

**PRELIMINARY OFFICIAL STATEMENT AND NOTICE OF SALE DATED OCTOBER 2, 2024**

Rating: See "Rating" herein.  
S&P Global Ratings: AA+

**New Issue**

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

**CITY OF LOWELL, MASSACHUSETTS  
\$52,690,000\* GENERAL OBLIGATION STATE QUALIFIED  
MUNICIPAL PURPOSE LOAN OF 2024 BONDS**

**DATED**  
Date of Delivery

**DUE**  
September 1  
(as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form in the denomination of \$5,000, or any integral multiple thereof. (See "THE BONDS - Book-Entry Transfer System" herein.)

Principal of the Bonds will be payable September 1 of the years in which the Bonds mature. Interest on the Bonds will be payable March 1 and September 1, commencing September 1, 2025. Principal and semiannual interest on the Bonds will be paid by the Treasurer and Receiver-General of The Commonwealth of Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds are subject to redemption prior to their stated maturity dates as described herein.

An opinion of Bond Counsel will be delivered with the Bonds to the effect that the Bonds are valid and binding general obligations of the City of Lowell, Massachusetts (the "City") and that, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all the property within the territorial limits of the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

**MATURITIES, AMOUNTS\*, RATES, PRICES OR YIELDS AND CUSIPS**

Due September 1	Principal Amount*	Interest Rate	Price or Yield	CUSIP 547647	Due September 1	Principal Amount*	Interest Rate	Price or Yield	CUSIP 547647
2025	\$ 810,000		%	%	2040	\$ 1,360,000		%	%
2026	1,735,000				2041	1,410,000			
2027	1,825,000				2042	1,475,000			
2028	1,905,000				2043	1,515,000			
2029	1,565,000				2044	1,565,000			
2030	1,635,000				2045	1,625,000			
2031	1,705,000				2046	1,700,000			
2032	1,775,000				2047	1,770,000			
2033	1,865,000				2048	1,850,000			
2034	1,955,000				2049	1,920,000			
2035	1,965,000				2050	2,000,000			
2036	2,040,000				2051	2,070,000			
2037	2,130,000				2052	2,150,000			
2038	2,210,000				2053	2,245,000			
2039	1,295,000				2054	1,620,000			

**THE BONDS ARE BEING OFFERED FOR SALE AT 11:00 A.M. (EASTERN TIME) ON WEDNESDAY, OCTOBER 9, 2024 VIA PARITY IN THE MANNER SET FORTH IN THE NOTICE OF SALE. REFERENCE IS MADE TO THE NOTICE OF SALE DATED OCTOBER 2, 2024 FOR THE CONDITIONS OF SUCH SALE.**

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, and to certain other conditions referred to herein and in the Notice of Sale. Hilltop Securities Inc., Boston, Massachusetts has acted as Municipal Advisor to the City with respect to the Bonds. The Bonds in definitive form will be delivered to DTC, or its custodial agent, on or about October 24, 2024, against payment to the City in federal funds.

\*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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The information set forth herein has been obtained from the City and from other sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds described herein shall, under any circumstances, create any implication that there has been no material change in the affairs of the City of Lowell since the date hereof.

## SUMMARY STATEMENT

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

Date of Sale: Wednesday, October 9, 2024, 11:00 a.m. (Eastern Time).

Location of Sale: Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.

Issuer: City of Lowell, Massachusetts.

Issue: \$52,690,000\* General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds, see "THE BONDS - Book-Entry Transfer System" herein.

Preliminary Official Statement Dated: October 2, 2024.

Dated Date of the Bonds: As of their date of delivery.

Principal Due: Serially September 1, 2025 through September 1, 2054 as detailed herein.

Interest Payable: Semiannually on March 1 and September 1, commencing September 1, 2025.

Purpose and Authority: The Bonds are authorized by the City for various municipal purposes under provisions of the Massachusetts General Laws as detailed herein.

Redemption: The Bonds are subject to redemption prior to their stated maturity dates as detailed herein.

Security for the Bonds: The Bonds are valid and binding general obligations of the City of Lowell, Massachusetts and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property within the territorial limits of the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

State Qualified Bonds: The Bonds will be State Qualified Bonds pursuant to Chapter 44A of the Massachusetts General Laws ("Chapter 44A"). Pursuant to Chapter 44A, the State Treasurer shall pay debt service on the City's State Qualified Bonds and after payment shall withhold from distributable aid (as defined in Chapter 44A) payable to the City an amount which will be sufficient to pay the debt service on such State Qualified Bonds or, if the amount of such distributable aid in any year is insufficient for the purpose, from any other amounts payable by The Commonwealth of Massachusetts (the "Commonwealth") to the City under any provision of law. From the time withheld by the State Treasurer, all such distributable aid or other amounts so withheld and paid shall be exempt from being levied upon, taken, sequestered, or applied toward paying the debts of the City other than for payment of debt service on such State Qualified Bonds. Nothing in Chapter 44A shall be construed to pledge the credit and assets of the Commonwealth to the support of any State Qualified Bonds or to guarantee payment or stand as surety to the payment of any State Qualified Bonds. See "THE BONDS-State Qualified Bonds" herein.

Credit Rating: S&P Global Ratings has assigned a rating of AA+ to the Bonds.

Bond Insurance: The City has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.

Basis of Award: Lowest True Interest Cost (TIC), as of the dated date. **NO BID OF LESS THAN PAR PLUS A PREMIUM OF AT LEAST \$225,000 WILL BE ACCEPTED.**

Tax Exemption: Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion."

Continuing Disclosure: Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate."

Bank Qualification: The Bonds will not be designated by the City as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Paying Agent: Treasurer and Receiver-General of The Commonwealth of Massachusetts.

Legal Opinion: Locke Lord LLP, Boston, Massachusetts.

Municipal Advisor: Hilltop Securities Inc., Boston, Massachusetts.

Delivery and Payment: It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about October 24, 2024, against payment in federal funds.

Issuer Official: Questions concerning the Official Statement should be addressed to Theodoros Panagiotopoulos, Treasurer, City of Lowell, Massachusetts Telephone (978) 674-4222 or Cinder McNerney, Regional Managing Director, Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4408.

\*Preliminary, subject to change.

**NOTICE OF SALE**

**CITY OF LOWELL, MASSACHUSETTS**

**\$52,690,000\* GENERAL OBLIGATION STATE QUALIFIED MUNICIPAL PURPOSE LOAN OF 2024 BONDS**

The City of Lowell, Massachusetts (the "City") will receive electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Wednesday, October 9, 2024, for the purchase of the following described General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds of the City (the "Bonds"):

\$52,690,000\* General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds payable September 1 of the years and in the amounts as follows:

Due September 1	Principal Amount*	Due September 1	Principal Amount*	
2025	\$ 810,000	2040	\$ 1,360,000	**
2026	1,735,000	2041	1,410,000	**
2027	1,825,000	2042	1,475,000	**
2028	1,905,000	2043	1,515,000	**
2029	1,565,000	2044	1,565,000	**
2030	1,635,000	2045	1,625,000	**
2031	1,705,000	2046	1,700,000	**
2032	1,775,000	2047	1,770,000	**
2033	1,865,000	2048	1,850,000	**
2034	1,955,000 **	2049	1,920,000	**
2035	1,965,000 **	2050	2,000,000	**
2036	2,040,000 **	2051	2,070,000	**
2037	2,130,000 **	2052	2,150,000	**
2038	2,210,000 **	2053	2,245,000	**
2039	1,295,000 **	2054	1,620,000	**

\*Preliminary, subject to change.

\*\*Callable maturities. May be combined into not more than three Term Bonds as described herein.

The Bonds will be dated their date of delivery. Principal of the Bonds will be payable on September 1 of the years in which the Bonds mature. Interest will be payable on March 1 and September 1, commencing September 1, 2025.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of \$5,000 or integral multiples thereof, will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its Participants pursuant to rules and procedures established by DTC and its Participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as Registered Owner of the Bonds. Transfer of principal and interest payments to Participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to Beneficial Owners will be the responsibility of such Participants and other nominees of Beneficial Owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its Participants or persons acting through such Participants.

The original Bonds to be immobilized at DTC and their legality will be approved by Locke Lord LLP, Boston, Massachusetts, whose opinion will be furnished to the successful bidder without charge.

The Bonds maturing on and before September 1, 2033 are not subject to redemption prior to their stated maturity dates. Bonds maturing on and after September 1, 2034 are subject to redemption prior to their stated maturity dates, at the option of the City, on and after September 1, 2033, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed, plus accrued interest to the date set for redemption.

For Bonds maturing on and after September 1, 2034, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise a maturity of Term Bonds, and shall be subject to mandatory redemption or mature at par, as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Each mandatory redemption shall be allocated to the payment of the Term Bond maturing in the nearest subsequent year. Bidders may specify no more than three Term Bonds.

Term Bonds, if any, shall be subject to mandatory redemption on September 1 of the year or years immediately prior to the stated maturity of such Term Bond (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated in the foregoing maturity schedule at the principal amount thereof plus accrued interest to the redemption date, without premium.

**Principal of and semiannual interest on the Bonds will be paid by the Treasurer and Receiver-General of The Commonwealth of Massachusetts**, or its successor, as Paying Agent for the Bonds. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. The disbursement of such payments to the DTC Participants is the responsibility of DTC, and the disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

### **Bidding Parameters**

As between proposals that comply with this Notice of Sale, the award will be to the bidder who offers to purchase all of the Bonds at the lowest net effective interest rate to the City. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of the delivery of the Bonds, discounts semi-annually all future payments on account of principal and interest to the price bid, not including interest accrued to the date of delivery, which accrued interest shall be paid by the successful bidder. In the event that two or more bidders submit bids for the Bonds with the same lowest net effective interest rate to the City, the winning bidder shall be determined by the City Treasurer, by lot, from among all such proposals.

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent or (c) **any coupon in excess of 5.50%. NO BID OF LESS THAN PAR PLUS A PREMIUM OF \$225,000 WILL BE CONSIDERED.**

**The current Bond structure does not reflect any premium. The City reserves the right to change the aggregate principal amount of the Bonds and the maturity schedule after the determination of the winning bid by decreasing the aggregate principal amount and to increase or decrease the principal amount of each maturity by such amounts as may be necessary (i) to reflect the premium, net of issuance costs, to be received by the City, and (ii) to restructure the debt service on all of the Bonds, after reducing and/or eliminating the shortest maturities within each fund by the net premium to be received, to be as close to equal on an annual basis as practicable for each project funded through its applicable final maturity in compliance with the Massachusetts General Laws. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES, AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS WITHIN THESE LIMITS. The dollar amount bid for the Bonds by the winning bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, if any, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the winning bidder for the Bonds by 4 p.m. Eastern Time on the day of the sale.**

Bids must be submitted electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Municipal Advisor to the City or I-deal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102. An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the City.

The award of the Bonds to the successful bidder will not be effective until the bid has been approved by the Treasurer and the City Manager of the City.

The right is reserved to reject any and all bids and to reject any bid not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

The City has not contracted for the issuance of any policy of municipal bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by

the bidder, except for the fees paid to S&P Global Ratings for a rating on the Bonds. Any such fee paid to S&P Global Ratings would be borne by the City.

In order to assist bidders in complying with Rule 15c2-12 (b)(5) promulgated by the Securities and Exchange Commission, the City will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

The Bonds will not be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended (the “Code”).

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, substantially in the form appearing as Appendix B of the Preliminary Official Statement dated October 2, 2024, (b) a certificate in the form satisfactory to Bond Counsel dated as of the date of delivery of the Bonds and receipt of payment therefor to the effect that there is no litigation pending or, to the knowledge of the signers thereof, threatened which affects the validity of the Bonds or the power of the City to levy and collect taxes to pay them, (c) a certificate of the City Treasurer to the effect that, to the best of his knowledge and belief, as of its date and the date of sale the Preliminary Official Statement did not, and as of its date and the date of the delivery of the Bonds, the Final Official Statement did not and does not, contain any untrue statement of a material fact and did not and does not omit to state a material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form appearing as Appendix C of the Preliminary Official Statement.

### **Establishment of Issue Price**

The successful bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City on the Closing Date an “issue price” or similar certificate, substantially in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering prices to the public or the sales price of the Bonds together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by Hilltop Securities Inc. (the “Municipal Advisor”) and any notice or report to be provided to the City may be provided to the Municipal Advisor.

Competitive Sale Requirements. If the competitive sale requirements (“competitive sale requirements”) set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining “competitive sale” for purposes of establishing the issue price of the Bonds) have been satisfied, the City will furnish to the successful bidder on the Closing Date a certificate of the Municipal Advisor, which will certify each of the following conditions to be true:

1. the City has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
2. all bidders had an equal opportunity to bid;
3. the City received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
4. the City awarded the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

**Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Unless a bidder notifies the City prior to submitting its bid by contacting the Municipal Advisor, telephone (617) 619-4400, and affirming in writing via email ([cinder.mcnerney@hilltopsecurities.com](mailto:cinder.mcnerney@hilltopsecurities.com)), or in its bid submitted via Parity, that it will NOT be an “underwriter” (as defined below) of the Bonds, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the City that it will not be an “underwriter” (as defined below) of the Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an “underwriter” that intends to reoffer the Bonds to the public.**

In the event that the competitive sale requirements are not satisfied, the City shall so advise the successful bidder.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Bonds to the Public and the 10% Test is Used. If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Bonds to the public, the Successful Bidder may, at its option, use the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The successful bidder shall advise the Municipal Advisor if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The City will not require bidders to comply with the “hold-the-offering-price rule” set forth in the applicable Treasury Regulations if this option is chosen.

If the competitive sale requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the successful bidder agrees to promptly report to the Municipal Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied for each maturity of the Bonds or until all the Bonds of a maturity have been sold. The successful bidder shall be obligated to report each sale of Bonds to the Municipal Advisor until notified in writing by the City or the Municipal Advisor that it no longer needs to do so. If the successful bidder uses Option A the successful bidder shall provide to the City on or before the Closing Date, the certificate substantially in the form attached to this Notice of Sale as Exhibit 1 – Option A.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. “public” means any person other than an underwriter or a related party,
2. “underwriter” means (A) any person, including the Successful Bidder, that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public), and
3. a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements – Option B – The Successful Bidder Intends to Reoffer the Bonds to the Public and Agrees to Hold the Price of Maturities of Bonds for Which the 10% Test in Option A is Not Met as of the Sale Date. The successful bidder may, at its option, notify the Municipal Advisor in writing, which may be by email (the “Hold the Price Notice”), not later than 4:00 p.m. Eastern Time on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the “Unsold Maturities”) and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the applicable Unsold Maturity to the public at a price that is no higher than the

initial offering price to the public. If the successful bidder delivers a Hold the Price Notice to the Municipal Advisor, the successful bidder must provide to the City on or before the Closing Date, in addition to the certification described in Option A above, a certificate substantially in the form attached to this Notice of Sale as Exhibit 1 – Option B, including evidence that each underwriter of the Bonds, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

Failure to Meet the Competitive Sale Requirements and/or the Successful Bidder Does Not Intend to Reoffer the Bonds to the Public – Option C. If the successful bidder has purchased the Bonds for its own account and will not distribute, reoffer or resell the Bonds to the public, then, whether or not the competitive sale requirements were met, the issue price certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

It is anticipated that CUSIP identification numbers will be printed on the Bonds. The City assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

Additional information concerning the City and the Bonds is contained in the Preliminary Official Statement dated October 2, 2024, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the City except for the omission of the reoffering price(s), interest rate(s), delivery date, the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 5 copies of the Final Official Statement will be available from Hilltop Securities Inc. to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

The Bonds in definitive form will be delivered to The Depository Trust Company or its custodial agent on or about October 24, 2024 for settlement in federal funds.

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CITY OF LOWELL, MASSACHUSETTS  
/s/ Theodoros Panagiotopoulos, Treasurer/Collector

October 2, 2024

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are Met]****City of Lowell, Massachusetts****\$52,690,000\* General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds dated October 24, 2024****ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the City of Lowell, Massachusetts (the "Issuer").

**1. Reasonably Expected Initial Offering Prices.**

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Bonds.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

**2. Defined Terms.**

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is October 9, 2024.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

**3. Receipt.** The Successful Bidder hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the Successful Bidder, before or simultaneously with the Bonds, which certificates, opinions, and other documents are satisfactory to the Successful Bidder.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidder's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_, 2024

[NAME OF SUCCESSFUL BIDDER]

By: \_\_\_\_\_  
Name:  
Title:

\*Preliminary, subject to change.

**SCHEDULE A**  
**EXPECTED OFFERING PRICES**  
**(To be Attached)**

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**SCHEDULE B**  
**COPY OF SUCCESSFUL BIDDER'S BID**  
**(To Be Attached)**

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the 10% Test to Apply]**

**City of Lowell, Massachusetts**

**\$52,690,000\* General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds dated October 24, 2024**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_, (the “[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the City of Lowell, Massachusetts (the “Issuer”).

**1. Sale of the Bonds.** As of the date of this certificate, [except as set forth in the following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% Test has not been met or all of the Bonds have not been sold for one or more Maturities of Bonds as of the Closing Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Bonds, until at least 10% of each such Maturity of the Bonds is sold to the Public (the “10% Test”) or all of the Bonds are sold to the Public, the [Successful Bidder][Representative] agrees to promptly report to the Issuer’s Municipal Advisor, Hilltop Securities Inc. (the “Municipal Advisor”) the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% Test has been satisfied for each Maturity of the Bonds or until all the Bonds of a Maturity have been sold. The [Successful Bidder][Representative] shall continue to report each sale of Bonds to the Municipal Advisor until notified by email or in writing by the Issuer or the Municipal Advisor that it no longer needs to do so.

**2. Defined Terms.**

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

**3. Receipt.** The [Successful Bidder][Representative] hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the Bonds, which certificates, opinions, and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative]’s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_, 2024

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: \_\_\_\_\_  
Name:  
Title:

\*Preliminary, subject to change.

**SALE PRICES  
[(To Be Attached)]**

**[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the Hold the Price Rule Is Used]**

**City of Lowell, Massachusetts**

**\$52,690,000\* General Obligation Municipal State Qualified Purpose Loan of 2024 Bonds dated October 24, 2024**

**ISSUE PRICE CERTIFICATE AND RECEIPT**

The undersigned, on behalf of \_\_\_\_\_ (the (“[Successful Bidder][Representative]”), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS] ]hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”) of the City of Lowell, Massachusetts (the “Issuer”).

**1. Sale of the Bonds.** As of the date of this certificate, [except as set forth in the following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% Test has not been met as of the Sale Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Bonds, the [Successful Bidder][Representative] and any other Underwriter did not [and will not] reoffer the Unsold Maturities to any person at a price that is higher than the initial offering price to the Public until the earlier of (i) \_\_\_\_\_, 2024 or (ii) the date on which the [Successful Bidder][Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

**2. Defined Terms.**

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

**3. Receipt.** The [Successful Bidder][Representative] hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinions and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of the Bonds, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder’s][Representative’s] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Locke Lord LLP in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: \_\_\_\_\_, 2024

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: \_\_\_\_\_

Name:

Title:

\*Preliminary, subject to change.

**[SCHEDULE A  
SALE PRICES  
(To be Attached)]**

## PRELIMINARY OFFICIAL STATEMENT

### CITY OF LOWELL, MASSACHUSETTS

#### **\$52,690,000\* GENERAL OBLIGATION STATE QUALIFIED MUNICIPAL PURPOSE LOAN OF 2024 BONDS**

This Preliminary Official Statement is provided for the purpose of presenting certain information relating to the City of Lowell, Massachusetts (the "City" or "Lowell") in connection with the sale of \$52,690,000\* stated principal amount of its General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds (the "Bonds"). The information contained herein has been furnished by the City, except information attributed to another source.

### THE BONDS

#### **Description of the Bonds**

The Bonds will be dated their date of delivery and will bear interest payable semiannually on March 1 and September 1, commencing on September 1, 2025, until maturity or redemption prior to maturity. The Bonds shall mature on September 1 of the years and in the principal amounts as set forth on the cover page of this Official Statement.

The Bonds are issuable in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of \$5,000, or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or Registered Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "THE BONDS - Book-Entry Transfer System" herein.)

Principal of and semiannual interest on the Bonds will be paid by the Treasurer and Receiver-General of The Commonwealth of Massachusetts, or its successor, as paying agent for the Bonds. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursements of such payments to the Beneficial Owners is the responsibility of the DTC Participants and the Indirect Participants, as more fully described herein.

#### **Redemption Provisions**

##### **Optional Redemption**

Bonds maturing on or prior to September 1, 2033 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on or after September 1, 2034 shall be subject to redemption prior to maturity, at the option of the City, on or after September 1, 2033, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed, plus accrued interest to the date set for redemption.

##### **Mandatory Redemption**

If the successful bidder designated principal amounts of the Bonds to be combined into one, two or three term bonds (which may be done only for principal amounts in consecutive years and only with respect to Bonds maturing on and after September 1, 2034), each such term bond shall be subject to mandatory redemption commencing on September 1 of the first year which has been combined to form such term bonds and continuing on September 1 in each year thereafter until the stated maturity date of that Bond. The amount redeemed or paid at maturity in any year shall be equal to the principal amount for that year set forth in the schedule contained in the Notice of Sale dated October 2, 2024 relating to the Bonds. Principal amounts to be redeemed in any year by mandatory redemption shall be redeemed at par (without premium), plus accrued interest to the redemption date, and shall be selected by lot from among the Bonds then subject to redemption. The City Treasurer may credit against any mandatory redemption requirement term bonds which have been purchased and cancelled by the City or have been redeemed and not therefore applied as a credit against any mandatory redemption requirement.

##### **Notice of Redemption**

Notice of any redemption of Bonds, prior to their dates of maturity, specifying the Bonds (or the portions thereof) to be redeemed shall be mailed to DTC or sent in such other manner acceptable to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the Direct Participants of the redemption or failure on the part of DTC's Participants, Indirect Participants or of a nominee of a Beneficial Owner having received notice from a DTC Participant or otherwise to notify the Beneficial Owners shall not affect the validity of the redemption.

\*Preliminary, subject to change.

## Record Date

The record date for each payment of interest is the fifteenth day of the month preceding the interest payment date, however if such date is not a business day, the record date will be the following business day provided that, with respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

## State Qualified Bonds

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

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

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

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

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

The City has issued and may issue other bonds in addition to the Bonds as qualified bonds on a parity with the Bonds pursuant to Chapter 44A. In addition to this issue of Bonds, the City has issued the following qualified bonds of which an aggregate principal amount of \$302,285,000 was outstanding as of June 30, 2024.

	<u>Principal Amount</u>		<u>Dated</u>
\$	2,975,000	Qualified Bonds	9/15/2009
	2,648,000	Qualified Bonds	12/13/2011
	15,115,000	Qualified Bonds	9/13/2012
	13,985,000	Qualified Bonds	3/17/2015
	39,925,000	Qualified Bonds	9/1/2015
	5,505,000	Qualified Bonds	12/20/2016
	20,235,000	Qualified Bonds	3/22/2018
	56,250,000	Qualified Bonds	9/26/2019
	59,945,000	Qualified Bonds	9/24/2020
	39,265,000	Qualified Bonds	9/30/2021
	3,930,000	Qualified Bonds	12/16/2021
	43,615,000	Qualified Bonds	8/4/2022
	70,130,000	Qualified Bonds	9/28/2023

See "INDEBTEDNESS--Coverage of Qualified Debt Service" for a discussion of the projected coverage of qualified debt service by state aid.

### **Book-Entry Transfer System**

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds to be redeemed.

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

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

DTC may discontinue providing its services as depository with respect to securities held by it at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to DTC.

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

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

## Authorization of the Bonds and Use of Proceeds

The following sets forth the principal amount, purpose, bond anticipation notes outstanding, total amount authorized, date of City approval, and statutory authorizations for the current offering of Bonds. Bond proceeds may be transferred or re-appropriated to other capital projects or otherwise as permitted by Chapter 44 of the General Laws and applicable Federal tax law.

