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN**

SCHEDULE OF CONTRIBUTIONS

(dollar amounts are in thousands)

Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the		Contribution Deficiency (Excess)	Covered Payroll	Contribution as a Percentage of Covered Payroll
		Actuarially- Determined Contribution	Contribution			
2025	\$ 28,990	\$ 16,011	\$ 12,979	\$ 187,833	8.5%	
2024	29,257	17,508	11,749	182,362	9.6%	
2023	31,884	16,082	15,802	157,131	10.2%	
2022	39,050	18,132	20,918	152,554	11.9%	
2021	42,747	16,994	25,753	139,527	12.2%	
2020	34,080	17,304	16,776	135,383	12.8%	
2019	52,280	16,658	35,622	131,440	12.7%	
2018	50,901	17,985	32,916	118,880	15.1%	
2017	48,999	17,505	31,494	114,860	15.2%	

Notes to Schedule:

Valuation date	June 30, 2024
Asset valuation method	Market value of the assets as of the reporting date
Actuarial cost method	Individual entry age normal
Investment rate of return	5.48% (previously 6.17%)
Single equivalent discount rate	4.93% (previously 4.49%)
Healthcare cost trend rates	4.96% in 2025 grading down to an ultimate rate of 3.63%

SCHEDULE OF INVESTMENT RETURNS

Year Ended June 30,	Annual Money- Weighted Rate of Return *
2025	8.69%
2024	9.20%
2023	8.08%
2022	0.25%
2021	0.44%
2020	1.28%
2019	2.31%
2018	N/A
2017	N/A

* Net of investment expenses.

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

See accompanying independent auditors' report.

CITY OF FALL RIVER, MASSACHUSETTS

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Positive (Negative) Variance
	Original Budget	Final Budget				
Revenues:						
Property taxes, net of tax refunds	\$ 140,944,820	\$ 140,944,820	\$ 140,593,912		\$ 140,593,912	\$ (350,908)
Intergovernmental	243,243,118	243,243,118	243,544,988		243,544,988	301,870
Motor vehicle and other excise taxes	9,574,419	9,574,419	11,692,769		11,692,769	2,118,350
Hotel and meals excise taxes	1,515,000	1,515,000	2,010,249		2,010,249	495,249
Licenses and permits	2,321,995	2,321,995	3,551,685		3,551,685	1,229,690
Penalties and interest on taxes	1,048,891	1,048,891	1,150,390		1,150,390	101,499
Fines and forfeitures	1,515,000	1,515,000	1,616,290		1,616,290	101,290
Departmental and other revenues	2,801,348	2,801,348	3,487,529		3,487,529	686,181
Investment income	700,000	700,000	6,773,492		6,773,492	6,073,492
Total Revenues	403,664,591	403,664,591	414,421,304		414,421,304	10,756,713
Expenditures:						
General government	10,819,360	10,819,360	9,818,580	\$ 483,239	10,301,819	517,541
Public safety	46,975,031	46,975,031	45,133,431	643,041	45,776,472	1,198,559
Education	200,772,492	200,772,492	197,875,989	2,824,662	200,700,651	71,841
Public works	20,898,966	22,398,966	18,431,718	3,446,227	21,877,945	521,021
Health and human services	3,335,335	3,335,335	2,312,726	16,077	2,328,803	1,006,532
Culture and recreation	4,095,779	4,095,779	3,658,888	194,503	3,853,391	242,388
Pension and fringe benefits	80,850,928	88,600,928	88,637,260	-	88,637,260	(36,332)
State and county charges	40,630,326	40,630,326	39,499,670	-	39,499,670	1,130,656
Debt service	14,755,881	14,755,881	14,665,634	-	14,665,634	90,247
Total Expenditures	423,134,098	432,384,098	420,033,896	\$ 7,607,749	427,641,645	4,742,453
Other Financing Sources (Uses):						
Transfers in	8,019,079	9,519,079	8,717,649		8,717,649	(801,430)
Transfers out	(250,000)	(7,850,000)	(7,850,000)		(7,850,000)	-
Total Other Financing Sources (Uses)	7,769,079	1,669,079	867,649		867,649	(801,430)
(Deficiency) Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(11,700,428)	(7,600,000)	\$ (4,744,943)		\$ (12,352,692)	\$ 14,697,736
Other Budgetary Items:						
Prior year encumbrances	10,116,940	10,116,940				
Free cash	1,583,488	16,933,488				
Total Other Budgetary Items	11,700,428	27,050,428				
Net Budget	\$ -	\$ -				

See notes to required supplementary information.

See accompanying independent auditors' report.

CITY OF FALL RIVER, MASSACHUSETTS

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2025**

An annual budget is legally adopted for the general fund. The City Mayor presents an annual budget to the City Council, inclusive of estimated revenues and other financing sources and uses. The City Council, which may amend and/or reject the budget or individual line items within the budget, adopts the expenditure budget by majority vote. At the close of each fiscal year, unencumbered appropriation balances lapse and revert to unassigned fund balance. Unspent funds from continuing appropriations such as capital articles are carried forward into the subsequent fiscal year and are available for spending.

The City adopts an annual budget for the general fund in conformity with the guidelines described above. The City Auditor is responsible to ensure that budgetary control is maintained in the manner in which the appropriations were voted by City Council. Budgetary control is exercised through the City’s accounting system.

The City’s general fund is prepared on a basis of accounting other than GAAP. The “actual” results column of the Schedule of Revenues, Expenditures and Changes in Fund Equity – Budgetary Basis is presented on a budgetary basis to provide meaningful comparison with the budget. A complete reconciliation is provided below:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues — statutory basis			\$ 414,421,304
On-behalf payments	\$ 22,264,820	\$ -	22,264,820
Stabilization income	-	1,470,585	1,470,585
	<u> </u>	<u> </u>	
Revenues — GAAP basis	<u>\$ 22,264,820</u>	<u>\$ 1,470,585</u>	<u>\$ 438,156,709</u>
Expenditures — statutory basis			\$ 420,033,896
On-behalf payments	\$ 22,264,820	\$ -	22,264,820
Expense recognition	1,772,984	-	1,772,984
Indirect cost treatment	-	(7,056,189)	(7,056,189)
	<u> </u>	<u> </u>	
Expenditures — GAAP basis	<u>\$ 24,037,804</u>	<u>\$ (7,056,189)</u>	<u>\$ 437,015,511</u>
Net transfers — statutory basis			\$ 867,649
Stabilization transfers	\$ -	\$ 5,020,016	5,020,016
Indirect cost treatment	-	(7,056,189)	(7,056,189)
	<u> </u>	<u> </u>	
Net transfers — GAAP basis	<u>\$ -</u>	<u>\$ (2,036,173)</u>	<u>\$ (1,168,524)</u>