This Issue	Purpose	Total Notes Outstanding (2)	Total Amount Authorized	Date Approved	Statutory Authority (M.G.L., as amended)
\$ 115,000	City Hall Bathrooms	\$ 115,000	\$ 175,000	5/30/2017	Ch. 44, s. 7(1)
271,000	Grand Manor Remediation	271,000	939,000	5/30/2017	Ch. 44, s. 7(1)
31,920	Landfill Compliance	31,920	129,720	5/30/2017	Ch. 44, s. 8(23)
24,000	City-Wide Traffic Signalization Improvements	24,000	300,000	6/8/2021	Ch. 44, s. 7(1)
136,000	City-Wide Traffic and Safety Projects	136,000	200,000	6/8/2021	Ch. 44, s. 7(1)
68,000	Westford & Stedman Intersection Improvements (Additional)	68,000	100,000	6/8/2021	Ch. 44, s. 7(1)
645,014	ADA Improvement Plan	645,014	645,014	6/8/2021	Ch. 44, s. 7(1)
275,000	Municipal Building Improvements - DPW (Various)	275,000	1,000,000	6/8/2021	Ch. 44, s. 7(1)
170,000	Fire Department Building Improvements (Fire Houses)	170,000	300,000	6/8/2021	Ch. 44, s. 7(1)
184,000	Lower Locks Improvements - Phase 1	184,000	1,000,000	6/8/2021	Ch. 44, s. 7(1)
15,000	City of Lowell Master Plan Update	15,000	200,000	6/8/2021	Ch. 44, s. 7(7)
10,000	DPW Heavy Vehicle Fleet Replacement	10,000	1,000,000	6/8/2021	Ch. 44, s. 7(1)
530,000	ADA Transition Plan & Design	530,000	835,500	6/7/2022	Ch. 44, s. 7(7)
190,000	Various Parks Improvements	190,000	700,000	6/7/2022	Ch. 44, s. 7(1)
22,000	Police Department Body Worn Cameras	22,000	725,000	6/7/2022	Ch. 44, s. 7(1)
157,000	Cambodiatown Infrastructure Project	157,000	250,000	6/7/2022	Ch. 44, s. 7(1)
23,000	Fire Apparatus Replacement	23,000	60,000	6/7/2022	Ch. 44, s. 7(1)
1,534,000	Various Building Remodeling	1,534,000	2,258,000	6/7/2022	Ch. 44, s. 7(1)
36,000	DPW Light Fleet/Parks Equipment	36,000	100,000	6/7/2022	Ch. 44, s. 7(1)
88,000	DPW Heavy Fleet/Dump Truck/Sander	88,000	250,000	6/7/2022	Ch. 44, s. 7(1)
250,000	Implementation of Master Plan; Wayfinding	250,000	250,000	6/7/2022	Ch. 44, s. 7(7)
2,500,000	Various School Building Improvements	6,932,623 (3)	21,108,052	4/4/2023	Ch. 70B
67,000	ADA Capital Improvements	67,000	1,868,635	6/21/2023	Ch. 44, s. 7(1)
132,000	Cawley Stadium Improvements	132,000	2,000,000	6/21/2023	Ch. 44, s. 7(1)
20,000	Connector Trail	20,000	150,000	6/21/2023	Ch. 44, s. 7(1)
650,000	DPW Vehicle/Equipment Replacement Program	650,000	1,349,000	6/21/2023	Ch. 44, s. 7(1)
490,000	City Hall Improvements	490,000	1,465,000	6/21/2023	Ch. 44, s. 7(1)
41,000	Building Commission Vehicle	41,000	60,000	6/21/2023	Ch. 44, s. 7(1)
215,000	Turnout Gear - LFD	215,000	215,000	6/21/2023	Ch. 44, s. 7(1)
231,000	Vehicle Replacement - LFD	231,000	250,000	6/21/2023	Ch. 44, s. 7(1)
46,000	Purchase New Firearms (LPD)	46,000	488,000	6/21/2023	Ch. 44, s. 7(1)
964,000	IT/Cybersecurity Infrastructure	964,000	1,280,000	6/21/2023	Ch. 44, s. 7(9)
7,265,000	City-Wide Paving Program	7,265,000	9,187,365	6/21/2023	Ch. 44, s. 7(1)
960,000	Various School Building Improvements	960,000	3,850,000	6/21/2023	Ch. 44, s. 7(1)
87,000	DPW Building /Landfill Improvements	87,000	2,122,000	6/21/2023	Ch. 44, s. 7(1)
2,500	Traffic Calming And Pedestrian Safety	2,500	100,000	6/21/2023	Ch. 44, s. 7(1)
250,000	Master Plan Implementation - Wayfinding	250,000	250,000	6/21/2023	Ch. 44, s. 7(1)
45,000	Illegal Dumping - Cameras	45,000	65,000	6/21/2023	Ch. 44, s. 7(1)
5,111,111	Various School Building Improvements	5,111,111	13,647,402	1/3/2024	Ch. 70B
30,000	Fire Station Repairs	-	75,000	6/13/2018	Ch. 44, s. 7(1)
21,304,485	Lowell High School Project	-	381,967,231	5/8/2019	Ch. 70B
186,000	Public Safety Communications Upgrades	-	6,329,022	6/11/2019	Ch. 44, s. 7(1)
240,000	Network Infrastructure	-	1,197,210	6/11/2019	Ch. 44, s. 7(1)
142,000	ADA Improvements	-	1,202,062	6/11/2019	Ch. 44, s. 7(1)
4,000	LPD Vehicle Maintenance Facility and Sign Shop Roof	-	125,000	6/9/2020	Ch. 44, s. 7(1)
5,141,970 (1)	Drinking Water Facility Upgrade Engineering	-	45,000,000	6/11/2019	Ch. 44, s. 7(7)
1,500,000	Rollie's Farm (CPA)	-	1,500,000	3/1/2022	Ch. 44, s. 7(1)
290,000	Parking Garage	-	7,508,000	4/5/2022	Ch. 44, s. 7(1)
<u>\$ 52,690,000 *</u>		<u>\$ 28,284,168</u>			

\*Preliminary, subject to change.

(1) Final pricing will reflect \$5,145,000 of total proceeds.

(2) This issue will retire bond anticipation notes maturing October 25, 2024.

(3) This issue, along with \$4,432,623 of note sale proceeds, will retire bond anticipation notes maturing October 25, 2024.

## Principal Payments by Purpose\*

Year	General*	Water*	CPA*	Parking*	Total*
2025	\$ 798,030	\$ 1,970	\$ 5,000	\$ 5,000	\$ 810,000
2026	1,615,000	90,000	25,000	5,000	1,735,000
2027	1,700,000	95,000	25,000	5,000	1,825,000
2028	1,770,000	100,000	30,000	5,000	1,905,000
2029	1,425,000	105,000	30,000	5,000	1,565,000
2030	1,490,000	110,000	30,000	5,000	1,635,000
2031	1,550,000	115,000	35,000	5,000	1,705,000
2032	1,615,000	120,000	35,000	5,000	1,775,000
2033	1,700,000	125,000	35,000	5,000	1,865,000
2034	1,775,000	135,000	40,000	5,000	1,955,000
2035	1,775,000	140,000	40,000	10,000	1,965,000
2036	1,845,000	145,000	40,000	10,000	2,040,000
2037	1,925,000	150,000	45,000	10,000	2,130,000
2038	2,000,000	155,000	45,000	10,000	2,210,000
2039	1,080,000	160,000	45,000	10,000	1,295,000
2040	1,130,000	170,000	50,000	10,000	1,360,000
2041	1,175,000	175,000	50,000	10,000	1,410,000
2042	1,225,000	185,000	55,000	10,000	1,475,000
2043	1,260,000	190,000	55,000	10,000	1,515,000
2044	1,300,000	200,000	55,000	10,000	1,565,000
2045	1,350,000	205,000	60,000	10,000	1,625,000
2046	1,410,000	215,000	65,000	10,000	1,700,000
2047	1,465,000	225,000	65,000	15,000	1,770,000
2048	1,535,000	230,000	70,000	15,000	1,850,000
2049	1,595,000	240,000	70,000	15,000	1,920,000
2050	1,660,000	250,000	75,000	15,000	2,000,000
2051	1,720,000	260,000	75,000	15,000	2,070,000
2052	1,785,000	270,000	80,000	15,000	2,150,000
2053	1,860,000	285,000	85,000	15,000	2,245,000
2054	1,225,000	295,000	85,000	15,000	1,620,000
	<u>\$ 45,758,030</u>	<u>\$ 5,141,970</u>	<u>\$ 1,500,000</u>	<u>\$ 290,000</u>	<u>\$ 52,690,000</u>

\*Preliminary, subject to change.

## Tax Exemption

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

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

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

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

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

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

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder’s other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

### **Risk of Future Legislative Changes and/or Court Decisions**

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers. Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of Bondholders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

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

### **Security and Remedies**

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

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

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

*No Lien.* Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other moneys to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See “DEBT LIMITS” below.) Upon certification by the city solicitor or town council that no appeal can or will be taken, or as otherwise required by a municipality’s charter, ordinances, or by-laws, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made. Any such payments shall be reported to the city or town’s assessors by the city or town’s auditor or accountant (or other officer having similar duties). The assessors shall include amounts of such payments in the aggregate appropriations assessed in the determination of the next subsequent annual tax rate.

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

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

*State Distributions.* State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See “*Serial Bonds and Notes*” under “INDEBTEDNESS-TYPES OF OBLIGATIONS” below) and any other sums due and payable by the city or town to The Commonwealth of Massachusetts (the “Commonwealth”) or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority (“MBTA”) or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority (“MWRA”) if the city or town is within the territory served by the MWRA, for any debt service due on obligations issued to the Massachusetts School Building Authority (“MSBA”), or for charges necessary to meet obligations under the Commonwealth’s Clean Water or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

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

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

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

### **Opinion of Bond Counsel**

The successful bidder will be furnished the legal opinion of the firm of Locke Lord LLP, Boston, Massachusetts ("Bond Counsel"). The opinion will be dated and given on and will speak only as of the date of original delivery of the Bonds to the successful bidder. The opinion will be substantially in the form presented in Appendix B.

Other than as to matters expressly set forth herein as the opinion of Bond Counsel, Bond Counsel is not passing upon and does not assume any responsibility for the accuracy or adequacy of the statements made in this Official Statement and makes no representation that they have independently verified the same.

### **Rating**

S&P Global Ratings has assigned a rating of AA+ to the Bonds. Said rating reflects only the rating agency's views and will be subject to revision or withdrawal, which could affect the price and marketability of the Bonds.

### **Municipal Advisory Services of Hilltop Securities Inc.**

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

### **Continuing Disclosure**

In order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, as amended (the "Rule"), the City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. Other than the City, there are no obligated persons with respect to the Bonds within the meaning of the Rule. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds.

**In the past five years, the City believes that it has complied, in all material respects, with its previous undertakings to provide annual reports and notices of significant events in accordance with the Rule. The City has implemented procedures to assist in complying with its continuing disclosure obligations, including the additional significant events added to SEC Rule 15c2-12 that became effective on February 27, 2019.**

## CITY OF LOWELL, MASSACHUSETTS

### General

The City of Lowell (the “City” or “Lowell”) is located in Middlesex County, 25 miles northwest of Boston and approximately 5 miles south of the New Hampshire border. Located on the Merrimack River, Lowell was the nation’s first planned industrial community and is often referred to as the “cradle of the American Industrial Revolution”. From its early days, Lowell has been a socially diverse community, with many of America’s immigrant groups represented in its population. This has continued in recent years with the City becoming an important center for Khmer culture in the United States.

In June 1999, Lowell was named an All-American City by the National Civic League. The All-American City Award recognizes exemplary grassroots community problem-solving and is given to communities that cooperatively tackle challenges and achieve results. Lowell was chosen for its impressive work in the following areas: Community Policing, the Mayor’s Joint Youth Commission and the City’s Asian Water Festival.

Lowell is bordered on the northwest by the Town of Tyngsborough, on the north by the Town of Dracut, on the east by the Town of Tewksbury, and on the southwest by the Town of Chelmsford. Lowell is the population center of the Lowell MA-NH Primary Metropolitan Statistical Area (PMSA). The Lowell MA-NH PMSA is comprised of the City, the Massachusetts towns of Billerica, Chelmsford, Dracut, Dunstable, Pepperell, Tewksbury, Tyngsborough and Westford and the Town of Pelham, New Hampshire. Lowell has a population of approximately 115,554 (2020 U.S. Bureau of the Census) and occupies a land area of 13.4 square miles. Lowell was incorporated as a township in 1826 and it became a City in 1836. Lowell is governed by a nine-member elected City Council and a City Manager who is appointed by the Council. The Mayor is elected by the members of the City Council and serves as the presiding officer of the Council. The principal executive officers of the City are as follows:

#### PRINCIPAL EXECUTIVE OFFICERS

<u>Title</u>	<u>Name</u>	<u>First Entered Office</u>	<u>Term Expires</u>
Mayor	Daniel P. Rourke	January 2024	December 2026
City Manager	Thomas A. Golden, Jr.	April 2022	Indefinite
Assistant City Manager	Shawn Machado	June 2022	Indefinite
Chief Financial Officer	Conor Baldwin	July 2014	Indefinite
Treasurer/Tax Collector	Theodoros Panagiotopoulos	December 2021	Indefinite
City Auditor	Kelly Oakes	September 2021	September 2024
City Clerk	Michael Geary	December 2011	July 2027

### Municipal Services

The City provides general governmental services for the territory within its boundaries, including police and fire protection; collection, recycling, and disposal of solid waste; public education; water and sewer services; street maintenance; and parks and recreational facilities.

Water is supplied to all City residents and businesses by the municipal water department. Current daily capacity is 30 million gallons. Current average daily consumption is 14 million gallons. The City’s water treatment plant and distribution system has been extensively rehabilitated. The City has water supply contracts with the towns of Tewksbury, Dracut, Tyngsborough, and Chelmsford. At present, approximately 99% of the City is sewered. The City’s E.P.A. Award Winning wastewater treatment plant, which was originally constructed in the late 1970s and rehabilitated in the late 1980s and early 1990s, has capacity for 32 million gallons per day of sewage, and currently processes 29 million gallons per day on average. The City has contracts with the towns of Chelmsford, Dracut, Tyngsborough and Tewksbury for use of the wastewater treatment facility.

The City currently disposes of its solid waste through a contract with Wheelabrator. (See “INDEBTEDNESS—Contractual Obligations” below.) The City closed its solid waste landfill in 1993 and completed the capping of the landfill in December 1996. In 1992, the City implemented a voluntary recycling program for materials including paper, glass, plastics, and metal cans. The City estimates that as a result of this program, 5,000 to 6,000 tons of solid waste is diverted annually from the solid waste stream.

Gas, electric and cable television services are provided by established private utilities. Vocational-technical education is provided for at the high school level by the Greater Lowell Regional Vocational Technical High School District. The Lowell Housing Authority provides public housing. The Lowell Regional Transit Authority provides public bus transportation in Lowell and surrounding communities. Direct commuter rail service is available to Boston.

## Corona Virus (COVID-19)

COVID-19 is a respiratory disease caused by a novel coronavirus not previously seen in humans. On March 10, 2020, the Governor of The Commonwealth of Massachusetts declared a state of emergency to support the Commonwealth's response to the outbreak of the virus. The state of emergency in the Commonwealth expired on June 15, 2021 and the national emergency ended on May 11, 2023.

Throughout fiscal year 2021, municipal facilities were closed to the public for a large portion of the year, but operations remained intact. Throughout the pandemic, using CARES Act funding, the City has significantly increased its capacity for remote work and ability to offer city services in a remote manner. Since the spring of 2021, all city facilities have reopened to the public.

On April 23, 2020, the City received approval from the Director of Accounts of the Massachusetts Department of Revenue to take advantage of special legislation to deficit spend up to \$644,676 in FY2020. At the close of fiscal year 2020 (June 30, 2020), the City reported a deficit of \$396,934, net of grant reimbursements from HHS, to the Department of Revenue on the FY2020 balance sheet. The City of Lowell raised \$217,000 of that deficit on the 2021 tax rate recap. The remaining balance of \$179,934 was raised on the 2022 tax recap.

To further aid in balancing the budget while absorbing the impact of COVID-19 in FY2020 and FY2021, the City implemented several fiscal controls and austerity measures to reduce expenditures. These initiatives included a hiring freeze for city-side personnel, overtime controls, and strict scrutiny of all non-essential or COVID-related requisitions for expenditures. These controls resulted in significant turn-backs at the close of FY2020 and more than compensated for lost revenue in Q4 of FY2020. Additionally, the City was awarded \$9,845,688 in federal Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") funding through the Coronavirus Relief Fund (CvRF-MP). While not eligible for use to offset lost revenue, the City used these funds to continue critical essential public safety and public health functions throughout the pandemic and controlled other non-essential operating costs with the fiscal controls by management. Federal legislation extended the date for expenditures under the CvRF-MP through December 31, 2021. The City received the full balance of its CARES Act allocation (\$9.8 million) on November 24, 2020. Aside from public safety and public health overtime to combat the public health crisis, many CARES Act expenditures were for technology to support remote work by City employees. The City issued its audited financial statements for FY2021 in March of FY2022. As of June 30, 2021, the City's governmental funds reported combined ending fund balance of \$100.8 million, an increase of \$32.1 million in comparison with the prior year.

In May of 2021, the U.S. Department of the Treasury launched the Coronavirus State and Local Fiscal Recovery Fund, established by the American Rescue Plan Act of 2021 ("ARPA") to provide \$350 billion in emergency funding for state, local, territorial and Tribal governments. The City has received two separate funding allocations. The first, by virtue of the City's designation as a metropolitan city in Massachusetts was for \$54,450,130. The second funding allocation for Lowell, totaling \$21,559,866, was a component of funding provided to Middlesex County. Where county governments have been abolished (Berkshire, Essex, Franklin, Hampden, Hampshire, Middlesex, Suffolk and Worcester), the law will keep the aid in the state by distributing the money to the cities and towns in the county based on the municipalities' percentage of the county population, and communities may use the funds to supplement their direct aid.

By using the ARPA funds allocated to Lowell and continuing strict fiscal controls put in place at the onset of the pandemic, the City has largely been able to weather the financial storm intact. In addition to federal funding and spending controls, the overall shutdown had a direct impact on City spending and resulted in significant savings in departmental "turn backs" at year end in FY2022. Free Cash as of July 1, 2022 certified by the Department of Revenue was \$7,860,448.

During FY 2023, the City received a second tranche of ARPA funding, bringing the total ARPA award amount to \$76,009,996. As noted in its 2022 Annual Report, the City used \$7.9 million to address revenue loss in FY2021, and used the standard \$10 million revenue loss allotment. In FY 2022, \$582,730 was spent for various eligible expenses such as testing and combating the public health crisis. In the summer of 2022, the City presented the results of a robust set of community engagement sessions to solicit public input from residents, non-profits, and small businesses regarding the use of ARPA funds. The City Manager presented a budget for the ARPA program that was based on this community input and other municipal needs, and which approved by the City Council for expenditure of the full \$76 million within the eligibility period set by the US Treasury.

For FY2023, the City encumbered \$19.8 million of ARPA funding on a variety of eligible projects, including these notable investments: \$9.9 million for new Fire Department vehicles, \$3.8 million on Water and Sewer related infrastructure projects and equipment, and \$2.3 million on HVAC improvements in the City's schools. The City also issued payments totaling just over \$1 million in Premium Pay distributions to public safety employees.

As of June 30, 2024, the City has received \$76,009,996 in federal ARPA funding. This amount represents all of the ARPA funding that the City will receive, and no further funding is expected at this time. Of the \$76 million, \$43,934,085 has been spent, with an additional \$5,583,482 under contract or encumbered through purchase orders. Of the remaining \$26,492,429, the City has established programs and or projects that will obligate and additional \$21 million. The remaining \$5 million will be obligated to new projects during the next few months. The City has invested ARPA funding in Water & Sewer Infrastructure Projects, air quality improvements in schools, jumpstarting the local economy by investing and supporting small businesses and increasing tourism activities, rebuilding and renovating neighborhood parks, and providing grants to local non-profit agencies. In FY2025 and beyond, the City will utilize the remainder of the ARPA balance, most of which has been encumbered to date and will be fully obligated before the end of calendar year 2024, to make improvements to sewer systems, various city parks, HVAC systems in municipal building and other related grant programs. Many of these improvements will have a positive impact on the City's operational budget in FY2025 and beyond, by reducing the cost burden on the DPW's O&M budget for aging mechanical systems in city schools and other buildings.

Despite the pandemic, existing financial practices and the influx of ARPA funding have improved the City's ability to fund projects that benefit the economy of Lowell.

The City entered the pandemic from a position of relative fiscal strength and has used the existing reserves in the City's stabilization funds to offset revenue losses to some degree, with a plan to replenish all drawdowns through appropriations from Free Cash generated by the ongoing expenditure controls and revenue loss replacement with ARPA funding. The balance of the stabilization fund was \$13.9 million as of June 30, 2022.

### Education

The City currently operates 12 elementary schools, 6 middle schools, 2 pre-K through grade 8 schools, 5 alternative schools, and 1 high school. Total estimated capacity of these buildings is approximately 16,800. Capacity in the High School is approximately 4,000, compared to current enrollment of 3,101. Capacity of elementary and middle schools is approximately 13,300, compared to current enrollment of 11,299. The City authorized and borrowed \$219,645,000 for school purposes since 1990 and received Massachusetts School Building Authority (the "Authority") approval for grants reimbursing eligible project costs. The City also authorized an additional \$44.5 million for the renovation of other schools, for which it is also entitled to grants reimbursing eligible project costs from the Authority. In May 2019, the City authorized \$343.4 million for construction and reconstruction of a new high school, and later increased the authorization to a total of \$381.9 million in March 2022. The total amount authorized for this project will be reduced to the extent of school building grant funds paid to the City by the Massachusetts School Building Authority. The reimbursement rate will be approximately 80% of eligible project costs. See "CITY FINANCES - State School Building Assistance" herein.

The following table sets forth the trend in public school enrollments.

#### PUBLIC SCHOOL ENROLLMENTS – OCTOBER 1,

	Actuals				
	2020	2021	2022	2023	2024
Elementary (PK-4)	5,090	6,087	6,253	6,162	6,672
Middle/Junior High (5-8)	4,794	4,753	4,580	4,570	4,792
Senior High (9-12)	3,223	3,161	3,272	3,519	3,615
SP/Other	36	22	25	23	580
Totals	<u>13,143</u>	<u>14,023</u>	<u>14,130</u>	<u>14,274</u>	<u>15,659</u>

The City is a member of the Greater Lowell Technical High School District, which includes 4 communities: Lowell, Dracut, Tyngsborough, and Dunstable. As of October 1, 2023, there were 1,722 students enrolled from Lowell.

## Industry and Commerce

Lowell is a city with an industrial past and currently diverse modern economy. Education and health services are the largest sectors of the local economy representing 44 percent of total employment. Manufacturing, wholesale trade, transportation, public utilities, professional and business services, leisure and hospitality, and government are the other key sectors of Lowell's economy.

Over the past several decades, there has been a shift in Lowell's economy, from manufacturing to service-related industries such as banking and finance, medical care, and education.

Industry	Calendar Year				
	2019	2020	2021	2022	2023
Construction	1,014	1,002	999	1,051	808
Manufacturing	3,301	2,970	2,935	3,063	3,104
Trade, Transportation & Utilities	4,236	4,021	4,294	4,245	4,369
Information	1,332	1,093	1,048	1,335	846
Financial Activities	1,441	1,406	1,218	1,062	847
Professional & Business Services	5,986	5,711	6,079	5,925	6,160
Education & Health Services	16,854	15,714	15,829	16,397	16,798
Leisure & Hospitality	3,457	2,470	2,700	2,997	3,046
Other Services	998	835	866	879	920
Public Administration	1,332	1,323	1,323	1,407	1,519
<b>Total Employment</b>	<b>39,951</b>	<b>36,545</b>	<b>37,291</b>	<b>38,361</b>	<b>38,417</b>
Number of Establishments	3,611	3,872	4,106	4,178	4,175
Average Weekly Wage	\$ 1,289	\$ 1,335	\$ 1,457	\$ 1,466	\$ 1,420
Total Wages	\$ 2,677,785,390	\$ 2,538,359,257	\$ 2,828,919,444	\$ 2,924,349,813	\$ 2,836,367,460

Source: Massachusetts Executive Office of Labor and Workforce Development.

## Labor Force, Employment and Unemployment

According to the Massachusetts Executive Office of Labor and Workforce Development's Municipal Employment Data, in June 2024, the City had a total labor workforce of 58,764 of which 55,792 were employed and 2,972 or 5.1% were unemployed as compared with 4.0% for the Commonwealth.

The table below sets forth the City's average labor force and unemployment rates and the unemployment rates for the Commonwealth and the United States for the following calendar years.

### UNEMPLOYMENT RATES

Year	City of Lowell		Massachusetts	United States
	Labor Force	Unemployment Rate	Unemployment Rate	Unemployment Rate
2023	56,804	4.2 %	3.5 %	3.7 %
2022	56,478	3.4	3.2	3.5
2021	57,530	7.0	5.7	5.4
2020	56,176	10.2	8.9	8.1
2019	57,869	3.4	2.8	3.7

SOURCE: Massachusetts Executive Office of Labor and Workforce Development and the U.S. Bureau of Labor Statistics. Data are based upon place of residence, not place of employment.

## Largest Employers

The following table sets forth the largest employers in Lowell (>100 employees) as of August 2024, excluding the City itself.

<u>Company Name</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
U-Mass Lowell*	Education	4,944
Tufts Medicine (Lowell General Hospital)	Healthcare	3,650
UKG (formerly Kronos)	Software	1,500
IBM	Software	1,200
Demoulas /Market Basket**	Supermarket	1,094
Middlesex Community College	Education	759
Community Teamwork (CTI)	Social Services	621
MA/COM Technology Solutions	Electronics	550
Lowell Community Health Center	Healthcare	537
Aramark Corp.	Hospitality/ Food Services	455
D'Youville Life & Wellness Community	Healthcare	427
Jabra	Electronics	400
Pridestar Trinity EMS	Healthcare	400
Cirtec (former Metrigraphics)	Manufacturing	399
Enterprise Bank & Trust	Financial Services	332
Commscope (former Arris and Motorola)	Electronics	229
Target**	Retail	220
Veoneer (former AutoLiv) **	Electronics	220
Jeanne D'Arc Credit Union	Financial Services	197
Northwood Rehabilitation Center**	Healthcare	183
D.S. Graphics	Printing & Publishing	173
Lowe's Home Improvements*	Retail	170
Unwrapped Inc.	Manufacturing	140
Hannafords	Supermarket	140
Scheidt and Bachmann**	Electronics	132
TRC Environmental Corporation	Environmental	130
Rapid Micro Biosystems**	Life Sciences	125
Fred C. Church Insurance Agency**	Insurance Services	120
Microchip Technologies (former Microsemi Corp.) **	Electronics	118
Captive	Electronics	116
Internal Revenue Service (IRS)	Federal	112

Source: City of Lowell Department of Planning & Development Survey, August 2024.

\*includes FT& PT staff and faculty

\*\*Reflects 2022-2023 job counts.

## Economic Development

The City has a proactive economic development strategy to attract new companies, retain growing local businesses, create job opportunities, and expand the commercial/industrial tax base of the City. The City Manager's office spearheads these efforts in concert with the City's Department of Planning and Development and other institutions such as the Lowell Development and Financial Corporation ("LDFC") and the Lowell Plan. Partnerships extend to the University of Massachusetts Lowell, Middlesex Community College, the Middlesex 3 Coalition, Entrepreneurship for All, the Entrepreneurship Center at CTI, MassHire Greater Lowell Workforce Board and Career Center, the Greater Lowell Chamber of Commerce, and many other organizations, allowing for each to expand its capacity to deliver a full-service range of business assistance. The City's economic development success manifests in over \$150M in private investment in the past decade stemming from projects certified by the Commonwealth Economic Development Incentive Program ("EDIP") and over \$4.6M in investment since 2000 in over 40 downtown retail establishments through the City's partnership with the LDFC. The following summary offers an overview of the main actors in economic development in the City. The City's Department of Planning and Development ("DPD"), through the Economic Development Office, serves as the first line of entry for business-related inquires in the City. The Economic Development Office offers site finding assistance, permitting, and licensing assistance, connections to financing, workforce development and technical assistance to existing Lowell businesses and to those looking to locate in the city. Since 2000, the Economic Development Office, working with private developers, has facilitated the rehabilitation and reoccupancy of over 3M square feet of vacant downtown buildings. DPD has also championed urban renewal and revitalization through initiatives like the Acre Plan, the Jackson/Appleton/Middlesex

Streets Revitalization Plan (JAM Plan), the Hamilton Canal Innovation District Project (HCID), and most recently the Ayer's City Industrial Park (ACIP) and the Acre TDI District. DPD also maintains close working relationships with the partners listed below as well as others throughout the community.

**Awards & Recognition:** In December of 2023, the Commonwealth of Massachusetts recognized the City for outstanding decarbonization, clean energy, and environmental efforts. The "Leading by Example Award" celebrates the following accomplishments by the City: reducing greenhouse gas emissions by 45% from city operations since 2010; deployment of publicly accessible EV charging stations, and completion of extensive energy projects to make existing buildings "decarbonization ready." Coupled with strategic partnerships with community-based organizations, the City is working to ensure the benefits of the clean energy transition reach the diverse populations of Lowell. Earlier this year, the City of Lowell was recognized by Mass Save as one of their 2023 "Climate Leaders" for making meaningful investments in energy efficiency and curbing greenhouse gas emissions. Specifically, Lowell has achieved over 1 million kWh in electric savings, 40,000 therms in gas savings, and elimination of over 500 tons of greenhouse gas emissions. The City's Sustainability Director was recently recognized as the "Solar Leader of the Year (2024) Local Level" by the Solar Business Association of New England. Under the leadership of its Sustainability Director, the City has secured over \$20.3M in grants either directly or in partnership with other local agencies.

The **Lowell Development and Financial Corporation (LDFC)** is a non-profit development corporation created in 1975 by an Act of the Massachusetts Legislature to assist in the economic revitalization of Lowell. Since then, the LDFC has financed more than 200 projects citywide, totaling more than \$85M in development. Among the programs supported through the LDFC are loans in support of the renovation of commercial and industrial properties city-wide, renovation of mixed-use properties in the neighborhoods, and energy efficiency retrofits of historic properties in the downtown. The LDFC also provides zero-interest loans to first time homebuyers in the form of down payment assistance. The Downtown Venture Fund program, created in collaboration with the City of Lowell, offers loans targeted to new and existing businesses that enhance the economic vitality of Downtown. The boundaries of this program were recently expanded to include portions of commercial districts adjacent to the Downtown as well as the concentration of artists at Western Avenue Studios. In furtherance of the City's efforts to support its growing community of entrepreneurs, the LDFC created two additional programs: The Launch in Lowell program, assisting start-up businesses associated with Lowell Makes and the EforAll Accelerator program; and the Incubator Loan Fund, providing loans to entrepreneurs affiliated with the UMass Lowell Innovation Hub or M2D2 programs. The LDFC's strong partnership with the City of Lowell and local lending institutions continues to play an instrumental role in the city's revitalization. In 2024 the LDFC will launch a new \$4.5M loan pool dedicated to the restoration of historic buildings in the downtown Lowell historic district.

The **Lowell Plan, Inc.** is a private, non-profit economic development corporation founded in 1979 to assist the city in advancing various economic and community development projects. Privately funded, it has raised over \$7 million since its inception, investing those funds in a variety of ways to help stimulate economic, cultural, education and quality of life initiatives, often in cooperation with city, state and federal partners. A key role of the Lowell Plan is to provide a regular forum for private and public sector representatives to discuss and develop consensus on strategies for revitalizing Lowell. Its broad mission allows for a quick response to city-wide priorities like implementing a marketing plan, advocating for a new high school, or proposing a change in the traffic pattern for downtown. The Lowell Plan continues to support "Mosaic Lowell", a cultural economy plan for the City of Lowell. This year the Lowell Plan is helping to shape the future of the former Inn and Conference Center in a manner that fosters economic development downtown. The Lowell Plan is also working with Middlesex Community College and UMass Lowell to amplify their roles in Lowell's economic initiatives and retain the talented graduates they produce.

**Lowell National Historical Park:** The Lowell National Historical Park was established in 1978 by an Act of Congress to recognize Lowell's unique contribution to the American Industrial Revolution and to preserve and interpret key physical elements of 19<sup>th</sup> century manufacturing. Over the last four decades, the Park has been developed according to a plan approved by the Secretary of the Interior, and over \$170 million has been invested to preserve its historic assets. The Park's major exhibit at the Boott Cotton Mills and the Tsongas Industrial History Center is a focal point of the Park and provides a comprehensive view of the Park's themes. The Park is currently working with the City to design and construct a major multi-million-dollar Canalway and Riverwalk Development Project financed by both public and private sources that will enhance the City's 5.6-mile historic canal system.

**University of Massachusetts Lowell:** The University of Massachusetts Lowell is an active partner in the City's economic development strategy. The rapid growth of the University has fueled local demand for housing and services and the associated construction boom has generated significant jobs and spending in the local economy. In addition, the University's expanding research and development programs have a mutually beneficial relationship with local technology businesses. In the fall of 2012, UMass Lowell completed the construction of the Emerging Technologies and Innovation Center, a \$70 million, 84,000 square foot building on North Campus, which houses nanotechnology, plastics engineering, biomedicine, and electro-optics. To support the ongoing growth of North Campus, a new 550-space parking garage was

also completed. In the fall of 2013 on South Campus, a new \$40 million, 69,000 square foot Health & Science building and new student housing, Riverview Suites, a \$42 million dollar project with approximately 500 beds, was completed. In 2014 on East Campus, the University Suites, a 148,000 square foot building with 472 additional beds, was completed.

In June of 2015, UMass Lowell celebrated the opening of their new Innovation Hub at 110 Canal in Hamilton Canal District. The Innovation Hub supports entrepreneurs and start-ups with premium office space, co-working space, equipment, programs, and services. Currently, the I-Hub has over 20 new start-ups. The site is also home of the Massachusetts Medical Device Development (M2D2) Center on the 4<sup>th</sup> floor. The 1<sup>st</sup> and 2<sup>nd</sup> and floors have been also occupied to house the UML Fabrics Discovery Center, a R&D and business incubator for “smart fabrics” and the NERVE Center. This project alone represents an investment of \$11.3 million. The Fabric Innovation Center will spur future innovation and allow new technologies from R&D stage to commercialization.

In the April 2017, UMass Lowell celebrated the opening of the Pulichino Tong Building, the new home of the Manning School of Business. \$45M was invested in the 54,000 square foot facility which modern style classrooms, a trading room, a behavioral research lab, a business analytics lab; and collaborative spaces in the heart of the north campus. In January of 2019, UMass Lowell reopened Perry Hall after a \$50M renovation project. Perry Hall features eight new labs (3 teaching and five research) for biomedical, chemical and environmental engineering, as well as biomanufacturing and clean energy. Dedicated co-location spaces will enable the university to expand its industry partnerships. In addition to an extensive renovation of the building’s existing 47,825 square foot of space, the project includes the addition of 5,600 square feet of new space on the reopened fourth floor, which now connects to adjacent Ball Hall.

**UMASS Lowell Enrollment Trends**

Year	Undergraduate	Graduate	Continuing Education	Total Enrollment
2023	10,104	4,829	2,026	16,959
2022	10,402	4,944	1,989	17,335
2021	10,781	4,978	2,104	17,863
2020	11,309	4,018	3,042	18,369
2019	11,545	3,608	1,857	18,338

UML was recently awarded nearly \$5.5M to develop a new research center that brings together faculty, researchers, students, and private enterprises looking to design, build and test small satellites and spacecraft components. Named the “MA Alliance for Space & Technology & Sciences” (MASTS), this consortium, will be based at Wannalancit Business Center on East Campus.

Earlier this year, UMass Lowell announced the “Lowell Innovation Network Corridor” (LINC) project, the University’s most exciting and ambitious redevelopment project to date. Located at UMass Lowell’s East Campus, this 10-acre site is anchored by two major attractions, the 7,800-seat Tsongas Center and the 5,000-seat LeLacheur baseball stadium both owned by the university. This site is prime for approximately 1M square-feet, mixed-used development consisting of commercial office/ R&D facilities, hospitality, student housing, other residential and retail spaces. The Commonwealth recently announced a substantial financial commitment in the tens of millions of dollars to this project. In March of this year, Draper, a Cambridge-based government contractor, announced the negotiation of a lease for a new building at LINC for its growing microelectronics division. Draper has already relocated approximately 50 employees to UML’s incubator space at the adjacent Wannalancit Mills.

**Middlesex Community College (MCC):** This state-supported community school opened its Lowell campus in 1991 at the Wang Training Center building located at the Lower Locks area of the Central Business District representing a total investment cost of approximately \$12.5 million dollars. Since then, the college has expanded its facilities and has occupied other buildings in the downtown area including the Morse Federal Building on East Merrimack St and the historic Pollard Exchange building on Middle Street in affiliation with the Middlesex Academy Charter School. This purchase resulted in the expansion of the college’s health and science programs as well as the Charter school’s capacity to serve local students who have left high school before graduating or face risks of dropping out. In the fall of 2018 MCC opened the Richard and Nancy Donahue Family Academic Arts Center. Located in the former Boston and Maine Railroad Depot, also known as the historic “Rialto Building” the Arts Center houses the College’s performing arts programs. Currently, MCC offers more than 75 associate degree and certificate programs.

The following table sets forth the trend in MCC's enrollments.

<u>Year</u>	<u>Enrollment*</u>
2023	11,111
2022	10,726
2021	10,348
2020	10,694
2019	10,939

Data Source: Middlesex Community College, *February 2024*

\*Enrolment is for both Lowell & Bedford Campuses, since the majority of students take classes on both campuses.

### ***Financial Incentives and Technical Assistance***

**Small Business Assistance:** The Economic Development Office provided over \$1M in direct financial assistance to Lowell's small, independently owned businesses that have been most significantly impacted by the COVID-19 pandemic. A total of 168 grants were awarded of up to \$10,000 each from 2020-2022.

In 2023, the Economic Development Office created a suite of programs that aligned with the City's ARPA framework, which was endorsed by the Lowell City Council in October 2022. ARPA is intended to address the negative health and economic impacts caused by the COVID-19 pandemic, and these programs are tailored to the specific needs of Lowell's small businesses. Details on each program are as follows:

**Storefront Improvement Program (SIP):** The Storefront Improvement Program provides matching grants to property owners or tenants seeking to renovate or restore ground-floor commercial building exterior facades. The Program seeks to increase accessibility into storefronts, improve the physical appearance of independent businesses, and enhance the commercial districts of Lowell. To date, a total of twenty-eight (28) grants have been awarded, totaling approximately \$400,000 in grant funding.

**Economic Resilience Grant Program (ERG):** The Economic Resilience Grant Program provided funding to a variety of businesses that were disproportionately impacted by the Covid-19 pandemic. To date, a total of twenty-five (25) grants have been awarded, totaling approximately \$750,000 in grant funding.

**Small Business Expansion Loan:** The Small Business Expansion Program is a forgivable loan of \$30,000 each available to eligible brick and-mortar for-profit businesses who want to start, expand, or relocate to Lowell. This program replaces the former "Small Business Retention" and "Small Business Relocation" programs. Preference will be given to retailers, restaurant operators, and businesses that are filling ground-floor vacant commercial units, especially in downtown Lowell, with the goal of reducing ground-floor vacancy and blight conditions in the City's Downtown. To date, a total of \$440,000 have been committed to fifteen (15) Lowell businesses.

**The Downtown Venture Fund:** The City, in conjunction with the LDFC and several other banking institutions in the City, formed the Downtown Venture Fund in 2000. The fund offers low interest loans to businesses seeking to locate or expand in the downtown area and offers loans of up to \$100,000 with flexible repayment options that include no payments in the first year. To date, the project has been a tremendous success, financing 49 new businesses in Downtown resulting in the creation of approximately one-hundred (100) new jobs and a total investment of over \$5 million dollars. The total leveraged private investment is estimated at \$2.5 million.

**Downtown Vacant Storefront Program:** The Economic Development Office in spring of 2019 submitted an application to the Massachusetts Office of Business Development to establish a "Vacant Storefront District" in Downtown Lowell. This program provides state tax credits of up to \$10,000 to businesses that occupy eligible storefronts that have been vacant for 12 months or more within a pre-designated geographic area. The Lowell "Vacant storefront District" was approved by the state late in 2019; therefore, retail/ restaurant tenants occupying vacant storefronts will be eligible for state tax credits. To date, five (5) new Downtown Businesses have received state tax credits under this program valued at \$50,000. In addition, each business received at least \$10,000 each in the form of City's grants or forgivable loans.

**Project Pop-Up (POP):** Project Pop-Up is an initiative created to revitalize Lowell's Downtown. By hiring a firm to curate a pop-up space in Lowell's central business district, this program has created a retail incubator space in the heart of Downtown, creating a pipeline for more retailers to establish themselves in Downtown Lowell on a long-term basis. This retail space successfully incubated two start-up retailers during the fall and holiday season of 2023 and continues to do so for a new set of entrepreneurs on a quarterly basis through the end of 2025.

**ARPA-Funded Technical Assistance (TA):** The Economic Development Office is rolling out technical assistance programs for food businesses and retailers. With these programs, businesses who need expert advice can apply for assistance and be paired with a consultant who can analyze their needs and develop a work plan for them to reach their goals. The aim of this program is to sustain and grow independent businesses in Lowell.

**Economic Development Incentive Program/TIFs:** Under the Commonwealth's Economic Development Incentive Program (EDIP), the City has supported more than 30 projects that have been approved as Certified Projects under the EDIP Program, representing more than \$400M in private investment in Lowell. Under this program, companies that are expanding in Lowell, creating jobs and making significant capital investments, become eligible for both state investment tax credits and municipal real estate tax relief (TIF). Past TIF agreements include Cross Point, Nobis Engineering, PrideStar EMS, Tremont Yard LLC, Jeanne D'Arc Credit Union, HB Software Solutions, Cirtec (former Metrigraphics), Markley Group, Somerset Industries, UKG (former Kronos, Inc.), M/A-COM Technology Solutions, Inc., and Plenus Group. Combined these companies are creating/retaining well over 4,500 jobs in the City.

**Community Choice Power Supply Program:** The City is a municipal aggregator, allowing the City to competitively procure a lower cost electricity supply. This often allows the municipality to obtain better pricing than individual ratepayers due to economies of scale. Lowell's Community Choice Power Supply Program has secured a locked-in electricity supply rate of 14.4449 cents/kWh. The City's aggregation also includes 45% more voluntary Class I Renewable Energy Certificates. This might be helpful for companies that have carbon neutral goals or goals to source 100% of electricity from renewable sources. Currently, these voluntary RECs put Lowell's total supply at 69% renewable energy, an increase by 2% from last year. The City will enter into a new contract by November of 2024 and will enroll into a new, competitive pricing.

**MassDevelopment Property Assessed Cleaned Energy ("PACE") Program:** In 2022 the City entered into an agreement with MassDevelopment, the state's lending agency to administer the PACE Program Citywide. The PACE offers attractive financing to property owners of commercial, industrial and multi-residential properties to make substantial energy improvements such as but not limited to new energy efficient windows; roof; insulation; HVAC systems; solar panels; and LED lighting. The City's Economic Development office continues to work with MassDevelopment in promoting this program to developers and property owners.

**The Housing Development Incentive Program ("HDIP"):** In June 2012 the Patrick administration unveiled the HDIP, a new state tax-credit program administered under the Department of Housing and Community Development aimed at creating more market-rate housing in 24 Gateway Cities, such as Lowell. This new program was created to serve as a development tool for Gateway Cities to increase residential growth, expand diversity of housing stock, support economic development, and promote neighborhood stabilization. The City of Lowell promptly became the second Gateway City to have a Housing Development Plan and Zone approved under the program. As a result, Lowell now offers projects that propose to create market-rate housing a state tax credit of up to 10 percent of qualified rehabilitation costs and a partial abatement of the local property tax increment generated by the investment. This program will strengthen the City's ongoing efforts to rehabilitate vacant and underutilized upper stories of Downtown buildings with housing that will help grow the City's tax base and introduce additional purchasing power for local shops and restaurants. To date, seven (7) projects received full approval. These projects represent over \$170M in private investment, 500 new housing units, and over \$5.5 million in projected net new taxes to the City.

**The Urban Center Housing Tax Increment Financing (TIF) Program (UCH-TIF):** This is a State statutory program authorizing cities and towns in the Commonwealth of Massachusetts to promote housing and commercial development. The UCH-TIF Program provides real estate exemptions on all or part of the increased value (the "Increment") of improved real estate. Tax increment financing may be combined with grants and loans from local, state and federal development programs. The Department of Housing & Community Development's ("DHCD") Division of Community Services is responsible for the operation and administration of the UCH-TIF Program. In 2019 the Department of Planning & Development submitted a UCH-TIF Plan and Zone to the State for review and approval. The Lowell UCH-TIF Plan and Zone were approved later in 2019 providing the City with another economic development incentive tool to promote residential and mixed-use development. The implementation of the Lowell UCH-TIF Plan and Zone enabled WinnDevelopment to enter into a TIF agreement with the City for the construction of 125 new residential units in the Hamilton Canal Innovation District, a total project investment of approx. \$50M. This project was completed in 2022.

**Lowell First Time Homebuyer Program:** The City has achieved significant success in the past few years in recruiting and retaining employers in the high-tech, advanced manufacturing, and other fast-growth industries. These employers pay high wages and are required, when receiving local incentives from the City, to hire Lowell residents to fill open positions. To encourage high-wage earning employees of Lowell-based businesses to live in the City, the Lowell Development Financial Corporation (LDFC) created a homebuyer incentive program that places a maximum cap of \$147,420 on the household income to qualify for the program. A no-interest loan for 2.5% of the purchase price (based upon a 5% down payment requirement) of a home by a first-time homebuyer. The program pays half of the down-payment costs, up to \$5,000 to the homebuyers. This is a zero-interest loan with payments deferred for the first five years. In addition, MassHousing offers

10% of the home sale price up to \$30,000 in down payment assistance for households earning up to \$191,700 per year. Not only does this incentive serve as another tool the City can use in its business recruitment efforts, but it demonstrates the City's aggressive efforts to increase the average median income of households living in Lowell.

### **Development Projects and Plans**

Complementing the City's economic development activities are numerous development projects and plans. Some of the more significant development projects are described below:

**Cross Point:** The former site of the Wang Towers continues to be a highly successful office complex at the juncture of Routes 3 and Interstate 495. The first tenant of the 1.2 million square feet Towers was NYNEX, which occupied over 95,000 square feet and employed 425 people on site as part of its consolidation. The City provided a \$3M tax increment financing (TIF) agreement which leveraged \$60M in private investment. Anchor Line Partners and Farallon Capital Management, LLC purchased the property in 2014 for \$100 million dollars. In 2016, Anchor Line and Farralon Capital Management completed significant physical improvements to common areas to include updated amenities such as: a renovated cafeteria, a new fitness center, a new on-site day care facility, recreational space for activities such as indoor golf, and a full-service restaurant, the popular "Tavern in the Square" which opened to the general public in the spring of 2016. In May 2016 Kronos, Inc. announced its plans to relocate its headquarters from Chelmsford to the Cross Point Towers. This move represents an additional investment at Cross Point of over \$50 million (\$40M directly invested by Kronos). Kronos relocated and opened its new headquarters at Cross Point in the fall of 2018 bringing over 1,600 employees to Lowell. In 2018 CrossPoint was sold again to CrossHarbor Capital Partners for \$227M. In 2020, Kronos announced the purchase of "Ultimate Software" and rebranded the company with the new name of "UKG (Ultimate Kronos Group). UKG is the world leader in cloud-based workforce management software with over 4,200 employees worldwide. UKG currently has 1, 700 employees here in Lowell. In 2021, IBM announced the lease of approx. 150,000 square feet at CrossPoint resulting in the relocation of over 800 high-paying jobs to Lowell in March of 2022. Currently, IBM has 1,200 employees at CrossPoint.

**Wannalancit Mills:** This historic downtown mill complex has been redeveloped with more than 500,000 square feet of office, research, and technology space. Approximately two-thirds of the complex is privately owned, leased, and managed by Farley White Interests. This property is home to a diverse group of engineering, research, green technology, and construction companies, among others. The balance of the property is owned by UMass Lowell and houses both administrative offices and a technology incubator focused on the manufacture of medical devices.

**Boott Mills:** This historic mill complex located in the heart of Downtown has been fully redeveloped into a mix of residential and commercial space. WinnDevelopment, completed 77,000 square feet of class-B office space, at Boott Mills West. In addition, WinnDevelopment expanded their administrative offices into Boott Mills relocating approximately 70 employees from Boston to Downtown Lowell. In 2017, Farley White Interests, the owner of Wannalancit Mills, purchased a portion of the mill complex, "Boott Mills South" and the former Cotton Warehouse, transforming the space into commercial space.

**Cross River Center:** Located at 1001 Pawtucket Boulevard, this R&D complex underwent significant changes in 2015. Now owned and managed by Farley White Interests, this complex is home to some of the most innovative and high-tech companies in Lowell, such a Veonner (former Autoliv), a developer and manufacturer of a developer, manufacturer, and supplier of automotive safety systems. Originally constructed by Wang Laboratories in 1981, the 3-story property has been transformed into a multi-tenant project for first class office and R&D space. At 836,000 square feet, Cross River Center offers abundant space for a wide range of operations from a call center to pharmaceutical/research to medical device manufacturing and more. Its 7,000 square foot full-service cafeteria, conference facilities, fitness center and ample loading capacity provides significant added value for tenants. Cirtec (former Metrigraphics), a leading worldwide supplier of ultra-high, precision, custom micro components for original equipment manufacturers moved into Cross River Center in 2014. Their move from Wilmington to Lowell brought more than 100 new jobs to the City and more than \$5M in private investment. In October 2016 Scheidt and Bachmann, one of the largest providers of fare collection and parking solutions in the U.S relocated their operations from Burlington to Cross River Center, occupying 72,000 square-feet and relocating over 100 jobs to Lowell., When asked about choosing Lowell, senior executives at Scheidt and Bachmann noted the City's "growing reputation as a hub for business development" as one of the key factors in their decision.

**Former Prince Spaghetti site:** In 2015, Markley Group, Inc. purchased the former Prince Spaghetti site and announced the construction of their suburban cloud-computing and data center here in Lowell at this 16-acre vacant and blighted industrial site. This project represents at total of approximately \$200 million in private investment, with a creation of up to 100 jobs, one of the biggest economic development projects in Lowell's recent history. This project has received approval from the Planning Board. Markley's proposal is to renovate the 350,000 square-foot industrial building to include a new façade, a new fourth story, and significant infrastructure upgrades to the building to include fiber-optic cable, generators and cooling equipment. This project also received strong support by city officials, who approved a 20-year Tax Increment Financing (TIF) Agreement with Markley Group. This project will generate an estimated \$12 million in new taxes, above and beyond the baseline, during the 20-year period, or an average of approximately \$603,000 per year.

**Thorndike Exchange:** In 2014 Lupoli Companies purchased the former Thorndike Factory Outlet on Thorndike Street and redeveloped the building as a transit-oriented mixed-use project. Thorndike Exchange is a mix-use development with commercial and residential uses adjacent to the Gallagher Terminal and MBTA commuter rail service. The \$50M project included the historic rehabilitation of the existing mill building. This project was completed in 2018 and includes 62 units of market-rate rental units, approximately 14,500 sf of restaurant/function space, and 3,000 sf of commercial office space.

**Connector Park:** In 2015 KS Partners purchased two commercial towers in the City's Highlands neighborhood, representing 199,783 sf of class A office space along with an adjacent vacant parcel. In addition to maintaining the commercial property, the site was approved for 240 new market-rate residential units. This project represents an investment of \$40M and it is the largest single market-rate residential development in City's history. At the request of the City, the Developer agreed to a stipulation that should they sell the building a tax-exempt entity in the future that the entity enters into a payment in lieu of taxes with the City. This project was completed in 2021.

**Major Retail Developments:** Two of the nation's largest retailers have opened new stores in Lowell. In January of 2012, New York Real Estate and Management Co. purchased Target-Anchored Meadow Brook Center.

The new owners, whose portfolio consists of over 200 premium properties and who regularly works with high profile national tenants, is retaining several existing tenants and attracted new tenancies such as Marshalls. Comcast recently completed a new building at Meadow Brook Center to serve as its customer service center. In addition, The Sunrise Plaza on Bridge Street has been completely renovated and filled, including the expansion of the anchoring Market Basket, retention of several strong existing tenants. A new 14,157 square foot building was also constructed in the southern side of the plaza to house Walgreens. A second Walgreens was completed at 1765 Middlesex Street. A new retail plaza was also completed at 812 Gorham St and is the new home of O'Reilly Auto Parts and Dollar Tree. At 150 Wood St., a new Lowell Five branch has been completed as well as a new retail plaza housing a Dental Office and retail. A new, 72,500 square foot Market Basket supermarket has been completed at 705 Pawtucket Boulevard, in the Pawtucketville neighborhood. In addition to a grocer, this commercial development includes 12,000 square feet of additional retail space. The project also includes ancillary landscape, parking, stormwater management and utility improvements. This project represents an investment of over \$15M and will generate \$175K in annual property taxes. In addition, it has created over 300 jobs. Commercial development in the City has been steady within the past ten (10) years. As a result, a total of over 100 significant projects were completed and resulted in a total of over 4.6M square feet of new commercial space.

**Acre Urban Revitalization and Development Plan:** In 1999, the City adopted a state-designated Chap. 121B urban renewal plan to comprehensively revitalize the Acre neighborhood including significant housing rehabilitation, new commercial development, job creation, and major public infrastructure improvements. Implementation of the Plan has resulted in the construction of a new retail complex area with a municipal senior center, a new middle school, over 300 units of new or renovated affordable and market rate housing, public parking, underground utilities, period lighting, new canal walkways with improved open space, and new or expanded commercial development to both generate and retain jobs in the neighborhood. Additional infrastructure and open space improvements are ongoing. Habitat for Humanity of Greater Lowell, Inc. recently completed both a new public park and a new duplex, bringing their total construction up to 10 affordable housing units on four separate sites. In addition, the City is working with Broadway Street Holdings, Inc. to redevelop nearly 2 acres of land by the Stocklosa School for mixed-use redevelopment. Brownfield assessment funds are being utilized to identify potential commercial and/or residential development opportunities. The Acre Plan has generated over \$63 million in private investment, created over 250 jobs, and generated over \$350,000 in new annual tax revenue. It is frequently cited by the Commonwealth of Massachusetts as a successful model for urban renewal in MA. Last November, The City Council voted to extend the plan for 10 years, extending the plan to January 2030.

**Jackson/Appleton/Middlesex Urban Revitalization and Development District (JAM Plan):** Following decades of disinvestment and recognizing the need for substantial and direct public sector involvement, the Lowell City Council adopted the Jackson/Appleton/Middlesex Urban Revitalization and Development District, or JAM Plan, in early 2000. The plan was created in order to inject life into the redevelopment of the neighborhood that is located adjacent to the heart of Downtown Lowell. Since the creation of the state approved and locally adopted urban renewal district (Chap. 121B), a wave of public and private improvements and investments have materialized in the JAM Plan neighborhood, which continues to be an area ripe with redevelopment opportunities. The JAM Plan's mid-way point is also highlighted by the completion of the \$42M new home of the Lowell Community Health Center on Jackson Street. LCHC has completed Phase II in the adjacent mill space with new vision and dental services, now occupying approximately 165,000 square feet of space.

Building on the success of infrastructure improvements such as construction of the Early garage, a 900-space structured parking development with ground floor retail, and the conversion of Middlesex Street to two-way traffic operation to support neighborhood business, the City continues to support targeted redevelopment or rehabilitation of a number of smaller properties along Middlesex, Appleton, summer and Gorham Streets. Lowell Community Charter School has recently purchased nearly an acre of vacant property on Middlesex Street for expansion and possible creation of a school playground/field house. The District is also home to Mill No. 5, a privately owned/managed incubator space for retailers,

attracting hundreds of people to weekend markets and events. The City recently completed the \$25M redesign and reconstruction of the adjacent Lord Overpass; a project that improved multi-modal transportation access to the JAM area. A 5-story, 24-unit development at 160 Middlesex Street was completed in the fall of 2023 that provides studio and one-bedroom apartments to a wide range of potential residents ranging from courthouse employees to professionals working in the downtown area.

**Hamilton Canal Innovation District:** The most exciting and comprehensive initiative in the JAM Plan is the redevelopment of the Hamilton Canal Innovation District. This project will result in the creation of a new mixed-use transit-orientated neighborhood reconnecting Downtown Lowell with the City's transportation infrastructure at the Gallagher Intermodal Transit Center and the Lowell Connector highway. As part of the redevelopment efforts, the City completed a highly inclusive public planning process which resulted in a fully entitled master plan for the Hamilton Canal Innovation District redevelopment. In spring 2011, the redevelopment of the Appleton Mills into 130 units of artist housing was completed. This project is now a fully occupied creative community. The District's first commercial office space recently opened in the historic 110 Canal Street property boasting 54,000 square feet of space. UMass Lowell took full occupancy of the building for the Innovation Hub, expansion of the Massachusetts Medical Device Development (M2D2) and their Fabric Discovery Center in the first two floors of the building. Infrastructure construction has been completed on the south side of the site to provide access and utility services for 110 Canal as well as for the next 6 development parcels. After making a successful application to the Commonwealth's MassWorks Infrastructure Grant program and federal EDA program, the City undertook a \$7.2M infrastructure improvement project by constructing new streets and utility service on the north side of the district which was completed by the summer of 2020. In December of 2020, the City also completed a 903-space, six-story parking garage in the Hamilton Canal Innovation District. A second, privately-owned garage, containing 535 spaces, will be completed in 2024. Combined these new projects will result in more than \$50M in new public investment in the District. As outlined in the Hamilton Canal Innovation District Master Plan, the redevelopment effort represents a \$700-\$800M investment that will create nearly 2M square feet of new building space. Additionally, the Massachusetts Division of Capital Asset Management (DCAM) completed the construction of a new 225,000+ square foot, Trial Court on a portion of the site in March 2020. The City continues to demonstrate its commitment to the Hamilton Canal Innovation District to this day, as the city is currently designing a new and improved Swamp Locks Bridge that will increase pedestrian mobility within the area. This project will be funded by a RAISE grant. The RAISE program is authorized under the Local and Regional Assistance Program in the Infrastructure Investment and Jobs Act, known as the Bipartisan Infrastructure Law (BIL).

**Lord Overpass:** The Lord Overpass was originally constructed in 1959 and is City owned. The former overpass was a grade separated diamond interchange between Thorndike Street, Middlesex Street and Appleton Street/Chelmsford Street. The Lord Overpass was functionally and structurally deficient with no access to the Hamilton Canal Innovation District (HCID) redevelopment or the new Justice Center under the former configuration. The City undertook a \$25M redesign and reconstruction of Lord Overpass; a project that improves multi-modal transportation access to the Downtown and the Hamilton Canal areas. Construction was recently completed in the fall of 2023.

**Rourke Bridge:** This project is in design and planning stage as replaces the temporary Rourke Bridge structure with a permanent bridge. The new \$197M bridge over the Merrimack River will have increased capacity providing two travel lanes in each direction, plus shoulders (able to accommodate bicycles) and sidewalks on either side of the bridge. Intersections at either end of the bridge will be reconstructed, as well as portions of Wood Street, Pawtucket Boulevard, and Old Ferry Road. The improvements include geometric changes, new signal systems and roadway widening. Construction is expected between 2025-2028.

**Lowell Connector/Gorham Street:** This project consists of the reconstruction of the end-ramp of the Lowell Connector at Gorham Street location with a modern roundabout intersection. Improvements along Gorham Street will extend to Elm Street. Bicycle and pedestrian accommodations will be modernized. Programmed for construction in 2028. Current estimate at \$6.2M.

**RAISE Grant Bridges:** This project consists of the replacement of three major bridges on Market Street, Broadway Street and Lawrence Street. Design to begin in 2024. Current estimate at \$22M.

**Ayer's City Industrial Park Plan:** Ayer's City Industrial Park (ACIP,) the City's third and newest urban renewal plan, was approved by the Lowell City Council on April 29, 2014, and received final approval from DHCD on May 29, 2014. Ayer's City Industrial Park defines redevelopment concepts and specific projects to revitalize the Tanner Street industrial corridor to drive the next decade of job creation and industrial development in Lowell. The plan area includes approximately 108 acres roughly bounded by the Lowell Connector, Plain Street and the active railroad line over Gorham Street. The planning process engaged a diverse group of neighborhood and city-wide stakeholders for detailed discussions and solicited comments from a broad range of participants in several public meetings to craft a vision of neighborhood transformation. Every recommendation in the Ayer's City Industrial Park plan is designed to support transformation of the district into an area that is both economically and environmentally sustainable - supporting emerging industries to create jobs and increase tax revenues; and facilitating an attractive, healthy environment with improved multi-modal transportation opportunities and

access to natural resources. The City continues to engage and communicate with affected parties and other area. the City received \$300,000 from the EPA as part of the Brownfield Assessment Grant program to provide funding for brownfield inventories, planning, environmental assessments, and community outreach. The city was awarded with a \$30,000 grant from the Executive Office of Housing and Livable Communities to undergo a market study to better understand what types of uses would be feasible along Tanner Street. The study was completed in April of this year (2024).

**Lowell Memorial Auditorium:** Following a nearly \$8 million comprehensive renovation to the facility in 1985 and approximately \$3 million worth of additional renovations since 2008, the Lowell Memorial Auditorium is a prime venue for an average of 150 concerts, touring theatrical productions, and special events annually, bringing 150,000 people to Downtown Lowell each year. The City contracts with the management company, Lowell Management Group to operate this venue. In 2017, the City replaced the facility's boilers with the goal of reducing energy consumption costs by over 45%. It also completed needed interior renovations to include the reupholstering of the entire seating area and new flooring. A portion of this work was possible through a \$300,000 matching grant by the MA Cultural Council. Most recently, the City has started renovation/ expansion of the restrooms, masonry repairs and adding new exterior lighting. These projects will represent an investment of nearly \$1.1M. In November of 2019, the City completed the following projects: installation of two new handicap bathrooms to the 1st floor concourse, renovation of two existing bathrooms, and the installation of a new exterior entryway in the rear of the building. These projects represent an investment of over \$450,000. Currently, the City is conducting an updated building assessment to understand the challenges with the buildings and budget for future repairs. Concurrently, the City is working on a \$1M intervention at the LMA that includes waterproofing of the building's exterior walls and the repairs of the front steps of the building to improve the safety and experience of the patrons to this important economic and cultural development tool for the City of Lowell. This project is in process now and will be finalized at the end of August 2024. Additionally, an RFP for the design and engineering for structural improvements at a portion of the building was released and awarded during the summer of 2024. This process will be carried out during the fall of 2024, targeting construction upgrades during the Spring of 2025.

**Paul E. Tsongas Center:** Constructed in the late 1990s, the Tsongas Center is a 6,200 seat multi-purpose arena, which is the home of the UMass Lowell Division 1 hockey team, and a major venue for touring concerts, athletic competitions, and special events. In January 2010 the ownership of the \$24M arena was transferred to UMass Lowell. As a result of this transfer, the City has no further responsibility for operating the arena, which had operated with an annual deficit of up to \$1.3M a year. The arena brings over 300,000 people to Downtown Lowell annually. 2024 marks the first season for the Lowell Pirates, the Lowell's first Indoor Football league to call Lowell home. This team has been well-received by the community and games have been well-attended, exceeding expectations.

**LeLacheur Park:** A 4,700 seat, \$10.4M baseball stadium was opened in 1998 and is home to the UMass Lowell baseball team. The City made significant upgrades to this ballpark by replacing the heating system, making significant masonry repairs to the exterior walls, as well as replacing the existing scoreboard with a new LED one. In the summer and fall of 2015 the City completed the majority of other additional renovation such as: upgrades to the bathroom facilities, new sinks, painting and new partitions. In the summer of 2022, the city of Lowell, Mass., approved the sale of LeLacheur Park to UMass Lowell for \$1M. UMass Lowell has committed significant investment for maintaining and renovating the park.

**Lowell Riverwalk and Canalways:** The Merrimack Riverwalk, a \$3.5M walkway along the historic "Mile of Mills" on the Merrimack River connects the University of Massachusetts at Lowell, LaLacheur Park; the City's minor league baseball facility, and the Paul E. Tsongas Center with the City's Central Business District. A \$4.8M extension of the Riverwalk project was completed in October 2023. The Riverwalk is the centerpiece to a network of canalside multi-use trails along the 5.6 miles of downtown Lowell canals, collectively a significant waterfront recreational amenity for Downtown Lowell

**Concord River Greenway:** The Concord River Greenway (CRG) is a multi-use trail through the green heart of Lowell along the banks of the scenic Concord River. The City's ultimate goal is to link the CRG to the Bruce Freeman Rail Trail (BFRT). To date, Lowell has received \$900,000 in funding through the State's PARC program and over \$2M in funding through the State's Gateway City Parks program to support the project, with an additional commitment of \$4M for the final phase of construction. In 2022, Phase 3A was completed, which connects previously completed portions of the Greenway from Centennial Island Apartments to the Belvidere Townhouses on the other side of the river and involved the installation of two (2) pedestrian bridges. The City is implementing this project in collaboration with the Lowell Parks and Conservation Trust. The City is working diligently to execute the remaining needed access agreements for construction of the final sections of the trail.

**Connector Trail:** The Connector Trail will serve as a critical link in the multi-use trail network from the Bruce Freeman Rail Trail (BRFT) to the center of downtown Lowell. Currently, the BFRT has a trailhead by Showcase Cinemas on Industrial Ave. The Connector Trail will create a link from the existing, paved portion of trail at 100 Industrial Avenue, crossing the River Meadow Brook, to the shopping plaza at 211 Plain Street. The project is utilizing both CDBG funding to close a significant gap in the Bay Circuit Trail System, providing a connection between the regional trail network and the Concord River Greenway, as well as reconnecting neighborhoods divided by the Lowell Connector Highway. This project is expected to begin construction in August 2024 and is anticipated to be completed in September 2024.

**Completed Park Projects:** The Department of Planning & Development (DPD) completed construction of the following projects:

- South Common Phase 2: South Common received a \$700,000 upgrade funded through a combination of a Parkland Acquisition and Renovations for Communities (PARC) grant and Community Development Block Grant (CDBG) funds. The project installed irrigation for the multipurpose athletic field, resurfaced the track around the field, added handicap parking to the lot on South Street, installed ADA-accessible paths from the South Street lot to the track, installed multilingual welcome signs at the South Street entrance, and planted 13 new trees. Newly corrected multilingual welcome signs will be added in 2024.
- Veterans Park: A new Veterans Park has completed construction in the Belvidere neighborhood. Construction began November 2023 and a ribbon cutting ceremony was held in July 2024. The park features meandering paths, curved stone seat walls, monuments dedicated to the branches of the military, a flagpole, a central ceremonial lawn, and a native border landscape. The project budget was \$750,000 and has been funded through several state earmarks.
- Crowley, Callery, and Kittredge Parks Playground Upgrades: DPD upgraded 3 playgrounds in 2023. Crowley Park Playground in the Highlands was upgraded in thanks to a private donation and ADA funds totaling \$171,000. All playground equipment was replaced, and the mulch surface was replaced with poured-in-place rubber. Callery Playground, also in the Highlands, was upgraded through a combination of state earmark and City ADA funds totaling \$328,000. Some equipment was replaced with more inclusive features, the mulch surface was replaced with poured-in-place rubber, new benches and accessible picnic tables were installed, and a fence was installed around the playground for additional safety. Kittredge Park Playground in Belvidere was also upgraded through earmark and ADA funds totaling \$429,000. All playground equipment was replaced, the mulch surface was upgraded to poured-in-place rubber, and new picnic tables were installed. Combined, the City invested \$928,000 in playground accessibility and safety improvements.
- Alternative/Augmentative Communication (AAC) Signs: DPD secured \$38,000 through the Disability Commission to install a total of 45 AAC signs at all City pools and playgrounds. These signs are a communication tool for nonverbal speakers.

**Open Space Maintenance Plan:** The City's Department of Planning & Development is currently working with a landscape architecture firm to create an open space maintenance plan for the City. The plan provides a template for assessing and prioritizing park needs as well as provide recommendations for resilient landscape practices that will help reduce the City's maintenance burden and resource consumption. This project is funded through a \$50,000 Housing Choice grant from the Executive Office of Housing and Livable Communities (EOHLC, formerly DHCD). DPD is currently developing open space design standards to accompany this document and plans to take advantage of the upcoming Open Space and Recreation Plan update process to mobilize volunteer groups to help assess the City's 89 parks and prioritize the next 5 years of open space projects using the template.

**Designs for the following projects were completed in 2023 and are either currently under construction or scheduled to begin construction by Fall 2024:**

- Armory Park Splash Pad + Rain Garden: In Fall 2024, the City will be installing a new splash pad and interactive rain garden at Armory Park in the Lower Highlands to provide a cooling resource and natural play space for the community. The project budget is \$200,000 funded through a state earmark.
- South Common Phase 3: South Common Phase 3 is under construction and is expected to be complete in Fall 2024. This phase of improvements includes renovating the stage in the historic amphitheater, installing multilingual wayfinding signage across from the train station, installing a rain garden around the stage, and planting and tagging approximately 50 trees to transform South Common into a true urban arboretum. The project budget is \$728,000 and is funded through a combination of a PARC grant, CDBG funds, and ARPA funds.
- Shedd Park Concession Building: The City is building a new concession building with restrooms and storage space for the baseball league at Shedd Park. The project budget is \$900,000 funded through a combination of state earmarks and ARPA funding.

**DESIGN/2025 CONSTRUCTION** - The following projects are scheduled to complete design in 2024 and construction in 2025:

- ARPA Neighborhood Improvement Plan Projects: DPD is implementing 8 "open space impact projects," one in each neighborhood of the City. DPD anticipates completing designs for all projects in 2024 and construction in 2025. The selected projects are:
- Father Maguire Park (Pawtucketville): This project involves upgrading the basketball courts, tennis courts, playgrounds, and site furnishings. The budget for this project is \$1.4M and includes a state earmark in addition to the ARPA funds.

- Saint Louis Sponge Park Phase 1 (Centralville): This project involves upgrading the basketball courts and playground and installing a new recirculating splash pad. This phase will lay the groundwork for the next phase which involves extensive green infrastructure and climate-resilience measures. The budget for this project is \$.7M and includes a state earmark in addition to the ARPA funds.
- Jackson Street Park (Downtown): This will be a new park in downtown Lowell to provide much-needed inter-generational play space and greenery, including trees. The budget for this project is over \$1M.
- O'Donnell Park (Sacred Heart): This project involves upgrading the playground to be universally accessible, upgrading the basketball and tennis courts, improving wayfinding, and installing an outdoor classroom. Shade trees will be planted where appropriate. The budget for this project is \$1.4M and includes CPA funds in addition to ARPA funding.
- Clemente Park Master Plan Phase 1 (Lower Highlands): This project will be a full renovation of the park. The 7 volleyball courts will be upgraded, 1 basketball court will be upgraded, and the underutilized skate park will be removed to make room for cultural events and outdoor programs as requested by the community. The playground will also be upgraded to be universally accessible. Circulation, landscaping, and tree cover will be improved throughout the park. The budget for this project is \$1.7M and includes both CPA and CDBG funds in addition to ARPA.
- North Common (Acre): This project involves upgrading the baseball field and concession stand, the playgrounds, the amphitheater, paths, and site furnishings. Landscaping improvements will be incorporated, including a possible rain garden to help address drainage issues at the amphitheater. The budget for this project is just over \$1M.
- Hadley Park (Highlands): This project will replace the mulch playground surface with poured-in-place rubber and repair and replace playground equipment as needed. The budget for this project is \$360,000.
- Reilly School Community Playground (Belvidere): This project will upgrade the playground to be universally accessible and custom-tailored to the needs of the diverse Reilly student body. The budget for this project is \$975,000.
- Durkin Park Improvements: Durkin Park is the grounds of the Lincoln Elementary School in the Lower Highlands neighborhood. This project involves upgrading and expanding the playground to be universally accessible, reducing the basketball court to a half-court to allow for the playground expansion, and installing an ADA-accessible ramp to access the community garden/outdoor classroom. The budget for this project is \$706,000.
- McPherson Park Traffic Playground + Rain Garden: This project involves the conversion of an underutilized parking lot in Centralville into a "traffic playground" where young children can safely learn to ride bikes and learn about road safety. The budget for this project is \$177,000.
- Muldoon Park ADA Boat Launch: This project will involve the installation of an ADA-accessible canoe and kayak launch on the Concord River at Muldoon Park in the South Lowell Neighborhood. The budget for this project is \$500,000.

**The Brownfields Assessment and Cleanup projects:** The City has recently been awarded two grants from the U.S. Environmental Protection Agency (EPA) totaling \$5.5 million. The EPA Brownfields Program provides funding to investigate sites and provide clear paths for redevelopment. These grants, a Brownfields Assessment Grant and a Brownfields Cleanup Grant, are critical to the City's ongoing efforts to revitalize and rehabilitate strategic locations throughout Lowell.

**Energy Efficiency Grants and Programs:** Under the leadership of the City's Sustainability Director, over \$20.3M in grant funding has been secured either directly or in partnership with other local agencies. Highlighted below are the most significant grant awards and projects spearheaded by the City's Sustainability office:

- Grants:
  - Renew America's Schools grant from Department of Energy (up to \$15,300,000) to make schools healthier, more energy efficient, and more resilient.
  - Indoor Ventilation and Air Quality from DESE for chillers at 5 schools (\$4,215,725).
  - Energy Futures Grant from Department of Energy (\$360,476) to increase capacity in energy staff at housing authorities and develop a decarbonization playbook for them.
  - Community Development Block Grant for weatherization at 5 Fire Stations and the Pollard Library (\$324,098)
- Energy Efficiency Projects:
  - Completed energy efficiency projects at 16 public facilities. Projects include weatherization, variable frequency drives, heat pumps and LED lighting. These projects are projected to save 363,010 kWh; 6,081 therms; 286 metric tons of greenhouse gas emissions; and leverage \$426,657 in utility incentives. This brings the City's 3-year total estimated savings to 1,395,026 kWh; 74,256 therms; and 1,368 metric tons of greenhouse gases.
  - Currently have 22 more projects in the queue to complete energy efficiency upgrades. Projects include weatherization, LED lighting, energy efficient transformers, steam trap repairs, and condensing boilers.

- **Solar Energy Development:** Lowell is expected to install over 1,200 KW of behind-the-meter solar systems at 4 schools before the end of calendar year 2024, more than doubling the City's on-site solar capacity.
- **Advocacy for Residential and Small Business:** Lowell's Energy Advocate staff has provided 1:1 assistance to 114 clients who are either Lowell residents or small business owners.

**Acre Transformative Development Initiative (TDI):** MassDevelopment's Transformative Development Initiative (TDI) is a program aimed at accelerating economic growth within specific districts of Gateway Cities like Lowell. This initiative fosters local cross-sector partnerships to spur community-driven economic activities, to create thriving, vibrant commercial neighborhoods anchored in local ownership and connectivity. In 2023, the Acre TDI Partnership concentrated its efforts on empowering neighborhood businesses, fortifying neighborhood identity, and enhancing pedestrian-friendly environments. This partnership successfully secured over \$200,000 in equipment investments for 14 local businesses in the district. Notably, 57% of these businesses are immigrant-owned, 64% are women-owned, and 64% are Black, Indigenous, People of Color (BIPOC) -owned. Additionally, the Acre TDI Partnership facilitated the creation of 8 new public art pieces, representing more than \$100,000 in funding for the creative industry. Furthermore, the Acre TDI District obtained \$300,000 in funding to develop a new permanent outdoor patio space for two local establishments, Nibbana and Tasty Dumpling- this project is in final phase of completion. The Acre TDI Partnership's members include the City, the Lowell Plan, Coalition for a Better Acre, UMass Lowell, Mosaic Lowell, Jeanne D'Arc Credit Union, the Entrepreneurship Center at Community Teamwork, Lowell Housing Authority, Panella Restaurant, and it receives support from MassDevelopment.

**Acre Crossing:** Located in the heart of the Acre neighborhood and the TDI district, this exciting mixed-use project located at the former site of the Jeanne D'Arc Credit Union (JDCU), will create 32 affordable condominium units available to first-time homebuyers as well as retail and commercial space on the ground floor. This project is expected to be completed by summer/fall of this year (2024). Additionally, this project received financial assistance through the state's MassWorks Program- a total of \$1.7M to support infrastructure improvements such as sidewalks and crosswalks reconstruction, traffic signal upgrades and new street lighting.

**Downtown Improvements:** Over the past decade the City has spent \$1.7 million in City and Community Development Block Grant Funds for downtown improvements including street resurfacing, signal coordination, updated crosswalks, sidewalks and accessible ramps, resetting of cobblestone streets, tree planting, hanging planters, City Hall landscaping, installation of Victorian streetlights, bicycle lanes and sharrows, benches, directional kiosks and pedestrian signage. The City has spent over \$17 million on canal walkways, river walkways, bicycle lanes and roadway improvements in the downtown area that have improved access to businesses, cultural facilities and historic sites. Two-way traffic operations have been successfully restored to several downtown streets in the early fall of 2014, increasing accessibility, wayfinding, and the desirability of retail storefronts. The Department of Planning & Development finalized another phase in 2016 of significant physical upgrades to the downtown area such as improving street lighting, adding new planters, new banners, sidewalk repair and other streetscape improvements. In 2018, the City received \$250,000 in state earmarked funds to make additional repairs to sidewalks, crosswalks and other streetscape improvements. The City of Lowell Economic Development Office has played a crucial role in assisting Lowell's small, independently owned, brick-and-mortar retailers, restaurants, and personal service businesses that have been most significantly impacted by the COVID-19 pandemic. To date, one-hundred sixty-eight (168) grants were awarded during Round #1, Round #2 and Round #3 of the program totaling over \$1M. The Lowell Small Business Emergency Relief Grant Program was funded through the Community Development Block Grant Program (CDBG) / CARES Act through the U.S. Department of Housing & Urban Development (HUD). In 2021, The City secured state funding to conduct a Rapid Recovery Plan to ensure that the Downtown business community continues to grow post pandemic. The Plan has been completed and supported by the City Council. In 2023, the City applied for and received technical assistance funding through the One Stop for Growth program to study the formation of a business improvement district (BID) in downtown Lowell. Since the formation of the steering committee in early 2024 for the proposed BID, the City has facilitated 6 focus groups with various Downtown stakeholders to consider strategies for Downtown improvement. The Department of Planning & Development has secured \$700,000 for new pedestrian scale signage and kiosks to be installed throughout Downtown. This work has already started with full installation to be completed by this fall.

**Lowell General Hospital:** Lowell General Hospital has been recognized as one of the best hospitals in Massachusetts, ranking 15<sup>th</sup> overall in the state. It was also recognized as one of the "Best Place to Work" for five (5) years in a row by the Boston Business Journal. This community hospital has experienced significant growth over those last few years, when the board of trustees from both Lowell General and Saints Medical Center agreed to merge the two hospitals to become the 9<sup>th</sup> largest hospital in the state. This merger resulted in a strong financial position at both campuses, while improving the quality of health-care services. The hospital also completed an extensive physical expansion and partial-facility replacement project estimated at approximately \$100 million at its main campus on Varnum Avenue. In 2015, Lowell General Hospital and Tufts Medical Center finalized an agreement to form a strong partnership and established a new health care system, "Wellforce", the first of its kind in Massachusetts. This new organization is the parent company of both Circle Health and Lowell General Hospital. Normand Deschene serves as CEO of Wellforce, President and CEO of Circle Health as well as President and CEO of Lowell General Hospital. The new healthcare system allows greater Lowell area residents to have access to over

1,800 additional physicians affiliated with Tufts Medical Center. In 2018 Circle Health invested \$1M to support the Lowell Community Health Center’s expansion to add dental and vision care. The Dental and Vision Center opened in the spring of 2018. In 2019, Circle Health and Lowell General Parent “Wellforce” announced partnership negotiations with South Shore Health. Currently, Tufts Medicine is comprised of Tufts Medical Center, Lowell General Hospital, Melrose/Wakefield Hospital, Lawrence Memorial Hospital of Medford, and an expansive home care network and a large integrated physician network. Tufts Medicine has more than 15,000 dedicated care team members providing more than 1.5 million patient experiences per year.

**Artist Live/Workspace:** The City’s first artist-live workspace project occurred over twenty (20) years ago with the redevelopment of the historic J.C. Ayer and Save-Mor Buildings on Middle Street into live-work space for local artisans. The \$4.5 million renovation of the two buildings resulted in 51 live-work units and was completed in June 2000. Since then, other successful projects came to fruition such as the Appleton Mills, which has been transformed into 130 affordable artist live/work housing units and most recently, the Western Avenue Lofts with additional 46 artist live/workspace units. The Western Avenue Studios, adjacent to Western Ave Lofts, has the largest concentration of Artists’ workspace in New England, with approximately 150 work studios, and over 200 artists. Also, the Gates Block on Market Street has been renovated to become the new home of the “Arts League of Lowell (ALL)” as well as new artist works studios, and gallery space.

**Other Recent/ Ongoing Residential Projects in Downtown Area:** Below is a table illustrating the residential development in the Downtown area for the past 15 years. These projects either have been completed or have been approved by the Lowell Planning Board between 2010 and August 2024. These projects represent a total investment of approximately \$500 million from 2010 to present. A total of 1,500 units were added to Downtown’s residential inventory.

Below is a table illustrating multi-family residential projects that have been either completed, in-progress or approved by the Planning Board within the Downtown area:

Project Name	Location	Estimated Investment	Total No. of Units	Status
Western Avenue Lofts	Western Avenue	\$7,500,000	50	Completed
Boott Mills East	Foot Of John Street	\$30,000,000	154	Completed
Textile Museum Phase I	491 Dutton Street	\$2,000,000	12	Completed
Appleton Mills	307 Jackson Street	\$65,000,000	130	Completed
Boott Mills- West Phase II	Foot of John Street	\$36,917,000	77	Completed
Lofts at Perkins Park Phase II	Perkins Street	\$5,000,000	41	Completed
Challifoux Building	24-26 Merrimack Street	\$7,500,000	47	Completed
One City Square	98 Central Street	\$2,000,000	11	Completed
278 Central Street	278 Central Street	---	10	Completed
279 Dutton St.	279 Dutton Street	---	4	Completed
Parcels # 8 & 9	Hamilton Canal Innovation District	\$50,000,000	125	Completed
160 Middlesex Street	160 Middlesex Street	\$5,100,000	24	Completed
29-31 Paige Street	Live/work		2	Completed
Isobel Lofts	160 Middlesex Street	\$4,500,000	26	Completed
43 Market Street	43 Market Street	---	9	Completed
Edge of Merrimack	1 Merrimack Plaza	\$50,000,000	156	Completed
Countinghouse Lofts	165 Jackson Street	\$20,878,000	52	Completed
15 Kearney Square	15-17 Kearney Square	\$8,000,000	22	Completed
Adden Building	109 Jackson Street	\$16,000,000	75	Completed
Thorndike Exchange Phase I	165 Thorndike Street	\$40,000,000	62	Completed
Textile Museum Phase II	491 Dutton Street	\$5,000,000	33	Completed
Mass Mills Phase III	170 Bridge Street	\$42,035,800	129	In progress
246.1 Market Street	246.1 Market Street	---	23	In Progress
Hildreth Bld.	31-55 Merrimack Street	\$13,500,000	50	In Progress
218 Middlesex Street	218 Middlesex Street	\$13,000,000	37	In Progress
133 Merrimack Street	133 Merrimack Street	\$400,000	4	Permitted
Thorndike Exchange Phase II	165 Thorndike Street	\$25,000,000	75	Permitted
231 Central Street	231 Central Street	\$1,400,000	9	Permitted
150 Middlesex St	150 Middlesex Street	\$1,500,000	9	Permitted

Below is a table illustrating multi-family residential projects outside of the Downtown that have been either completed, in-progress or approved by the Planning Board between 2011 and August 2024:

<u>Address of the Project</u>	<u>Description</u>	<u>No. of Units</u>	<u>Status</u>
39 Myrtle Street	Apartments	9	Completed
138 Middlesex Street	Mixed use	3	Completed
153 Westford Street	Multi-Family	4	Completed
23 Exeter Street	Two-Family	2	Completed
55 Parker Street	Two-Family	2	Completed
42 Highland Street	Multi-Family	4	Completed
414 Broadway Street	Multi-Family	3	Completed
66 and 72 Manchester Street	Multi-Family	4	Completed
776 Lakeview Ave	Mixed Use	10	Completed
620 School Street	Mixed Use	2	Completed
15 Canton Street	Two-Family	2	Completed
61-69 Rock Street	Multi-Family	6	Completed
637 Chelmsford Street	Multi-Family	3	Completed
113 Walker Street	Multi-Family	8	Completed
21 Marginal Street	Residential Conversion	3	Completed
555 Merrimack Street	Multi-Family	27	Completed
355-357 Pawtucket Street	Mixed-Use	9	Completed
23 Cabot Street, 616-666 Merrimack Street, 561-639 Market Street	Mixed-Use	32	Completed
72-74 Boisvert St; 253 W Sixth Street	Multi-Family	16	Completed
14 McIntire Street	Multi-Family	8	In Progress
102 Appleton Street	Mixed-Use	4	In Progress
25 Read Street	Three-Family	3	In Progress
698-706 Lawrence Street	Multi-Family	2	In Progress
4-8 Wiggin St, 153 Willie St	Multi-Family	12	In Progress
113 Walker Street	Multi-Family	9	In Progress
38-40 Swift Street	Multi-Family	2	In Progress
915 Pawtucket Street	Mixed-Use	2	In Progress
19 Court Street	Multi-Family	2	In Progress
242 Lakeview Avenue	Multi-Family	2	In Progress
30 Plymouth Street	Multi-Family	2	In progress
125 Perry Street	Multi-Family	24	In Progress
31 Westford Street	Mixed-Use	52	In Progress
205 Pratt Avenue	New Residential	40	In Progress
14 W Fourth Street	New Residential	15	In Progress
15 W Fourth Street	New Residential	10	In Progress
408 Suffolk St; 585 Market Street	Mixed-Use	33	In Progress
43 Fletcher Street	Mixed-Use	20	In Progress
357 Pawtucket Street	Mixed-Use	80	In-Progress
20 Favor Street	Multi-Family	12	In-Progress
114-122 Merrimack Street	Mixed-Use	2	In Progress
346 Fletcher Street	Multi-Family	2	Permitted
102-108 Westford Street	Multi-Family	6	Permitted
1514 Gorham Street	Multi-Family	6	Permitted
66 State Street	Multi-Family	2	Permitted
45 Concord Street	Multi-Family	4	Permitted
16 W Fifth Street	New Residential	9	Permitted
733-735 Broadway Street	Multi-Family	52	Permitted

As highlighted previously, commercial development in the City has been steady within the past ten (10) years. As a result, a total of over 100 significant projects were completed and resulted in a total of over 4.6M square feet of new commercial space. Below is a table illustrating commercial projects that have been either recently completed, in-progress or approved by the Planning Board August 2024:

<b>Location</b>	<b>Description</b>	<b>Square Footage</b>	<b>Status</b>
70 Industrial Ave E	Cannabis manufacturing facility	31,064	Completed
740 Dutton Street	Cannabis cultivation facility	6,800	Completed
677 and 705 Pawtucket Boulevard	New Market Basket Supermarket and other retail/restaurant	84,500	Completed
70 Industrial Ave E	Retail cannabis	5,800	Completed
78-90 Lakeview	Domino's restaurant	6,000	Completed
181 Stedman Street	Cannabis cultivation facility	14,500	Completed
1488 Middlesex Street	Commercial	7,000	Completed
350.4 Dutton Street	New Public Parking Garage	49,800	Completed
908 Lawrence Street	Contractor's Garage	3,339	Completed
450 Chelmsford Street	Cannabis retail facility	3,278	Completed
1201 Westford Street	Cannabis retail facility	4,000	Completed
671-683 Rogers Street	Cannabis retail facility	3,700	Completed
138 Middlesex Street	Mixed use commercial and residential	1,500	Completed
70-80 Church Street	Convert building to woodworking manufacturing	28,465	Completed
26 Wellman Street	Cannabis cultivation facility	12,503	Completed
100 Phoenix Ave	Cannabis Cultivation Facility	12,000	Completed
1148 Bridge Street	Cannabis retail facility	3,000	Completed
1488 Middlesex Street	Commercial	7,000	Completed
60 Dix Street	Cannabis Cultivation Facility	18,000	Completed
2 Prince Avenue; 1 Markley Way	Data center	60,500	Completed
330 Jackson Street	HDIC Public Parking Garage	22,878	Completed
60 Fletcher Street	Bank and office space	25,300	Completed
48, 58, 66 Townsend Ave; 800.1 and 810 Varnum Ave	Khmer Buddhist temple	16,800	Completed
663 Lawrence Street	Cannabis Cultivation Facility	15,000	In Progress
70 Wilbur Street	Cannabis Cultivation Facility	3,050	In Progress
31 Westford Street	Mixed-Use	15,000	In Progress
380 Lawrence Street	New Commercial	5,700	In Progress
190-198 Plain Street	New Commercial	6,000	In Progress
408 Suffolk Street-585 Market Street	New Mixed-Use	7,500	In Progress
102 Appleton Street	Mixed Use residential and commercial	2,648	In Progress
165 Industrial Ave E	New printing facility	18,240	In Progress
211 Plain Street	Licensed establishment for the healthcare	12,324	In Progress
3 Foundry St; 49.1 Marshall Rd	Cannabis cultivation facility	12,041	In Progress
268 Mt. Vernon St & 5 Farnham St	New industrial and retail building	22,000	In Progress
357 Pawtucket Street	Mixed-Use	1405	In Progress
20 Payton Street	Cannabis Product Manufacturing	400	In Progress
1115 Westford Street	Healthcare Establishment	10,220	In Progress
55,75,77 Phoenix Avenue	New Commercial	60,000	Permitted
493 & 509 Market Street	Mixed Use	2,492	Permitted
268 Mt. Vernon St & 5 Farnham St	New industrial and retail building	22,000	Permitted
205-207 Market Street	Hotel	7,990	Permitted
23 Cabot Street, 616-666 Merrimack	Retail and office space	35,000	Permitted

## Building Permits

The following table sets forth the number of building permits issued as well as estimated dollar value of new construction and alterations for calendar years 2019 through 2023. The estimated dollar values shown are builders' estimates which are generally considered to be conservative. Permits are filed and estimated valuations are shown for both private construction as well as for City projects.

### BUILDING PERMITS

Calendar Year	New Construction				Additions/Alterations				Total	
	Residential		Non-Residential		Residential		Non-Residential		No.	Value
	No.	Value	No.	Value	No.	Value	No.	Value		
2023	22	\$ 15,782,112	1	\$ 772,849	2,119	\$ 73,714,837	283	\$ 57,828,185	2,425	\$ 148,097,983 (1)
2022	23	10,980,666	5	15,888,717	1,901	56,251,478	283	31,484,539	2,212	114,605,400 (2)
2021	33	6,070,702	9	7,807,507	2,071	37,742,955	297	37,208,171	2,410	88,829,335 (3)
2020	59	33,279,052	8	21,270,828	1,934	38,912,727	285	44,067,869	2,286	137,530,476 (4)
2019	72	24,872,242	6	14,815,229	2,137	75,357,521	281	54,926,782	2,496	169,971,774 (5)

- (1) Includes 54 permits for tax exempt properties for \$7,746,241.  
 (2) Includes 136 permits for tax exempt properties for \$19,502,693.  
 (3) Includes 73 permits for tax exempt properties for \$16,355,411.  
 (4) Includes 80 permits for tax exempt properties for \$17,701,037.  
 (5) Includes 73 permits for tax exempt properties for \$6,449,889.

## Transportation

The principal highways which serve the City are Interstate 495, U.S. Route 3, and state routes 38, 110 and 113. These highways provide convenient access to the rest of Massachusetts and to northern New England. The MBTA provides commuter rail service on a regular basis to Boston. Established trucking lines provide competitive service locally and to long distance points. The City is within commuting distance of Boston's Logan International Airport, the Worcester, Massachusetts Airport, and the Manchester, New Hampshire Municipal Airport. The Lowell Regional Transit Authority provides public bus transportation in Lowell and surrounding communities. Bus service from the Gallagher bus terminal is provided to locations throughout New England and the Northeast.

## Climate Resiliency

The City is actively engaged in taking steps to help make the City more resilient to the impacts of climate change. In September 2020, the Executive Office of Energy and Environmental Affairs (EEA) designated Lowell as a Municipal Vulnerability Preparedness (MVP) community for the City's completion of the Community Resilience Building planning process to assess and prioritize climate vulnerabilities within the City. Lowell also updated its Hazard Mitigation Plan (HMP), which was approved by the US Department of Homeland Security's Federal Emergency Management Agency (FEMA) in July 2021. Lowell has continued to implement priorities identified in the MVP/HMP, as well as other climate-resilience efforts. Recent efforts center on flood damage reduction, urban heat island mitigation, urban forestry, resilient park designs, and climate resilient schools planning. These initiatives are summarized below.

**Flood Damage Reduction:** The City maintains a flood damage reduction (FDR) system located along the Beaver Brook and the Merrimack River, extending from Bachman Street to Bridge Street, which protects areas from extreme flood conditions. The FDR system is composed of a levee system and a pump station. As part of the flood protection plan, inspections and trainings are performed on an annual basis.

Employees from the Wastewater Department and Fire Department train on the installation of the stop-log and porta-dam by the Beaver Brook Bridge last performed in September 2023. Wastewater staff perform an annual mock drill of the flood pumping system at the West Street pumping station last performed in September 2023. The flood pumps at the West Street Station additionally are tested on a monthly basis to ensure reliability.

Representatives from the U.S. Army Corps of Engineers inspect the structural integrity of the floodwalls, equipment, and levees, and ensure updates to the flood protection plan meet Army Corp standards. The latest inspection occurred in September 2023. This inspection was considered a periodic inspection, which is done every five years and is more comprehensive than typical annual inspections. Within recent years, Lowell cleared brush and relocate animal burrows that could threaten the integrity of the levee. The floodwall has shown no structural issues during inspections. However, public outreach to citizens adjacent to the floodwall has been a necessary precaution to ensure the floodwall is maintained and accessible.

Urban Heat Island Mitigation/Urban Forestry: In FY 23/24, the City was awarded an MVP Action grant to create a Resilient Urban Forest Master Plan and Urban Heat Island (UHI) Assessment. This plan builds off analyses on UHI from the City's last MVP Action grant, as well as additional UHIs identified by the Lowell Sustainability Council. The main components of the project are summarized below:

- Identify high-priority hot spot areas
- Urban forest inventorying of high priority areas
- Identify priority planting areas
- Risk analysis of Urban Forest to changing climate conditions
- Development of an Urban Forest Maintenance Plan

This plan was completed in October 2023. Recommendations are being implemented in several different infrastructure planning projects across the City. Additionally, the City has applied for a grant from the Department of Conservation and Recreation to create a Tree Committee and a dedicated urban forest website where residents can become more engaged in documenting and caring for their urban canopy.

Lowell continues to participate in the Greening the Gateway Cities program to plant trees in areas with low urban canopy. To date, 798 trees have been planted in the targeted planting zone.

Resilient Park Designs: Climate resilience is embedded into the framework of current and ongoing park designs and construction. A summary of upcoming projects and resilient designs incorporated is found below:

#### **2024 Construction:**

- Armory Park Splash Pad + Rain Garden: This project will create a new splash pad area between the existing playground and community garden. The splash pad will provide ADA-compliant access between the parking lot and playground area. The project also includes the installation of new benches, picnic tables, a rain garden and new trees. Street/utility work was completed in June. Site work is scheduled this summer with completion by September 2024
- Veterans Park: Construction of a new Veteran's Park project is complete on Douglas Road. The park will improve a passive open space in honor of City of Lowell Veteran's. A ribbon cutting for this project was held July 22, 2024. The contractor is still working on punch list items which should be complete in September.
- South Common Phase 3: South Common Phase 3 will be under construction in Spring 2024. This phase of improvements includes renovating the stage in the historic amphitheater, installing multilingual wayfinding signage across from the train station, installing a large rain garden around the stage (approximately 5500 sf) and planting and tagging approximately 50 trees to transform South Common into a true urban arboretum.

#### **2024 Planning:**

- Open Space Maintenance Plan: DPD is working with a landscape architecture firm to create an open space maintenance plan for the City. The plan will provide a template for assessing and prioritizing park needs as well as provide recommendations for resilient landscape practices that will help reduce the City's maintenance burden and resource consumption (ie. replacing areas of lawn with no-mow meadow and planting drought-tolerant species to reduce the carbon footprint associated with maintenance activities like mowing and watering.)

#### **2024 Design/2025 Construction:**

- ARPA Neighborhood Improvement Plan Projects: DPD is implementing 8 "open space impact projects," one in each neighborhood of the City. DPD anticipates completing designs for all projects in 2024 and construction in 2025. Although more broad in their interventions, climate resilient features in 5 of these projects are noted below:
  - Saint Louis Sponge Park Phase 1 (Centralville) - This project involves upgrading the basketball courts and playground and installing a new recirculating splash pad. This phase will lay the groundwork for the next phase which involves extensive green infrastructure and climate-resilience measures.
  - Jackson Street Park (Downtown) - This will be a new park in downtown Lowell to provide much-needed inter-generational play space and greenery, including trees.
  - O'Donnell Park (Sacred Heart) - This project includes installing an outdoor classroom. Shade trees will be planted where appropriate.

- Clemente Park Master Plan Phase 1 (Lower Highlands) – Circulation, landscaping, and tree cover will be improved throughout the park in conjunction with equipment upgrades.
- North Common (Acre) - Landscaping improvements will be incorporated, including a possible rain garden to help address drainage issues at the amphitheater.
- Durkin Park Improvements: Durkin Park is the grounds of the Lincoln Elementary School in the Lower Highlands neighborhood. This project will involve tree planting and other landscaping as appropriate. Shade trees will be planted where feasible.
- McPherson Park Traffic Playground + Rain Garden: The scope of work includes a small rain garden to address drainage issues at the lot, and several planters to provide pollinator habitat.

Climate Resilient Schools: The City of Lowell was recently selected by the Environmental Protection Agency (EPA) to participate in the Climate Resilient Schools initiative. This program is intended to help school districts get their buildings ready for all the impacts of climate change. EPA and a contractor will provide technical assistance to help them plan school upgrades to make their buildings more resilient to climate change – for example, flooding, hurricanes, and extreme heat. This technical assistance is intended to bring together public health and environmental quality experts, school facilities and district personnel, emergency response agencies, academic partners, and community-based organizations to analyze gaps in school building assessments and infrastructure. The results of the analysis and technical assistance workshops will enable targeting of infrastructure upgrades, with a focus on advancing health equity, that also support more climate-resilient school buildings.

## **Cybersecurity**

As a variety of municipalities and school districts of all sizes have become targets of cyber criminals, the City understands that cybersecurity is not an abstract concept, and that these attacks can potentially impact critical systems and the personal data the City is entrusted with. Recognizing these threats, the City is committed to and actively engaged in an ongoing and continuous effort to increase cyber-awareness throughout the City, including the creation of Cybersecurity Specialist and Cybersecurity Administrator positions to assist with navigating these threats, the introduction of new security tools, an overall assessment and tightening of security protocols, and the migration of systems "to the cloud" in order to assist in business continuity. The City is also actively pursuing grants to assist with these efforts, such as the Municipal Local Cybersecurity Grant Program award recently received to assist with further securing the City's environment and business continuity and recovery planning as it strives towards a "Zero Trust Architecture".

On Monday, April 24, 2023, the City's networks experienced a cyber-related event, during which a variety of devices on the City's network were disrupted. Accordingly, all of the City's devices, systems, and networks were isolated and contained. The Department of Management and Information Systems ("MIS") first conducted an impact assessment and obligatory reporting requirements to state and federal agencies were triggered resulting in a coordinated multi-agency investigation, including a forensic analysis of the event. While the analysis is ongoing, it has been categorized as an "attack of convenience" as opposed to a "targeted attack". As the ongoing investigation has unfolded, all indicators have conclusively suggested that the event was limited in scope, and neither effected the school side of the network, nor any other third-party systems or services with which the City interacts. Equally important, the City's financial management system (Tyler Technologies' MUNIS ERP), was neither impacted nor otherwise involved in this event. All of the City's systems were quickly assessed/ secured/ restored, without any material impact to the City's financial operations.

Working with various partners, the City determined that little (if any) personally identifiable information ("PII") was accessed or otherwise exfiltrated during this cyber-related event. Nevertheless, each City employee and retiree was provided with a 24-month LifeLock subscription to assist with monitoring any PII that might be (or become) available on the "dark web". To-date, no suits have been filed or threatened against the City as a result of this event. The cost of the City's response to this incident is estimated to be approximately \$3.5 million, which was met through existing appropriations. No ransom was paid to the alleged perpetrators of the event.

Given the state of technology, it is possible that the City will be the target of cyber-events in the future. In such an event, no assurances can be made that any such incident or incidents will not have a material adverse effect upon the financial and/or operational activities of the City.

**Population, Income and Wealth Levels**

	<u>Lowell</u>	<u>Massachusetts</u>	<u>United States</u>
<b>Median Age:</b>			
2020	34.4	39.9	38.8
2010	32.6	39.1	37.2
2000	31.4	36.5	35.3
1990	29.4	33.6	32.9
<b>Median Family Income:</b>			
2020	\$74,808	\$106,526	\$80,069
2010	55,852	81,165	51,144
2000	45,901	61,664	50,046
1990	35,138	44,367	35,225
<b>Per Capita Income:</b>			
2020	\$29,172	\$45,555	\$35,384
2010	22,730	33,966	27,334
2000	17,557	25,952	21,587
1990	12,701	17,224	14,420

SOURCE: U.S. Bureau of the Census.

On the basis of the 2020 U.S. Bureau of the Census, the City has a population density of 8,489 persons per square mile.

**Population Trends**

<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>	<u>2020</u>
92,418	103,439	105,167	106,519	115,554

SOURCE: U.S. Bureau of the Census.

## PROPERTY TAXATION

### Tax Levy Computation

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

### TAX LEVY COMPUTATION

	Fiscal Year				
	2020	2021	2022	2023	2024
Amounts to be Raised:	\$376,366,067	\$399,109,869	\$421,071,458	\$473,682,136	\$503,207,423
Appropriations(1)					
Other Local Expenditures(2)	777,403	1,874,470	504,162	323,901	536,115
State and County Assessments	29,061,793	30,478,667	34,839,738	41,228,874	45,135,833
Overlay Reserve	1,135,655	961,646	1,064,024	1,111,541	986,631
Gross Amount to be Raised	<u>407,340,917</u>	<u>432,424,652</u>	<u>457,479,382</u>	<u>516,346,452</u>	<u>549,866,002</u>
Offsets:					
State Aid(3)	196,127,351	200,374,711	215,443,608	244,927,183	272,093,696
Local Receipts	70,847,169	76,519,970	79,630,673	79,589,628	92,957,233
Free Cash	84,118	2,151,258	3,656,222	17,780,512	7,860,448
Other Available Funds	1,950,637	8,445,317	5,182,588	9,617,074	4,532,581
Total Offsets	<u>269,009,274</u>	<u>287,491,255</u>	<u>303,913,091</u>	<u>351,914,397</u>	<u>377,443,958</u>
Tax Levy	<u>\$138,331,643</u>	<u>\$144,933,397</u>	<u>\$153,566,291</u>	<u>\$164,432,055</u>	<u>\$172,422,044</u>

(1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget, but prior to the setting of the tax rate. Also includes the wastewater department budget.

(2) Primarily includes state aid offsets and snow and ice deficits.

(3) Estimated by the State Department of Revenue and required by law to be used in setting of the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the State may withhold payments pending receipt of State and County assessments.

### Assessed Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created four classes of taxable property: (1) residential real property, (2) open space land, (3) commercial and (4) industrial. Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 35 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every five years or pursuant to a revised schedule as may be issued by the Commissioner. The City's most recent revaluation occurred in fiscal 2022.

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

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

For Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Levy	Tax Levy Per Capita(1)
2024	\$ 12,488,607,085	\$ 468,493,010	\$ 12,957,100,095	\$ 172,422,044	\$ 1,492
2023	11,376,276,864	434,348,415	11,810,625,279	164,432,055	1,423
2022 (2)	10,268,027,561	405,735,094	10,673,762,655	153,566,291	1,329
2021	9,119,362,727	334,252,217	9,453,614,944	144,933,397	1,254
2020	8,728,067,121	315,256,353	9,043,323,474	138,331,643	1,197

(1) Based on the 2020 U.S. Bureau of Census population figure for the City (115,554).

(2) Reflects results of professional revaluation of all real and personal property of the City.

### Classification of Property

The following table sets forth the breakdown of the City's assessed real estate valuations for fiscal years 2024, 2023 and 2022.

	Fiscal 2024		Fiscal 2023		Fiscal 2022 (1)	
	Assessed Valuation	% of Total	Assessed Valuation	% of Total	Assessed Valuation	% of Total
Residential	\$ 11,363,527,718	91.0 %	\$ 10,324,520,700	90.8 %	\$ 9,223,302,839	89.8 %
Commercial	712,261,073	5.7	663,727,595	5.8	658,474,473	6.4
Industrial	412,818,294	3.3	388,028,569	3.4	386,250,249	3.8
Total	<u>\$12,488,607,085</u>	<u>100.0 %</u>	<u>\$11,376,276,864</u>	<u>100.0 %</u>	<u>\$10,268,027,561</u>	<u>100.0 %</u>

(1) Revaluation year.

The following table sets forth the trend in the City's tax rates.

Fiscal Year	Tax Rate Per \$1,000 Valuation	
	Residential	Commercial/Industrial
2024	\$ 11.91	\$ 23.27
2023	12.42	24.36
2022 (1)	12.69	25.18
2021	13.46	26.83
2020	13.36	26.77

(1) Revaluation year.

## Largest Taxpayers

The following table sets forth the list of the City's ten largest taxpayers based upon assessed valuations for fiscal 2024. The taxpayers listed below are current in their payments.

Name	Nature of Business	Total Assessed Valuation for Fiscal 2024	% of Total Value
National Grid / Colonial Gas	Public Utility	\$209,523,528	1.62 %
Princeton Properties	Housing/Office Building	167,661,800	1.29
National Grid - Electric	Public Utility	121,633,360	0.94
CH LH Crosspoint LLC	Office Building	111,649,900	0.86
Winn Residential	Housing/ Subsidized	84,851,600	0.65
Westminster Preservation	Housing/ Subsidized	68,046,000	0.53
SMC Residences at Crosspoint	Housing	67,022,600	0.52
NE Heritage Properties	Housing	64,261,500	0.50
Massachusetts Mills	Housing	51,532,700	0.40
Coalition for a Better Acre	Housing/Subsidized	49,900,500	0.39
Total		<u>\$ 996,083,488</u>	<u>7.69 %</u>

## State Equalized Valuation

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

The following table sets forth the trend in equalized valuations of the City.

January 1,	State Equalized Valuation	% Change
2022	\$ 11,375,052,400	15.50 %
2020	9,848,176,600	20.20
2018	8,192,976,800	14.52
2016	7,154,033,100	9.18
2014	6,552,635,400	0.35

## Abatements and Overlay

The City is authorized by law to include in each tax levy an amount approved by the Commissioner of Revenue for an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the resultant "overlay deficit" is required to be added to the tax levy for the next fiscal year. Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property taxes has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue.

The following table sets forth the amount of the overlay reserve for the last five years and the actual abatements and exemptions granted during each of those fiscal years through June 30, 2024.

Fiscal Year	Net Tax Levy(1)	Overlay Reserve		Cumulative Abatements Granted Through June 30, 2024
		Dollar Amount	As a % of Net Levy	
2024	\$ 171,435,413	\$ 986,631	0.58 %	\$ 638,985
2023	163,320,514	1,111,541	0.68	750,725
2022	152,502,267	1,064,024	0.70	552,786
2021	143,971,751	961,646	0.67	622,087
2020	137,195,988	1,135,655	0.83	842,505

(1) Tax levy net of overlay allowance.

## Tax Collections

Property tax bills are payable quarterly on August 1, November 1, February 1, and May 1 of each fiscal year. Interest accrues on delinquent taxes at the rate of 14 percent per annum. Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees). If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below. The following table compares the City's net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies for the current and last five fiscal years.

### TAX COLLECTIONS

Fiscal Year	Gross Tax Levy	Overlay Reserve & Abatements	Net Tax Levy(1)	Collections During Fiscal Year Payable (2)		Collections as of June 30, 2024 (2)	
				Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2024	\$ 172,422,044	\$ 986,631	\$ 171,435,413	\$ 169,264,991	98.73 %	\$ 169,264,991	98.73 %
2023	164,432,055	1,111,541	163,320,514	161,331,837	98.78	161,331,837	98.78
2022	153,566,291	1,064,024	152,502,267	150,159,647	98.46	151,658,866	99.45
2021	144,933,397	961,646	143,971,751	142,201,316	98.77	143,149,267	99.43
2020	138,331,643	1,135,655	137,195,988	134,864,503	98.30	136,438,088	99.45

(1) Net after deduction of overlay for abatements.

(2) Actual dollar collections net of refunds. Does not include abatements, proceeds of tax titles or tax possessions attributable to each levy or other non-cash credits.

## Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non-payment of taxes thereon. In either case, the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of like any land held for municipal purposes. Uncollected real property taxes are ordinarily not written off until they become municipal "tax titles" by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of tax and charging surplus.

The table below sets forth the amount of tax titles and possessions outstanding at the end of the following fiscal years as well as the amounts of tax title redemptions in each of these same fiscal years. These include water, sewer, trash collection and other user fee liens.

Fiscal Year	Tax Titles	Tax Possessions	Tax Title Redemptions
2024	\$ 5,315,716	\$ 5,046,471	\$ 1,465,580
2023	4,363,802	4,477,310	1,804,526
2022	4,492,285	4,477,310	911,854
2021	4,069,785	5,222,395	598,656
2020	3,106,956	5,066,420	597,624

## **Taxation to Meet Deficits**

As noted elsewhere (see “Overlay” above) overlay deficits, i.e. tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e. those resulting from non-property tax revenues being less than anticipated, are also required to be added to the tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g. civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as “free cash” deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence.

## **Property Tax Limitations**

Chapter 59, Section 21C of the General Laws, also known as “Proposition 2 ½”, imposes two separate limits on the annual tax levy of a city or town.

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

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year’s valuation.

This “growth” limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the “growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

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

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

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

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

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

### Tax Levies and Tax Levy Limits (1)

	Fiscal year				
	2024	2023	2022	2021	2020
Primary Levy Limit (2)	\$ 323,927,502	\$ 295,265,632	\$ 266,844,066	\$ 236,340,374	\$ 226,083,087
Prior Fiscal Year Levy Limit	178,233,471	171,723,047	165,213,230	158,905,239	152,560,490
Amended Prior Year Growth	(131,671)	-	-	-	-
2.5% Levy Growth	4,452,545	4,293,076	4,130,331	3,972,631	3,814,012
New Growth (3)	2,366,115	2,217,348	2,379,486	2,335,360	2,530,737
Overrides	-	-	-	-	-
Growth Levy Limit	184,920,460	178,233,471	171,723,047	165,213,230	158,905,239
Debt Exclusions	-	-	-	-	-
Capital Expenditure Exclusions	-	-	-	-	-
Other Adjustments	-	-	-	-	-
Tax Levy Limit	184,920,460	178,233,471	171,723,047	165,213,230	158,905,239
Tax Levy	172,422,044	164,432,055	153,566,291	144,933,397	138,331,643
Unused Levy Capacity (4)	12,498,416	13,801,416	18,156,756	20,279,834	20,573,596
Unused Primary Levy Capacity (5)	\$ 139,007,042	\$ 117,032,161	\$ 95,121,019	\$ 71,127,144	\$ 67,177,848

(1) Source: Massachusetts Department of Revenue.

(2) 2.5% of assessed valuation.

(3) Allowed increase for new valuations (or required reduction) – certified by the Department of Revenue.

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit less Growth Levy Limit.

### Pledged Taxes

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

### Community Preservation Act

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

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption

for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see “Tax Limitations” under “PROPERTY TAXATION” above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge on the real property tax levy and any other revenue dedicated pursuant to the CPA. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

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

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

On November 5, 2019, the City adopted the CPA. The CPA surcharge of 1% began in fiscal year 2020.

**Community Preservation Fund Major Revenues**

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>State Contribution</u>	<u>Total</u>
2024	\$ 1,052,074	\$ 205,536	\$ 1,257,610
2023	976,516	331,153	1,307,669
2022	881,522	336,430	1,217,952
2021	818,146	203,875	1,022,021
2020	684,764	-	684,764

The CPA fund balance as of June 30, 2024 was \$2,858,009.

## CITY FINANCES

### Budget and Appropriation Process

The budget process begins with the City Manager’s submission of a proposed budget for the ensuing fiscal year to the City Council within 170 days after the annual organization of the city government (which is ordinarily in early January). The City Council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the City Manager, the City Council may not make any appropriation for a purpose not included in the proposed budget, except by a two-thirds vote in the case of a failure of the City Manager to recommend an appropriation for such a purpose within 7 days after a request from the council. The City Council may not increase any item without the recommendation of the City Manager. If the City Council fails to act on any item of the proposed budget within 45 days, that item takes effect.

If the City Manager does not make a timely budget submission, provision is made for preparation of a budget by the City Council. Water and sewer department expenditures are required to be included in the budget adopted by the City Council. Provision is also made for supplementary appropriations upon recommendation of the City Manager. Under certain circumstances and subject to certain limits and requirements, the City Council, upon recommendation of the City Manager, may transfer amounts appropriated for the use of one department (except for the school department) to another appropriation for the same department or for the use of any other department. School Committees are not autonomous with respect to school expenditures for current purposes. The school budget is limited to the amount appropriated by the City Council, but the school committee retains full power to allocate the funds appropriated.

City department heads are generally required to submit their budget requests to the City Manager between November 1 and December 1. School department budgets, expenditures, and other financial matters requiring action by the City Council shall be submitted to the City Manager for review and comment after they have been acted upon by the School Committee.

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

### Budget Trends

The table below sets forth the trend in general and enterprise fund budgets for the following fiscal years. The budgets summarized below exclude expenditures for "non-operating" or extraordinary items. The City’s fiscal 2021 budget was appropriated in a series of “one twelfth” budgets for July, August, and September, and then the remainder of the 2021 fiscal year amounts were appropriated for October – June.

	<u>Fiscal 2021</u>	<u>Fiscal 2022</u>	<u>Fiscal 2023</u>	<u>Fiscal 2024</u>	<u>Fiscal 2025</u>
General Government(1)	\$ 110,603,423	\$ 116,372,681	\$ 128,669,790	\$ 137,756,507	\$ 150,027,628
Public Safety	51,721,155	51,781,743	55,123,094	58,539,670	58,598,175
Public Works	44,274,295	49,515,758	51,794,067	56,364,562	57,959,848
Human Services	4,808,581	4,691,331	5,300,079	5,401,550	5,463,206
Culture/Recreation	1,587,137	2,272,515	2,709,139	3,063,681	3,160,406
Education(2)	195,647,837	208,115,659	228,226,729	257,186,411	271,932,247
Debt Service	30,630,154	31,445,101	30,732,871	31,622,984	36,594,420
<b>TOTAL</b>	<u>\$ 439,272,583</u>	<u>\$ 464,194,788</u>	<u>\$ 502,555,769</u>	<u>\$ 549,935,365</u>	<u>\$ 583,735,930</u>

(1) Includes pensions, annuities, retirement, other employee benefits, and City parking facilities.

(2) This category includes the Greater Lowell Regional Vocational Technical School District assessment.

## Revenues

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

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

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

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

Sewer Rates and Services: The City's sewer services are accounted for in an enterprise fund. The City's Sewer Department provides sewer services to all commercial, industrial, and residential users in the City and has contracts with the towns of Chelmsford, Dracut, Tyngsborough and Tewksbury for use of the treatment facility. The sewer charge, which was increased in 2013, is a sliding scale ranging from \$2.71 to \$2.99 per hundred cubic feet (hcf) of metered water consumption. The trend in sewer revenues, expenditures and fund balance is detailed in the table below.

Fiscal Year	Revenues	Expenditures (including indirect charges)	Fund Balance
2024	\$ 32,086,296	\$ 32,039,971	\$ 3,716,563
2023	26,262,415	28,324,367	3,670,227
2022	27,041,824	28,301,962	5,732,179
2021	24,803,364	24,930,426	6,992,318
2020	24,515,352	23,191,834	7,118,693

Beginning in August, 2014 the City Council approved an increase in the Ordinance for sewer rate's sliding rate scale to a range of \$3.194 to \$3.533 per hundred cubic feet ("hcf") of metered water consumption. The rate increase schedule is part of a multi-year, incremental increase plan to support additional debt service related to the next phase of the sewer separation project. This project is intended to comply with mandated EPA requirements that municipalities reduce the environmental impact of overflow related to the combined sewer systems. The sewer rate was increased in June 2024, resulting in the current sliding scale range of \$6.32 (base rate) to \$7.06 (over 500) per hcf of wastewater discharged per quarter.

Water Rates and Services: The City's water services are accounted for in an enterprise fund. Water is supplied to all City residents and businesses by the municipal water department. Current daily capacity is 30 million gallons. Current average daily consumption is 14 million gallons per day. The City's water treatment plant and distribution system has been extensively rehabilitated. The City has water supply contracts with the towns of Tewksbury, Dracut, Tyngsborough, and Chelmsford. The water rate was increased in June 2024, resulting in the current sliding scale range of \$3.09 to \$5.15 per hundred cubic feet ("hcf") per quarter of metered water consumption.

The trend in water revenues, expenditures and fund balance is detailed in the table below.

Fiscal Year	Revenues	Expenditures (including indirect charges)	Fund Balance
2024	\$ 14,379,342	\$ 14,419,473	\$ 6,024,458
2023	12,184,305	13,280,646	3,357,793
2022	14,579,445	14,850,409	4,454,134
2021	12,152,279	14,313,910	4,725,097
2020	11,372,606	13,191,567	6,886,728

Room Occupancy Tax: Under Chapter 64G, Section 3A, of the Massachusetts General Laws, local governments may tax the provision of hotel, motel, and lodging house and bed and breakfast rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. The tax is paid by the operator of the establishment to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located. The City levies the full 6.0% room occupancy tax as permitted under the law. The trend in room occupancy tax receipts is shown in the table below.

Fiscal Year	Room Occupancy Tax Receipts
2024	\$ 219,207
2023	194,788
2022	109,798
2021	48,093
2020	261,846

Local Meals Excise Tax: In May 2010 the City enacted a local meals excise tax on sales of restaurant meals. The tax is a three-fourths percent tax on the gross receipts of a vendor from the sale of restaurant meals. The vendor pays the tax to the State Commissioner of Revenue, which in turn, pays the tax to the municipality in which the meal was sold. The trend in meals tax receipts is shown in the table below.

Fiscal Year	Meals Tax Receipts
2024	\$ 1,684,014
2023	1,661,150
2022	1,470,028
2021	1,171,773
2020	1,220,378

Marijuana Tax: On May 15, 2018, the Lowell City Council accepted General Laws Chapter 64N section 3, a local excise on retail sales of marijuana, imposing an excise on the retail sales of marijuana at the rate of 3%, effective May 16, 2019. Also, on February of 2019, the Lowell City Council further voted to establish a Municipal Facility Stabilization Fund as authorized by MGL c. 40, section 5B (4th paragraph), which dedicated 25% of the revenue collections from the local option excise to improvements for municipal facilities. The trend in marijuana tax receipts is shown in the table below.

Fiscal Year	Marijuana Tax Receipts		
	Deposited to General Fund	Deposited to Special Purpose Stabilization Fund	Total Marijuana Tax Receipts
2024	\$ 982,471	\$ 327,490	\$ 1,309,961
2023	811,986	270,662	1,082,648
2022	512,573	170,857	683,430
2021	296,188	98,729	394,917
2020	322,586	107,525	430,111

## **Education Reform**

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. See “Supplemental Reserve Fund” herein for a discussion of the City’s recent compliance with the net school spending requirement.

## **State School Building Assistance**

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

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

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

## **Investment of City Funds**

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

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

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

A breakdown of such investments may be obtained from the City Treasurer. Pension funds are under the jurisdiction of the Lowell Contributory Retirement System.

## **Tax Increment Financing for Development Districts**

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

The City has not established any such development districts.

## **Annual Audits**

An audit of the City's financial statements for fiscal 2023 is attached hereto as Appendix A. This audit was prepared for the City by Powers & Sullivan, Certified Public Accountants, Wakefield, Massachusetts.

The attached audit speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, not have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

## **Financial Statements**

Set forth on the following pages are the Governmental Funds Balance Sheets for the fiscal years ended June 30, 2023, June 30, 2022 and June 30, 2021, and Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund, for the fiscal years ended June 30, 2019 through 2023. All of the statements were extracted from the City's audited financial statements.

## **Estimated Fiscal 2024 Year End Results**

The City expects to close out fiscal 2024 with a total actual cash basis revenues of \$500,074,959, which exceeded budgeted amounts by \$7.8 million. This was primarily due to strong motor vehicle excise tax collections (\$3 million), tax title redemptions (\$1.2 million) and interest income on investments (\$3.5 million). Total unexpended funds (turn backs) are approximately \$12.8 million. School unexpended funds of \$1.2 million are due to the closing of fiscal year 2023 carried forward encumbrances for purchase orders still open as of June 30, 2024. Unexpended funds of \$11.6 million are primarily due to turn backs of salary and wage appropriations. Actual cash basis expenditures total \$491,297,747. The City therefore expects a net increase in the fund balance of the general fund of approximately \$8.7 million.

**CITY OF LOWELL, MASSACHUSETTS**

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2023

	General	COVID-19 Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 73,578,898	\$ 46,841,993	\$ 60,988,560	\$ 181,409,451
Investments.....	-	-	2,288,494	2,288,494
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	3,072,593	-	-	3,072,593
Tax liens.....	2,243,803	-	-	2,243,803
Community preservation fund surtax.....	-	-	16,001	16,001
Motor vehicle and other excise taxes.....	3,101,738	-	-	3,101,738
User fees.....	783,633	-	-	783,633
Departmental and other.....	359,811	-	79,920	439,731
Intergovernmental.....	-	-	41,092,283	41,092,283
Loans.....	-	-	42,394	42,394
Tax foreclosures.....	4,924,889	-	-	4,924,889
Working deposit.....	237,700	9,980,151	-	10,217,851
<b>TOTAL ASSETS.....</b>	<b>\$ 88,303,065</b>	<b>\$ 56,822,144</b>	<b>\$ 104,507,652</b>	<b>\$ 249,632,861</b>
<b>LIABILITIES</b>				
Warrants payable.....	\$ 8,893,337	\$ 955,890	\$ 10,173,693	\$ 20,022,920
Accrued payroll.....	10,512,578	481,919	1,564,369	12,558,866
Payroll and other liabilities.....	6,265,963	-	72,189	6,338,152
Unearned revenue.....	-	45,348,624	-	45,348,624
<b>TOTAL LIABILITIES.....</b>	<b>25,671,878</b>	<b>46,786,433</b>	<b>11,810,251</b>	<b>84,268,562</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue.....	13,908,161	-	16,475,772	30,383,933
<b>FUND BALANCES</b>				
Nonspendable.....	237,700	9,980,151	1,904,142	12,121,993
Restricted.....	1,174	55,560	74,317,487	74,374,221
Committed.....	5,403,617	-	-	5,403,617
Assigned.....	5,314,008	-	-	5,314,008
Unassigned.....	37,766,527	-	-	37,766,527
<b>TOTAL FUND BALANCES.....</b>	<b>48,723,026</b>	<b>10,035,711</b>	<b>76,221,629</b>	<b>134,980,366</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 88,303,065</b>	<b>\$ 56,822,144</b>	<b>\$ 104,507,652</b>	<b>\$ 249,632,861</b>

SOURCE: Extracted from the audited financial statements of the City.

**City of Lowell, Massachusetts**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2022 (1)**

<b>ASSETS</b>	General	COVID-19 Grant Fund	High School Construction	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 60,862,307	\$ 56,397,792	\$ 31,853,992	\$ 46,609,997	\$ 195,724,088
Investments	-	-	-	2,210,260	2,210,260
Receivables, net of uncollectables:					
Real estate and personal property taxes	3,433,401	-	-	-	3,433,401
Tax liens	2,315,224	-	-	-	2,315,224
Community preservation fund surtax	-	-	-	23,181	23,181
Motor vehicle and other excise taxes	3,176,117	-	-	-	3,176,117
User fees	627,349	-	-	-	627,349
Departmental and other	2,843,020	-	-	31,800	2,874,820
Intergovernmental	1,647,717	-	13,336,719	18,484,084	33,468,520
Loans	-	-	-	45,504	45,504
Tax foreclosures	4,477,310	-	-	-	4,477,310
Working capital deposit	237,700	-	-	-	237,700
<b>TOTAL ASSETS</b>	<b>\$ 79,620,145</b>	<b>\$ 56,397,792</b>	<b>\$ 45,190,711</b>	<b>\$ 67,404,826</b>	<b>\$ 248,613,474</b>
<b>LIABILITIES:</b>					
Warrants payable	\$ 5,159,516	\$ 102,115	\$ 9,577,067	\$ 4,405,604	\$ 19,244,302
Accrued payroll	14,221,856	108,863	-	1,110,245	15,440,964
Payroll and other liabilities	6,774,069	-	-	35,726	6,809,795
Unearned revenue	-	56,131,254	-	-	56,131,254
Notes payable	-	-	-	68,000	68,000
<b>TOTAL LIABILITIES</b>	<b>26,155,441</b>	<b>56,342,232</b>	<b>9,577,067</b>	<b>5,619,575</b>	<b>97,694,315</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	14,969,284	-	-	14,620,615	29,589,899
<b>Fund Balances:</b>					
Nonspendable	237,700	-	-	1,885,702	2,123,402
Restricted	1,150	55,560	35,613,644	45,278,934	80,949,288
Committed	6,670,416	-	-	-	6,670,416
Assigned	3,060,219	-	-	-	3,060,219
Unassigned	28,525,935	-	-	-	28,525,935
<b>TOTAL FUND BALANCES</b>	<b>38,495,420</b>	<b>55,560</b>	<b>35,613,644</b>	<b>47,164,636</b>	<b>121,329,260</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 79,620,145</b>	<b>\$ 56,397,792</b>	<b>\$ 45,190,711</b>	<b>\$ 67,404,826</b>	<b>\$ 248,613,474</b>

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

**City of Lowell, Massachusetts**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2021 (1)**

<b>ASSETS</b>	General	COVID-19 Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	\$ 71,716,915	\$ 20,932,697	\$ 48,821,452	\$ 141,471,064
Investments	-	-	3,149,241	3,149,241
Receivables, net of uncollectables:				
Real estate and personal property taxes	3,111,135	-	-	3,111,135
Tax liens	2,061,652	-	-	2,061,652
Community preservation fund surtax	-	-	12,680	12,680
Motor vehicle and other excise taxes	3,047,775	-	-	3,047,775
User fees	601,902	-	-	601,902
Departmental and other	261,690	-	24,060	285,750
Intergovernmental	2,336,915	-	21,503,408	23,840,323
Loans	-	-	73,489	73,489
Tax foreclosures	5,222,395	-	-	5,222,395
Working capital deposit	237,700	-	-	237,700
<b>TOTAL ASSETS</b>	<b>\$ 88,598,079</b>	<b>\$ 20,932,697</b>	<b>\$ 73,584,330</b>	<b>\$ 183,115,106</b>
<b>LIABILITIES &amp; FUND BALANCES</b>				
<b>LIABILITIES:</b>				
Warrants payable	\$ 2,832,811	\$ 928,508	\$ 8,428,902	\$ 12,190,221
Accrued payroll	14,493,903	-	988,548	15,482,451
Payroll and other liabilities	7,033,408	-	69,715	7,103,123
Unearned revenue	-	19,948,629	-	19,948,629
<b>TOTAL LIABILITIES</b>	<b>24,360,122</b>	<b>20,877,137</b>	<b>9,487,165</b>	<b>54,724,424</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	15,895,997	-	11,695,475	27,591,472
<b>Fund Balances:</b>				
Nonspendable	237,700	-	1,874,954	2,112,654
Restricted	1,150	55,560	50,526,736	50,583,446
Committed	2,998,631	-	-	2,998,631
Assigned	9,303,351	-	-	9,303,351
Unassigned	35,801,128	-	-	35,801,128
<b>TOTAL FUND BALANCES</b>	<b>48,341,960</b>	<b>55,560</b>	<b>52,401,690</b>	<b>100,799,210</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 88,598,079</b>	<b>\$ 20,932,697</b>	<b>\$ 73,584,330</b>	<b>\$ 183,115,106</b>

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

**CITY OF LOWELL, MASSACHUSETTS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

YEAR ENDED JUNE 30, 2023

	General	COVID-19 Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Real estate and personal property taxes, net of tax refunds.....	\$ 162,817,589	\$ -	\$ -	\$ 162,817,589
Tax liens.....	1,540,668	-	-	1,540,668
Motor vehicle and other excise taxes.....	9,328,161	-	-	9,328,161
Hotel/motel tax.....	194,788	-	-	194,788
Meals tax.....	1,661,150	-	-	1,661,150
Charges for services.....	3,411,342	-	-	3,411,342
Penalties and interest on taxes.....	1,460,230	-	2,139	1,462,369
Payments in lieu of taxes.....	530,857	-	-	530,857
Fines and forfeitures.....	-	-	29,330	29,330
Intergovernmental - state aid.....	241,119,005	-	-	241,119,005
Intergovernmental - School Building Authority.....	1,192,787	-	-	1,192,787
Intergovernmental - Teachers Retirement.....	31,349,951	-	-	31,349,951
Intergovernmental - other.....	-	27,767,576	107,106,402	134,873,978
Departmental and other.....	11,298,825	-	10,035,030	21,333,855
Community preservation taxes.....	-	-	973,763	973,763
Contributions and donations.....	-	-	867,681	867,681
Investment income/(loss).....	6,228,891	-	163,674	6,392,565
Miscellaneous.....	4,286	-	-	4,286
<b>TOTAL REVENUES.....</b>	<b>472,138,530</b>	<b>27,767,576</b>	<b>119,178,019</b>	<b>619,084,125</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	14,908,356	3,429,733	810,738	19,148,827
Public safety.....	57,581,446	323,586	10,361,301	68,266,333
Education.....	200,344,124	11,644,071	106,171,784	318,159,979
Public works.....	16,464,255	2,098,750	15,720,068	34,283,073
Human services.....	4,571,046	291,285	10,346,738	15,209,069
Culture and recreation.....	4,907,515	-	839,267	5,746,782
Pension benefits.....	29,499,732	-	-	29,499,732
Pension benefits - Teachers Retirement.....	31,349,951	-	-	31,349,951
Employee benefits.....	48,433,732	-	-	48,433,732
State and county charges.....	39,260,851	-	-	39,260,851
Debt service:				
Principal.....	7,574,458	-	-	7,574,458
Debt service related to leases, includes interest of \$202,495.....	1,017,715	-	287,225	1,304,940
Interest.....	4,961,574	-	-	4,961,574
<b>TOTAL EXPENDITURES.....</b>	<b>460,874,755</b>	<b>17,787,425</b>	<b>144,537,121</b>	<b>623,199,301</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>11,263,775</b>	<b>9,980,151</b>	<b>(25,359,102)</b>	<b>(4,115,176)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of long-term debt.....	-	-	17,748,052	17,748,052
Premium from issuance of long-term debt.....	-	-	1,931,328	1,931,328
Proceeds from the sale of assets.....	-	-	918,724	918,724
Transfers in.....	2,068,748	-	273,095	2,341,843
Transfers out.....	(3,104,917)	-	(2,068,748)	(5,173,665)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(1,036,169)</b>	<b>-</b>	<b>18,802,451</b>	<b>17,766,282</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>10,227,606</b>	<b>9,980,151</b>	<b>(6,556,651)</b>	<b>13,651,106</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>38,495,420</b>	<b>55,560</b>	<b>82,778,280</b>	<b>121,329,260</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 48,723,026</b>	<b>\$ 10,035,711</b>	<b>\$ 76,221,629</b>	<b>\$ 134,980,366</b>

SOURCE: Extracted from the audited financial statements of the City.

**CITY OF LOWELL, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (1)**  
**YEAR ENDED JUNE 30, 2022**  
**GENERAL FUND**

	General	COVID-19 Grant Fund	High School Construction	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds	\$ 151,372,848	\$ -	\$ -	\$ -	\$ 151,372,848
Tax liens	653,055	-	-	-	653,055
Motor vehicle and other excise taxes	10,200,462	-	-	-	10,200,462
Hotel/motel tax	109,798	-	-	-	109,798
Meals tax	1,470,028	-	-	-	1,470,028
Charges for services	3,320,734	-	-	-	3,320,734
Penalties and interest on taxes	1,404,545	-	-	1,383	1,405,928
Payments in lieu of taxes	440,600	-	-	-	440,600
Fines and forfeitures	-	-	-	28,430	28,430
Intergovernmental - state aid	214,995,489	-	-	-	214,995,489
Intergovernmental - School Building Authority	1,192,790	-	-	-	1,192,790
Intergovernmental - Teachers Retirement	26,643,061	-	-	-	26,643,061
Intergovernmental - other	-	8,987,367	31,819,599	68,692,455	109,499,421
Departmental and other	9,884,791	-	-	12,336,885	22,221,676
Community preservation taxes	-	-	-	844,037	844,037
Contributions and donations	-	-	-	574,506	574,506
Investment income	388,200	-	-	(7,416)	380,784
<b>TOTAL REVENUES</b>	<b>422,076,401</b>	<b>8,987,367</b>	<b>31,819,599</b>	<b>82,470,280</b>	<b>\$ 545,353,647</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
General Government	11,951,690	2,822,530	-	606,163	15,380,383
Public Safety	53,880,335	682,294	-	9,718,840	64,281,469
Education	193,157,058	5,273,517	49,626,129	46,249,645	294,306,349
Public works	15,196,217	16,990	-	11,245,374	26,458,581
Human services	5,771,132	371,971	-	13,834,862	19,977,965
Culture and recreation	4,147,811	-	-	2,483,410	6,631,221
Pension benefits	26,572,390	-	-	-	26,572,390
Pension benefits - teachers retirement	26,643,061	-	-	-	26,643,061
Employee benefits	44,034,417	-	-	-	44,034,417
State and County Charges	34,184,770	-	-	-	34,184,770
Debt Service	-	-	-	-	-
Principal	8,197,400	-	-	-	8,197,400
Debt service related to leases, includes interest of \$111,148	216,889	-	-	287,225	504,114
Interest	4,915,071	-	-	-	4,915,071
<b>TOTAL EXPENDITURES</b>	<b>428,868,241</b>	<b>9,167,302</b>	<b>49,626,129</b>	<b>84,425,519</b>	<b>572,087,191</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(6,791,840)</b>	<b>(179,935)</b>	<b>(17,806,530)</b>	<b>(1,955,239)</b>	<b>(26,733,544)</b>
<b>Other Financing Sources (Uses):</b>					
Issuance of long term debt	-	-	41,413,620	3,984,431	45,398,051
Issuance of refunding long term debt	4,894,000	-	-	-	4,894,000
Premium from issuance of long term debt	-	-	-	356,908	356,908
Premium from issuance of refunding long term debt	811,847	-	-	-	811,847
Payments to refunded bonds escrow agent	(5,460,000)	-	-	-	(5,460,000)
Right to use lease financing	5,126,558	-	-	2,016,230	7,142,788
Proceeds from the sale of assets	-	-	-	100,000	100,000
Transfers In	1,729,900	179,935	0	3,997,070	5,906,905
Transfers Out	(10,157,005)	0	0	(1,729,900)	(11,886,905)
<b>Total Other Financing Sources (uses) Net</b>	<b>(3,054,700)</b>	<b>179,935</b>	<b>41,413,620</b>	<b>8,724,739</b>	<b>47,263,594</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>(9,846,540)</b>	<b>-</b>	<b>23,607,090</b>	<b>6,769,500</b>	<b>20,530,050</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>48,341,960</b>	<b>55,560</b>	<b>12,006,554</b>	<b>40,395,136</b>	<b>100,799,210</b>
<b>FUND BALANCE (DEFICITS) AT END OF YEAR</b>	<b>\$38,495,420</b>	<b>\$55,560</b>	<b>\$35,613,644</b>	<b>\$47,164,636</b>	<b>\$121,329,260</b>

(1) Extracted from the City's audited financial statements.

**CITY OF LOWELL, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (1)**  
**YEAR ENDED JUNE 30, 2021**  
**GENERAL FUND**

	General	COVID-19 Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Real estate and personal property taxes, net of tax refunds	\$ 143,373,931	\$ -	\$ -	\$ 143,373,931
Tax liens	631,113	-	-	631,113
Motor vehicle and other excise taxes	10,649,309	-	-	10,649,309
Hotel/motel tax	48,093	-	-	48,093
Meals tax	1,171,773	-	-	1,171,773
Charges for services	3,302,804	-	-	3,302,804
Penalties and interest on taxes	1,509,280	-	2,073	1,511,353
Payments in lieu of taxes	467,544	-	-	467,544
Fines and forfeitures	-	-	49,553	49,553
Intergovernmental - state aid	198,491,022	-	-	198,491,022
Intergovernmental - School Building Authority	1,192,791	-	-	1,192,791
Intergovernmental - Teachers Retirement	51,082,819	-	-	51,082,819
Intergovernmental - other	-	26,865,029	87,335,893	114,200,922
Departmental and other	8,339,823	-	8,580,669	16,920,492
Community preservation taxes	-	-	770,450	770,450
Contributions and donations	-	-	715,926	715,926
Investment income	570,263	-	154,123	724,386
<b>TOTAL REVENUES</b>	<b>420,830,565</b>	<b>26,865,029</b>	<b>97,608,687</b>	<b>\$ 545,304,281</b>
<b>EXPENDITURES:</b>				
Current:				
General Government	11,194,467	8,969,485	307,211	20,471,163
Public Safety	50,121,108	1,368,367	14,012,487	65,501,962
Education	163,690,563	13,867,343	57,411,376	234,969,282
Public works	12,576,603	1,283,661	20,017,243	33,877,507
Human services	3,944,763	851,141	13,911,598	18,707,502
Culture and recreation	3,424,079	119,218	848,632	4,391,929
Pension benefits	26,825,365	-	-	26,825,365
Pension benefits - teachers retirement	51,082,819	-	-	51,082,819
Employee benefits	38,910,513	420,358	-	39,330,871
State and County Charges	29,818,234	-	-	29,818,234
Debt Service	-	-	-	-
Principal	7,470,399	-	-	7,470,399
Interest	3,505,888	-	-	3,505,888
<b>TOTAL EXPENDITURES</b>	<b>402,564,801</b>	<b>26,879,573</b>	<b>106,508,547</b>	<b>535,952,921</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>18,265,764</b>	<b>(14,544)</b>	<b>(8,899,860)</b>	<b>9,351,360</b>
<u>Other Financing Sources (Uses):</u>				
Issuance of bonds	-	-	15,012,488	15,012,488
Issuance of refunding bonds	2,134,600	-	-	2,134,600
Premium from issuance of bonds	-	-	5,883,915	5,883,915
Premium from issuance of refunding bonds	399,723	-	-	399,723
Payments to refunded bonds escrow agent	(2,410,000)	-	-	(2,410,000)
Proceeds from the sale of assets	-	-	1,933,206	1,933,206
Transfers In	2,237,078	217,000	4,213	2,458,291
Transfers Out	(217,000)	(202,456)	(2,241,191)	(2,660,647)
Total Other Financing Sources (uses) Net	2,144,401	14,544	20,592,631	22,751,576
<b>NET CHANGE IN FUND BALANCES</b>	<b>20,410,165</b>	<b>-</b>	<b>11,692,771</b>	<b>32,102,936</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>27,931,795</b>	<b>55,560</b>	<b>40,708,919</b>	<b>68,696,274</b>
<b>FUND BALANCE (DEFICITS) AT END OF YEAR</b>	<b>\$48,341,960</b>	<b>\$55,560</b>	<b>\$52,401,690</b>	<b>\$100,799,210</b>

(1) Extracted from the City's audited financial statements.

**CITY OF LOWELL, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (1)**  
**YEAR ENDED JUNE 30, 2020**  
**GENERAL FUND**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Real estate and personal property taxes, net of tax refunds	\$ 136,818,671	-	\$ 136,818,671
Tax liens	980,803	-	980,803
Motor vehicle and other excise taxes	8,746,387	-	8,746,387
Hotel/motel tax	261,846	-	261,846
Meals tax	1,220,378	-	1,220,378
Urban development corporation tax	-	-	-
Charges for services	3,248,846	-	3,248,846
Penalties and interest on taxes	1,091,577	541	1,092,118
Fees and rentals	-	-	-
Payments in lieu of taxes	546,357	-	546,357
Licenses and permits	-	-	-
Fines and forfeitures	-	26,420	26,420
Intergovernmental - state aid	195,311,720	-	195,311,720
Intergovernmental - School Building Authority	1,192,791	-	1,192,791
Intergovernmental - Teachers Retirement	44,385,319	-	44,385,319
Intergovernmental - other	333,754	50,868,683	51,202,437
Intergovernmental - COVID-19 relief	-	450,038	450,038
Intergovernmental - COVID-19 lost revenue replacement	-	-	-
Departmental and other	9,481,566	2,067,907	11,549,473
Community preservation taxes	-	684,224	684,224
Community preservation state match	-	-	-
Special assessments	-	-	-
Contributions and donations	-	1,226,933	1,226,933
Investment income	1,209,952	50,424	1,260,376
TOTAL REVENUES	<u>404,829,967</u>	<u>55,375,170</u>	<u>\$ 460,205,137</u>
<b>EXPENDITURES:</b>			
Current:			
General Government	13,115,826	311,183	13,427,009
Public Safety	51,238,750	5,032,224	56,270,974
Education	167,723,255	44,567,464	212,290,719
Public works	12,637,302	10,736,227	23,373,529
Human services	3,976,863	9,349,806	13,326,669
Culture and recreation	3,967,100	764,380	4,731,480
COVID-19	-	450,038	450,038
Pension benefits	24,868,598	-	24,868,598
Pension benefits - teachers retirement	44,385,319	-	44,385,319
Employee benefits	42,072,237	-	42,072,237
State and County Charges	27,902,381	-	27,902,381
Debt Service	-	-	-
Principal	7,377,448	850,000	8,227,448
Principal payment on current refunding	4,405,000	-	4,405,000
Interest	2,283,381	42,007	2,325,388
TOTAL EXPENDITURES	<u>405,953,460</u>	<u>72,103,329</u>	<u>478,056,789</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,123,493)	(16,728,159)	(17,851,652)
<u>Other Financing Sources (Uses):</u>			
Issuance of bonds	-	36,256,049	36,256,049
Issuance of refunding bonds	3,797,500	-	3,797,500
Premium from issuance of bonds	-	2,290,891	2,290,891
Premium from issuance of refunding bonds	652,795	-	652,795
Proceeds from the sale of assets	-	250,000	250,000
Transfers In	1,933,109	1,520,000	3,453,109
Transfers Out	(1,500,000)	(1,933,109)	(3,433,109)
Total Other Financing Sources (uses) Net	<u>4,883,404</u>	<u>38,383,831</u>	<u>43,267,235</u>
NET CHANGE IN FUND BALANCES	3,759,911	21,655,672	25,415,583
FUND BALANCES AT BEGINNING OF YEAR	<u>24,171,884</u>	<u>18,382,633</u>	<u>42,554,517</u>
FUND BALANCE (DEFICITS) AT END OF YEAR	<u>\$27,931,795</u>	<u>\$40,038,305</u>	<u>\$67,970,100</u>

(1) Extracted from the City's audited financial statements.

**CITY OF LOWELL, MASSACHUSETTS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (1)**  
**YEAR ENDED JUNE 30, 2019**  
**GENERAL FUND**

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>			
Real estate and personal property taxes, net of tax refunds	\$ 131,549,594	\$ -	\$ 131,549,594
Tax liens	737,817	-	737,817
Motor vehicle and other excise taxes	9,745,497	-	9,745,497
Hotel/motel tax	346,888	-	346,888
Meals tax	1,292,366	-	1,292,366
Charges for services	3,097,008	-	3,097,008
Penalties and interest on taxes	1,247,038	-	1,247,038
Payments in lieu of taxes	465,612	-	465,612
Fines and forfeitures	-	68,050	68,050
Intergovernmental - state aid	181,484,487	-	181,484,487
Intergovernmental - school building authority	1,192,791	-	1,192,791
Intergovernmental - teachers retirement	35,253,246	-	35,253,246
Intergovernmental - other	806,717	55,804,488	56,611,205
Departmental and other	9,483,386	3,678,195	13,161,581
Contributions and donations	-	228,508	228,508
Investment income	827,813	130,005	957,818
<b>TOTAL REVENUES</b>	<b>\$ 377,530,260</b>	<b>\$ 59,909,246</b>	<b>\$ 437,439,506</b>
<b>EXPENDITURES:</b>			
Current:			
General Government	12,978,287	701,958	13,680,245
Public Safety	47,687,333	5,989,914	53,677,247
Education	158,307,594	39,302,548	197,610,142
Public works	12,569,761	11,642,415	24,212,176
Human services	3,705,026	8,689,532	12,394,558
Culture and recreation	4,009,598	845,376	4,854,974
Pension benefits	23,787,319	-	23,787,319
Pension benefits - teachers retirement	35,253,246	-	35,253,246
Employee benefits	42,836,174	-	42,836,174
State and County Charges	25,253,169	-	25,253,169
Debt Service			
Principal	6,057,000	170,000	6,227,000
Interest	3,011,205	26,571	3,037,776
<b>TOTAL EXPENDITURES</b>	<b>375,455,712</b>	<b>67,368,314</b>	<b>442,824,026</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>2,074,548</b>	<b>(7,459,068)</b>	<b>(5,384,520)</b>
<u>Other Financing Sources (Uses):</u>			
Issuance of bonds	-	16,221,399	16,221,399
Transfers In	3,295,448	837,052	4,132,500
Transfers Out	(551,950)	(3,360,550)	(3,912,500)
Total Other Financing Sources (uses) Net	2,743,498	13,697,901	16,441,399
<b>NET CHANGE IN FUND BALANCES</b>	<b>4,818,046</b>	<b>6,238,833</b>	<b>11,056,879</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>19,353,838</b>	<b>12,343,800</b>	<b>31,697,638</b>
<b>FUND BALANCE (DEFICITS) AT END OF YEAR</b>	<b>\$24,171,884</b>	<b>\$18,582,633</b>	<b>\$42,754,517</b>

(1) Extracted from the City's audited financial statements.

## Unassigned Fund Balance and Free Cash (Uniform System of Accounting)

Under the Massachusetts Uniform System of Accounting an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is defined as surplus revenue (unreserved fund balance) less uncollected and overdue property taxes from prior years.

The following table sets forth the City's unassigned general fund balances and free cash at the end of fiscal 2018 through fiscal 2023.

Fiscal Year	Unassigned General Fund Balance	Free Cash
2023	\$ 37,766,527	\$ 15,467,055
2022	28,525,935	7,860,448
2021	35,801,128	17,781,512 (1)
2020	20,347,504	3,976,162
2019	21,937,328	7,462,706
2018	16,286,976	2,513,634

(1) The large increase in free cash at July 1, 2021 is due to a number of factors, including revenue loss/ replacement from ARPA in the general fund, significant turn backs from departments, and a spending freeze in place by management in FY21.

## Stabilization Fund

The City maintains a general purpose stabilization fund accounted for in the General Fund. Under Massachusetts statutes, funds may be appropriated from the Stabilization Fund for any municipal purposes by the City Council. The following sets forth the recent trend in the Stabilization Fund:

Fiscal Year (June 30)	Stabilization Fund
2024	\$ 15,796,174
2023	14,318,065
2022	13,930,658
2021	12,863,345
2020	12,283,568

On December 29, 2017, the City received notification from the Department of Revenue (DOR) that the "free cash" certification as of July 1, 2016 was \$4,873,124 for the general fund. On January 9, 2018, upon recommendation of the City Manager, the Council appropriated \$2,458,145 from certified free cash into the stabilization fund. This amount replenished the \$1,458,145 used to set the fiscal 2018 tax rate and added an additional \$1 million to the stabilization fund's balance. The balance of the free cash certification was appropriated to replenish other special revenue funds.

Utilizing a portion of the certified fiscal 2014 free cash, the City Council voted on December 12, 2014 to create a special purpose stabilization fund to help mitigate the impact of future debt service payments relative to capital expenditures in the General Fund. The fund was seeded with \$955,290 from fiscal 2014 Free Cash. The following sets forth the balance as of June 30, 2020 through June 30, 2024 in the special purpose stabilization funds:

Fiscal Year Ended June 30,	Pension Reserve Fund Balance	Salary Fund Balance	Capital Debt Service Fund Balance	Equity/Diversity Stabilization Fund Balance	SPED Stabilization Fund Balance	Municipal Facility Fund Balance
2024	\$ 9,715	\$ 3,586,059	\$ 9,463	\$ 74,538	\$ 3,169,653	\$ 1,498,052
2023	9,038	810,973	8,661	187,674	2,948,909	1,103,841
2022	9,038	2,000,000	5,491	184,674	2,948,909	1,199,026
2021	9,038	1,000,010	419,254	-	1,388,459	217,723
2020	887,988	1,000,009	1,890,688	-	-	118,524

## INDEBTEDNESS

### Authorization Of General Obligation Bonds and Notes

Serial bonds and notes are authorized by vote of two-thirds of all the members of the city council (subject to the mayor's veto where the mayor has a veto power) or a two-thirds vote of the town meeting. Provision is made in some cities and towns for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the city council, the selectmen or either the prudential committee or the commissioners of a district if there is no prudential committee. Borrowings for some purposes require State administrative approval .

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the Treasurer with the approval of the selectmen.

### Debt Limits

General Debt Limit. The general debt limit of the City consists of a normal debt limit and a double debt limit. The normal debt limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The City can authorize debt up to this amount without State approval. It can authorize debt up to twice this amount (the double debt limit) with the approval of the State Municipal Finance Oversight Board.

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

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

### Types Of Obligations

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

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

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

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

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

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

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

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

## Debt Ratios

The following table sets forth the City's general obligation bonds outstanding, the population, assessed valuation, per capita debt, and general obligation debt as a percentage of assessed valuation, for the end of the five most recent fiscal years. This table considers the principal amount of general obligation bonds of the City only. (See "Direct Debt Summary").

Fiscal Year End	General Obligation Bonds Outstanding	Population (1)	State Equalized Valuation (2)	Per Capita Debt	Debt as a % of Equalized Valuation
2024	\$ 392,708,977	115,554	\$ 11,375,052,400	\$ 3,398	3.45 %
2023	340,470,239	115,554	11,375,052,400	2,946	2.99
2022	312,339,894	115,554	9,848,176,600	2,703	3.17
2021	297,598,932	115,554	9,848,176,600	2,575	3.02
2020	264,438,247	115,554	8,192,976,800	2,288	3.23

(1) Based on the 2020 Federal Census.

(2) 2018 equalized valuation is used for fiscal 2020; 2020 equalized valuation is used for fiscal 2021 and fiscal 2022; 2022 equalized valuation is used for fiscal 2023 and fiscal 2024.

**CITY OF LOWELL**  
**Direct Debt Summary**  
**As of June 30, 2024 (1)**

Outstanding:		
General (2)	\$ 97,656,349	
School (3)	100,247,060	
Water (4)	15,250,100	
Sewer (5)	38,403,241	
MCWT (6)	90,423,977	
Parking Garage	50,728,250	
Total General Obligation Bonds Outstanding as of June 30, 2024		\$ 392,708,977
State Qualified Bonds to be dated October 24, 2024		52,690,000 *
<b>Short Term Debt</b>		
Bond Anticipation Notes Outstanding (7)	28,284,168	
Less:		
To Be Retired With Bond Proceeds	(23,851,545)	
Total Short Term Debt Outstanding After This Issue (8)		4,432,623
<b>Total Direct Debt</b>		<b>\$ 449,831,600</b>

\*Preliminary, subject to change.

- (1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment benefits liability.
- (2) \$275,000 is outside the City's general debt limit.
- (3) \$92,387,000 is outside the City's general debt limit.
- (4) Self-supporting. Outside the City's general debt limit.
- (5) Self-supporting. \$30,014,500 is outside the City's general debt limit.
- (6) Massachusetts Clean Water Trust, formerly Massachusetts Water Pollution Abatement Trust. \$46,611,944 is outside the City's debt limit. Sewer services are accounted for in an enterprise fund.
- (7) Payable October 25, 2024.
- (8) Concurrent issue of Bond Anticipation Notes, payable October 24, 2025.

**Authorized Unissued Debt**

Following the delivery of the Bonds, the City will have approximately \$521.120 million (excluding authorized refundings) of authorized unissued debt outstanding, comprised of the following:

\$223.6 million total school bond authorized for various school construction and repairs, including \$193.9 million school bonds authorized for construction and reconstruction of a new high school. The total amount authorized for this project will be reduced to the extent of school building grant funds paid to the City by the MSBA. The reimbursement rate will be approximately 80% of reimbursable project costs.

\$203.61 million sewer and \$29.5 million water bonds authorized for the reconstruction of water and sewer mains and facility upgrades throughout the City. The City is aggressively working to maintain and improve its water and sewer infrastructure. Financing will be through the Massachusetts Clear Water Trust. Rates will be raised to support this debt as it is issued.

Additionally, the City has authorized unissued debt of approximately \$64.41 million for various capital improvements.

## Principal Payments by Purpose

The following table sets forth the principal payments by purpose for the City's outstanding debt as of June 30, 2024. Of the \$392,708,977 total amount outstanding, \$108,191,923, or 27.6% of the total outstanding, is to be paid by the end of fiscal 2029, and \$202,294,243, or 51.5%, is expected to be paid by the end of fiscal year 2034.

### Principal Payments by Purpose As of June 30, 2024 (1)

Fiscal Year	General (2)	School (3)	Water (4)	Sewer (5)	MCWT (6)	Parking Garage	Total Outstanding Principal
2025	\$ 6,502,819	\$ 1,798,850	\$ 1,039,570	\$ 2,083,761	\$ 6,254,832	\$ 3,330,000	\$ 21,009,832
2026	6,801,330	2,822,110	864,980	2,303,080	5,847,479	3,343,500	21,982,479
2027	6,955,160	2,931,770	870,710	2,328,860	5,687,642	3,513,500	22,287,642
2028	7,024,410	2,970,390	894,120	2,352,830	5,657,634	3,673,250	22,572,634
2029	6,746,330	3,115,010	830,630	2,163,030	5,569,336	1,915,000	20,339,336
2030	6,757,900	3,088,090	846,020	2,034,990	5,586,638	2,013,000	20,326,638
2031	5,702,900	3,135,660	821,320	1,880,120	5,713,143	2,095,000	19,348,143
2032	5,385,500	3,285,210	792,700	1,571,590	5,355,102	2,180,000	18,570,102
2033	4,925,000	3,380,240	802,590	1,432,170	5,477,596	2,260,000	18,277,596
2034	4,495,000	3,439,730	767,460	1,457,810	5,284,842	2,135,000	17,579,842
2035	4,580,000	3,475,000	765,000	1,250,000	5,406,136	2,205,000	17,681,136
2036	4,340,000	3,605,000	785,000	1,275,000	5,420,538	2,270,000	17,695,538
2037	3,505,000	3,635,000	440,000	1,310,000	5,331,879	1,855,000	16,076,879
2038	3,495,000	3,745,000	450,000	1,330,000	4,521,219	1,910,000	15,451,219
2039	2,750,000	3,870,000	470,000	945,000	4,626,158	1,970,000	14,631,158
2040	2,710,000	3,985,000	480,000	990,000	3,532,861	2,025,000	13,722,861
2041	2,200,000	3,710,000	360,000	1,005,000	2,132,527	2,090,000	11,497,527
2042	2,060,000	3,740,000	350,000	1,040,000	1,352,968	2,150,000	10,692,968
2043	1,930,000	3,855,000	355,000	990,000	1,384,150	2,220,000	10,734,150
2044	1,970,000	3,970,000	370,000	1,020,000	281,297	2,285,000	9,896,297
2045	955,000	4,105,000	385,000	1,055,000	-	2,355,000	8,855,000
2046	980,000	4,240,000	400,000	1,090,000	-	300,000	7,010,000
2047	1,010,000	4,385,000	415,000	1,130,000	-	310,000	7,250,000
2048	1,040,000	4,535,000	425,000	1,165,000	-	325,000	7,490,000
2049	830,000	3,330,000	90,000	720,000	-	-	4,970,000
2050	860,000	3,440,000	90,000	740,000	-	-	5,130,000
2051	435,000	2,565,000	90,000	720,000	-	-	3,810,000
2052	345,000	2,660,000	-	500,000	-	-	3,505,000
2053	365,000	1,680,000	-	520,000	-	-	2,565,000
2054	-	1,750,000	-	-	-	-	1,750,000
<b>Total</b>	<b>\$ 97,656,349</b>	<b>\$ 100,247,060</b>	<b>\$ 15,250,100</b>	<b>\$ 38,403,241</b>	<b>\$ 90,423,977</b>	<b>\$ 50,728,250</b>	<b>\$ 392,708,977</b>

- (1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability, and other post-employment benefits liability.
- (2) \$275,000 is outside the City's general debt limit.
- (3) \$92,387,000 is outside the City's general debt limit.
- (4) Self-supporting. Outside the City's general debt limit.
- (5) Self-supporting. \$30,014,500 is outside the City's general debt limit.
- (6) Massachusetts Clean Water Trust, formerly Massachusetts Water Pollution Abatement Trust. \$46,611,944 is outside the City's debt limit. Sewer services are accounted for in an enterprise fund.

## Debt Service Requirements

The following table sets forth the required principal and interest payments on the City's outstanding general obligation bonds and expected subsidies to be received by the City from the Massachusetts Clean Water Trust to pay certain debt service as of June 30, 2024.

### Debt Service Requirements As of June 30, 2024

Fiscal Year	Currently Outstanding		QECB (1)	MCWT (2)	Net
	Principal	Interest	Subsidy	Subsidy	Debt Service
2025	\$ 21,009,832	\$ 14,810,697	\$ (32,139)	\$ (45,521)	\$ 35,742,869
2026	21,982,479	12,559,546	(27,112)	-	34,514,913
2027	22,287,642	11,651,052	(22,085)	-	33,916,609
2028	22,572,634	10,726,240	(17,057)	-	33,281,817
2029	20,339,336	9,855,677	(12,120)	-	30,182,893
2030	20,326,638	9,048,080	(7,272)	-	29,367,445
2031	19,348,143	8,262,738	(2,424)	-	27,608,457
2032	18,570,102	7,569,982	-	-	26,140,083
2033	18,277,596	6,917,761	-	-	25,195,357
2034	17,579,842	6,302,234	-	-	23,882,077
2035	17,681,136	5,731,181	-	-	23,412,317
2036	17,695,538	5,180,345	-	-	22,875,882
2037	16,076,879	4,674,245	-	-	20,751,124
2038	15,451,219	4,197,588	-	-	19,648,807
2039	14,631,158	3,732,462	-	-	18,363,620
2040	13,722,861	3,307,944	-	-	17,030,805
2041	11,497,527	2,932,224	-	-	14,429,751
2042	10,692,968	2,601,707	-	-	13,294,675
2043	10,734,150	2,274,684	-	-	13,008,833
2044	9,896,297	1,946,450	-	-	11,842,747
2045	8,855,000	1,642,699	-	-	10,497,699
2046	7,010,000	1,383,886	-	-	8,393,886
2047	7,250,000	1,143,555	-	-	8,393,555
2048	7,490,000	893,420	-	-	8,383,420
2049	4,970,000	687,809	-	-	5,657,809
2050	5,130,000	528,256	-	-	5,658,256
2051	3,810,000	379,891	-	-	4,189,891
2052	3,505,000	248,025	-	-	3,753,025
2053	2,565,000	128,881	-	-	2,693,881
2054	1,750,000	37,188	-	-	1,787,188
	<u>\$ 392,708,977</u>	<u>\$ 141,356,446</u>	<u>\$ (120,209)</u>	<u>\$ (45,521)</u>	<u>\$ 533,899,693</u>

(1) Qualified Energy Conservation Bonds.

(2) Massachusetts Clean Water Trust, formerly Massachusetts Water Pollution Abatement Trust.

(3) Massachusetts School Building Authority.

## Coverage of Qualified Debt Service

The following table presents qualified debt service, projected state aid and the coverage ratio of total state aid to the City's outstanding State Qualified Bonds debt service. The table does not include debt of the Commonwealth.

Fiscal Year	Qualified Debt Service (1)	Total State Aid (2)	Coverage Ratio: Total State Aid to Qualified Debt Service
2025	\$ 27,663,059	\$ 287,553,152	10.39
2026	26,925,659	293,304,215	10.89
2027	26,604,909	299,170,299	11.24
2028	26,116,134	305,153,705	11.68
2029	23,220,621	311,256,779	13.40
2030	22,502,565	317,481,915	14.11
2031	20,733,409	323,831,553	15.62
2032	19,739,734	330,308,184	16.73
2033	18,789,456	336,914,348	17.93
2034	17,787,265	343,652,635	19.32
2035	17,312,228	350,525,688	20.25
2036	16,880,096	357,536,201	21.18
2037	14,963,259	364,686,926	24.37
2038	14,785,946	371,980,664	25.16
2039	13,496,678	379,420,277	28.11
2040	13,345,853	387,008,683	29.00
2041	12,206,553	394,748,857	32.34
2042	11,889,128	402,643,834	33.87
2043	11,601,146	410,696,710	35.40
2044	11,557,231	418,910,645	36.25
2045	10,497,699	427,288,857	40.70
2046	8,393,886	394,748,857	47.03
2047	8,393,555	402,643,834	47.97
2048	8,383,420	410,696,710	48.99
2049	5,657,809	418,910,645	74.04
2050	5,658,256	427,288,857	75.52
2051	4,189,891	435,834,635	104.02
2052	3,753,025	402,643,834	107.29
2053	2,693,881	410,696,710	152.46
2054	1,787,188	418,910,645	234.40
Total	<u>\$ 427,529,539</u>	<u>\$ 11,532,449,919</u>	

(1) Reflects gross debt service; does not include the QECB Federal Subsidies. As of June 30, 2024.

(2) Includes total state aid available for coverage. State aid is taken from the estimated fiscal 2025 Cherry Sheet and is increased at a rate of 2% each year thereafter. The State aid figures above no longer reflect school building assistance grants as such grants are no longer paid by the Commonwealth; they are now paid by the Massachusetts School Building Authority. Therefore, such payments no longer constitute "distributable aid" of the Commonwealth under the Qualified Bond Act.

## Overlapping Debt

The City is a member of the Lowell Regional Transit Authority and the Greater Lowell Regional Vocational Technical High School District. The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue of the Lowell Regional Transit Authority and the Greater Lowell Regional Vocational Technical High School District, and the City of Lowell's fiscal 2025 dollar assessment for each.

Overlapping Entity	2025 Dollar Assessment(1)
Lowell Regional Transit Authority(2)	\$ 1,124,639
Greater Lowell Regional Vocational Technical High School District(3)	10,379,738

(1) Estimated dollar assessment based upon total net operating expenses, inclusive (where applicable) of debt service.

(2) SOURCE: Lowell Regional Transit Authority. FY2024 dollar assessment.

(3) SOURCE: Greater Lowell Regional Vocational Technical High School District. Pursuant to special laws a number of cities may participate in regional school districts, primarily for vocational education. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the District. The District recently authorized approximately \$65 million school construction bonds, the local share of which is estimated at approximately \$15 million.

## Contractual Obligations

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interest, but only when funds are available for the first fiscal year. Obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long-term contractual obligations that are not subject to annual appropriations, including contracts for refuse disposal and sewerage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The City has several contractual obligations of significance which are described below.

Purpose	Vendor	Expiration	Fiscal 2024 Actual	Fiscal 2025 Budget
Mgmt - LMA	Lowell Management Group	6/30/2026	\$ 200,000	\$ 200,000
SPED Student Transportation	PrideStar Student Transportation, Inc.	6/30/2025	4,542,498	4,300,000
Sludge Disposal	Casella Organics	6/30/2026	5,006,837	5,000,000
School Bus Transportation - regular	NRT Bus, Inc.	6/30/2026	4,200,000	5,031,700
Trash Collection	Waste Management - Londonderry	12/31/2024	5,341,493	2,668,121 (1)
Trash Disposal	Wheelaerator North Andover, Inc.	12/31/2025	2,196,500	1,975,160
Mgmt - City Parking Garages	LAZ KARP Associates LLC	12/31/2024	2,007,400	1,020,962

## RETIREMENT PLAN

### General

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. A system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

### Plan Description

The City contributes to the Lowell Retirement System (the "System"). Public school teachers are covered by The Commonwealth of Massachusetts Retirement System (TRS) to which the City does not contribute. The System and the TRS are contributory defined benefit plans covering all City employees and teachers deemed eligible and include the Lowell Regional Transit Authority and the Lowell Housing Authority.

The City pays the entire retirement allowance for certain retirees who are eligible for non-contributory benefits and are not members of the System. The last non-contributory retiree passed away in 2023. The City budgeted \$25,000 for fiscal year 2025, but benefits will no longer be paid. The annual contributions of the City towards non-contributory benefits are shown in the table below.

Fiscal Year Ending	Non- Contributory Contribution
2024	\$ 5,675
2023	23,509
2022	23,523
2021	23,483
2020	23,612

Instituted in 1937, the System is a member of the Massachusetts Contributory System and is governed by Chapter 32 of the Massachusetts General Laws. Membership in the System is mandatory immediately upon the commencement of employment for all permanent, full-time employees. Both the System and TRS provide for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. Benefit payments are based upon a member's age, length of creditable service, level of compensation and group classification.

Members of the System and TRS become vested after 10 years of creditable service. A retirement allowance may be received upon reaching age 65 or upon attaining twenty years of service. The systems also provide for early retirement at age 55 if a participant (1) has a record of 10 years of creditable service, (2) was on the City payroll on January 1, 1978, (3) voluntarily left City employment on or after that date, and (4) left accumulated annuity deductions in the fund. Active members contribute from 5% to 11% of their gross regular compensation depending on the date upon which their membership began.

The systems provide death and disability benefits. In addition to these benefits provided by the System and TRS, the City provides other benefits to retirees and survivors, most notably, health insurance coverage. (See "Other Post-Employment Benefits" below, and Appendix A).

### **Funding Status and Progress**

The amount shown below as the "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the System on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among employers. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the System.

The last full actuarial study was done by KMS Actuaries, LLC as of January 1, 2023. The total actuarial accrued liability at that time was \$813,914,152, its actuarial value of assets were \$517,833,665, resulting in an estimated unfunded pension benefit obligation was \$296,080,487, assuming a 7.0% investment rate of return; the funded ratio was 63.6%. As of 2023, the City's funding schedule was shortened by one year to 2036.

The amortization of the City's unfunded pension benefit obligation is shown below.

Fiscal Year Ending	Employer Normal Cost	Amortization Payment of UAL	Net 3(8)(c) Transfers	Total Employer Cost	Increase over Prior Year	Unfunded Actuarial Accrued Liability
2024	\$9,662,637	\$24,503,367	\$1,000,000	\$35,166,004		\$296,080,487
2025	9,930,304	26,092,465	1,000,000	37,022,769	5.28%	291,459,642
2026	10,218,708	27,758,862	1,000,000	38,977,570	5.28%	284,871,562
2027	10,502,992	29,532,594	1,000,000	41,035,586	5.28%	276,098,581
2028	10,800,440	31,401,825	1,000,000	43,202,265	5.28%	264,876,729
2029	11,126,499	33,356,846	1,000,000	45,483,345	5.28%	250,935,800
2030	11,412,477	35,472,389	1,000,000	47,884,866	5.28%	233,996,716
2031	11,752,466	37,660,721	1,000,000	50,413,187	5.28%	213,683,561
2032	12,086,447	39,988,557	1,000,000	53,075,004	5.28%	189,684,858
2033	12,464,636	42,412,727	1,000,000	55,877,363	5.28%	161,598,313
2034	12,820,780	45,006,908	1,000,000	58,827,688	5.28%	129,038,129
2035	13,186,990	47,746,800	1,000,000	61,933,790	5.28%	91,515,291
2036	13,588,702	50,201,567	1,000,000	64,790,269	4.61%	48,531,687
2037	14,023,038	-	1,000,000	15,023,038	-76.81%	-
2038	14,414,310	-	1,000,000	15,414,310	2.60%	-
2039	14,875,848	-	1,000,000	15,875,848	2.99%	-
2040	15,334,144	-	1,000,000	16,334,144	2.89%	-
2041	15,818,022	-	1,000,000	16,818,022	2.96%	-
2042	16,297,436	-	1,000,000	17,297,436	2.85%	-
2043	16,782,605	-	1,000,000	17,782,605	2.80%	-
2044	17,342,573	-	1,000,000	18,342,573	3.15%	-
2045	17,938,699	-	1,000,000	18,938,699	3.25%	-
2046	18,521,191	-	1,000,000	19,521,191	3.08%	-
2047	19,127,720	-	1,000,000	20,127,720	3.11%	-
2048	19,786,672	-	1,000,000	20,786,672	3.27%	-
2049	20,449,097	-	1,000,000	21,449,097	3.19%	-
2050	21,161,060	-	1,000,000	22,161,060	3.32%	-
2051	21,847,975	-	1,000,000	22,847,975	3.10%	-
2052	22,571,693	-	1,000,000	23,571,693	3.17%	-
2053	23,429,084	-	1,000,000	24,429,084	3.64%	-

SOURCE: January 1, 2023 Actuarial Valuation of the Lowell Contributory Retirement System, KMS Actuaries, LLC.

## Contribution Requirements

The City is required to contribute in each fiscal year an amount approximating the pension benefits (less certain interest credits) expected to be paid during the year.

The City's contributions to the System for the following fiscal years were:

<u>Fiscal Year</u>	<u>Contribution</u>
2025 (budgeted)	\$35,486,441
2024	33,004,210
2023	31,662,775
2022	30,084,564
2021	28,713,596
2020	27,216,044

See Appendix A, the City's audited financial statements, for additional information on the City's retirement system.

## Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The following table shows the pay-as-you-go cost to the City for health and dental insurance provided to retirees:

<u>Fiscal Year</u>	<u>Pay-As-You-Go Cost</u>
2024	\$ 17,950,470
2023	17,190,973
2022	16,437,631
2021	15,958,865
2020	14,914,712

The Governmental Accounting Standards Board ("GASB") promulgated accounting standards that require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The City was required to implement the GASB reporting requirements for other post-employment benefits beginning in its fiscal year 2008 audit. The City selected Aquarius Capital Solutions Group, LLC to perform an actuarial valuation of its non-pension, post-employment benefit liability. As of June 30, 2023, the total OPEB liability for benefits was \$629,274,267 and the fiduciary net position was \$13,693,011, resulting in a net OPEB liability of 615,581,256, assuming a 4.0% discount rate. The actuarial determined contribution (ADC) is an amount determined by the actuary pursuant to GASB Statement No. 74/75 which represents a level of funding that, if paid on an ongoing basis, is projected to cover the service cost each year and amortize any unfunded actuarial liabilities. As of June 30, 2023, the ADC was \$49,111,602. On September 27, 2013 the City made a \$7.8 million contribution to the OPEB Trust Fund with funds freed up from its Health Trust Fund upon joining the State GIC, which is expected to reduce the unfunded OPEB liability by approximately \$32 million. The balance in the OPEB Trust Fund as of June 30, 2024 was \$16,065,556. (See Appendix A — Required Supplementary Information: OPEB actuarial methods and assumptions). The City also established an OPEB Liability Funding Strategy policy in fiscal 2019, which was adopted by City Council.

Projections of benefits are based on the plan as understood by the City and the plan members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the City and plan members to that point. As such, any changes in benefits offered, cost sharing and the like, will have an impact upon the total amount of the City's actuarial liability for postemployment benefits, other than pensions.

**EMPLOYEE RELATIONS**

The City employs approximately 3,254 full and part-time employees, 2,239 of whom are employed by the Lowell Public School Department, 116 by the public works department (DPW Clerical, Lands & Building, Streets, Electrical, Engineering, Parks, Recreation, Cemeteries), 214 by the fire department, 311 by the police department, 92 by the water, sewer, and parking enterprise fund departments and the balance of 282 regular full time and part-time employees by various other departments of the City. Approximately 3,100 employees are represented by unions including teachers and administrators.

The following is a summary of the approximate number of employees represented by each union:

<u>Union</u>	<u>Number of Employees</u>	<u>Contract Expiration Date (1)</u>
UTL Teachers	1,258	6/30/2027
UTL Paraprofessionals	491	6/30/2027
LSAA Administrators	253	6/30/2023
SEIU Clerks	76	6/30/2023
UTL Cafeteria Workers	55	6/30/2027
UTL Custodians	112	6/30/2027
<b>Subtotal School Union Employees:</b>	<b>2,245</b>	
<u>Union</u>	<u>Number of Employees</u>	<u>Contract Expiration Date</u>
Firefighters IAFF	206	6/30/2027
Police Patrolmen	178	6/30/2027
Police Superiors	55	6/30/2027
MVEA Wastewater	32	6/30/2027
MVEA C	35	6/30/2027
MVEA D	17	6/30/2027
MVEA Inspectors	14	6/30/2027
AFSCME 1705	185	6/30/2027
AFSCME 2532	70	6/30/2027
AFSCME 1705A	29	6/30/2027
Traffic Supervisors	23	6/30/2027
Engineers	4	6/30/2027
SEIU 888 Wastewater	4	6/30/2027
SEIU 888 Water	3	6/30/2027
<b>Subtotal City Union Employees:</b>	<b>855</b>	
<b>Total School and City Union Employees:</b>	<b>3,100</b>	

(1) Expired contracts are currently in negotiations.

**LITIGATION**

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

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

***CITY OF LOWELL, MASSACHUSETTS***

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

***FOR THE YEAR ENDED JUNE 30, 2023***

CITY OF LOWELL, MASSACHUSETTS

REPORT ON EXAMINATION OF BASIC FINANCIAL STATEMENTS

JUNE 30, 2023

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## **Independent Auditor's Report**

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

## **Report on the Audit of the Financial Statements**

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lowell, Massachusetts, as of and for the year ended June 30, 2023 (except for the Lowell Contributory Retirement system which is as of and for the year ended December 31, 2022), and the related notes to the financial statements, which collectively comprise the City of Lowell, Massachusetts' basic financial statements as listed in the table of contents.

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

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of Lowell, Massachusetts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

## **Required Supplementary Information**

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

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2024, on our consideration of the City of Lowell, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lowell, Massachusetts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lowell, Massachusetts' internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Powers & Sullivan, LLC". The signature is written in a cursive style.

May 13, 2024

# ***Management's Discussion and Analysis***

## ***Management's Discussion and Analysis***

As management of the City of Lowell (the "City"), we offer readers of these basic financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2023. We encourage readers to consider the information presented in this report.

### ***Financial Highlights***

#### **Government-wide**

- The City's overall liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$467.1 million, at the close of 2023, an overall increase of \$63.6 million from the prior year.
- Governmental net position increased by \$58.1 million. The increase is attributable to the receipt of \$45.8 million in capital grants mostly related to Massachusetts School Business Administration grants related to the high school project, a \$10.2 million increase in the general fund balance, and a \$2.5 million decrease in the legal settlement reserve.
- Business-type activities experienced a combined \$5.5 million increase in net position, primarily due to a rate increase and the net change in the OPEB liability and its associated deferred inflows/outflows.
- Overall governmental long-term debt increased by \$10.7 million and business-type long-term debt increased by \$16.6 million, net of premiums. See Note 8 for more information on the City's long-term debt.

#### **Fund Financial Statements**

- As of the close of the current year, the City's governmental funds reported combined ending fund balance of \$135.0 million, an increase of \$13.7 million in comparison with the prior year.
- The City issued \$20.5 million of general obligation bonds on August 4, 2022, which were recognized in the governmental funds and enterprise funds. The sewer enterprise fund issued \$4.1 million of direct borrowings through the Massachusetts Clean Water Trust (MCWT) in December 2022. See Note 8 for more information.
- The City issued \$70.1 million of general obligation bonds on September 13, 2023, \$21.9 million related to bond anticipation notes outstanding at year end. As such, the City has recognized bond proceeds in the governmental and enterprise funds, as applicable. See Note 8 for more information.
- The City incurred \$17.8 million of expenses related to the COVID-19 pandemic, which are funded by grants from the State and Federal Government. These expenditures can be seen within the COVID-19 Grant major fund.

## **Overview of the Financial Statements**

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

**Government-wide financial statements** - The *government-wide financial statements* are designed to provide readers with a broad overview of the financial position of the City.

The government-wide financial statements are presented using the accrual basis of accounting, which presents a view of the City's financial position in a manner similar to private-sector business.

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

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

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

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

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

**Governmental funds** - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains approximately 610 individual governmental funds. Information for the general fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of

revenues, expenditures, and changes in fund balances. Data from the other funds, except the major special revenue and capital project funds, are combined into a single, aggregate presentation under the caption *nonmajor governmental funds*. The general fund and the COVID-19 grant fund are the major governmental funds reported.

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

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

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

*Internal service funds* are an accounting device used to accumulate and allocate costs internally among various functions. The City uses internal service funds to account for health insurance activities. Because these services primarily benefit governmental rather than business-type activities, they have been included within *governmental activities* in the government-wide financial statements. The City's health insurance activities are premium based through the Group Insurance Commission since 2013. The City is working to determine the best way to spend down this fund for health-related costs.

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs.

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: pension and other employee benefits trust funds, and the private purpose trust fund. The private purpose trust fund is used to account for trust arrangements that benefit individuals, private organizations, or other governments.

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

The City established an OPEB trust fund to account for funds set aside to help offset future postemployment benefits for retirees. The current year additions included the City's contribution and investment income. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

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

## ***Government-wide Financial Analysis***

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's overall liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$467.1 million at the close of 2023, an overall increase of \$63.6 million from the prior year.

Net position of \$416.5 million reflects its net investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City

uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City’s net position, \$43.8 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, a deficit of \$927.5 million, reflects the impact of the \$615.6 million net other postemployment benefit liability and the \$310.4 million net pension liability.

Details related to the City’s governmental and business-type activities follow.

**Governmental Activities**

At the end of the current year, the City is able to report positive balances in two out of three categories of net position. The governmental activities liabilities and deferred inflows of resources exceeded assets and deferred outflows by \$515.6 million at the close of 2023.

	2023	2022
<b>Assets:</b>		
Current assets.....	\$ 252,756,000	\$ 251,736,613
Capital assets, non depreciable.....	208,982,025	149,558,132
Capital assets, net of accumulated depreciation...	277,055,102	268,735,252
<b>Total assets.....</b>	<b>738,793,127</b>	<b>670,029,997</b>
<b>Deferred outflows of resources.....</b>	<b>139,829,538</b>	<b>152,527,007</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	96,814,804	109,893,133
Noncurrent liabilities (excluding debt).....	890,767,106	844,620,899
Current debt.....	9,398,803	10,134,468
Noncurrent debt.....	167,285,827	157,023,748
<b>Total liabilities.....</b>	<b>1,164,266,540</b>	<b>1,121,672,248</b>
<b>Deferred inflows of resources.....</b>	<b>229,945,445</b>	<b>274,527,931</b>
<b>Net position:</b>		
Net investment in capital assets.....	333,263,875	285,953,437
Restricted.....	43,829,506	30,777,847
Unrestricted.....	(892,682,701)	(890,374,459)
<b>Total net position.....</b>	<b>\$ (515,589,320)</b>	<b>\$ (573,643,175)</b>

A significant portion of the City’s governmental activities net position, \$333.3 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; therefore, these assets are not available for future spending. Although the City’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the net position of \$43.8 million represents resources that are subject to external restrictions on how they may be used. The deficit balance of unrestricted net position in the amount of \$892.7 million is due to the recognition of the net pension liability of \$274.1 million and the net OPEB liability of \$599.0 million.

Governmental activity liabilities include \$171.0 million in general obligation bonds, \$20.3 million in liabilities for unused vacation, special leave, and enhanced longevity benefits; \$5.3 million in future workers' compensation benefits, \$5.6 million in right to use lease liabilities, and a \$2.5 million reserve for future legal settlements.

The key elements of governmental activities are as follows:

	2023	2022
<b>Program Revenues:</b>		
Charges for services.....	\$ 21,158,931	\$ 20,954,016
Operating grants and contributions.....	336,288,341	287,164,081
Capital grants and contributions.....	45,823,094	42,272,360
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	162,435,943	151,657,267
Tax and other liens.....	1,922,912	380,237
Motor vehicle and other excise taxes.....	9,253,783	10,328,804
Hotel/motel tax.....	194,788	109,798
Meals tax.....	1,661,150	1,470,028
Community preservation tax.....	966,583	854,538
Penalties and interest on taxes.....	1,462,369	1,405,928
Payments in lieu of taxes.....	530,857	440,600
Grants and contributions not restricted to specific programs.....	31,296,637	29,497,708
Unrestricted investment income.....	6,392,565	380,784
Gain on sale of assets.....	918,724	100,000
Miscellaneous.....	490,206	435,925
<b>Total revenues.....</b>	<b>620,796,883</b>	<b>547,452,074</b>
<b>Expenses:</b>		
General government.....	22,294,819	19,517,481
Public safety.....	96,004,771	79,440,490
Education.....	386,131,679	359,963,198
Public works.....	24,699,043	19,610,151
Human services.....	17,888,006	16,542,220
Culture and recreation.....	8,545,980	7,015,070
Interest.....	4,346,908	3,198,704
<b>Total expenses.....</b>	<b>559,911,206</b>	<b>505,287,314</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>60,885,677</b>	<b>42,164,760</b>
<b>Transfers.....</b>	<b>(2,831,822)</b>	<b>(5,980,000)</b>
<b>Change in net position.....</b>	<b>58,053,855</b>	<b>36,184,760</b>
<b>Net position, beginning of year.....</b>	<b>(573,643,175)</b>	<b>(609,827,935)</b>
<b>Net position, end of year.....</b>	<b>\$ (515,589,320)</b>	<b>\$ (573,643,175)</b>

The \$58.1 million increase in net position is attributable to the receipt of \$45.8 million in capital grants mostly related to Massachusetts School Business Administration grants related to the high school project, a \$10.2 million increase in the general fund balance, a \$10.0 million increase in the COVID-19 grant fund, and a \$2.5 million decrease in the legal settlement reserve. These increases were reduced by a \$11.3 million increase in the other postemployment benefits liability and its associated deferred inflows/outflows, and a \$5.6 million increase in net pension liability and its associated deferred inflows/outflows.

Revenues increased \$73.3 million over the prior year, with \$10.8 million of the change due to real estate and personal property taxes which was in line with the City’s budget. Operating grants and contributions increased \$49.1 million as State aid received for education increased \$26.1 million, and one time grants for COVID-19 continued to be recognized and expended.

Expenditures increased \$54.6 million, \$17.0 million of which related to the increase in the net pension and net OPEB liabilities, and their related deferred inflows and outflows of resources. Other increases related to one-time grants received as a result of the COVID-19 pandemic, such as State and Local Fiscal Recovery Funds (SLFRF), and Education Stabilization grants.

**Business-type Activities**

The following summarizes the key financial components of the City’s business-type activities:

	2023	2022
<b>Assets:</b>		
Current assets.....	\$ 50,205,853	\$ 32,953,459
Capital assets, non depreciable.....	11,389,838	9,365,469
Capital assets, net of accumulated depreciation....	255,788,249	258,418,910
<b>Total assets.....</b>	<b>317,383,940</b>	<b>300,737,838</b>
<b>Deferred outflows of resources.....</b>	<b>9,442,653</b>	<b>7,029,347</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	5,566,422	5,266,524
Noncurrent liabilities (excluding debt).....	53,236,816	43,942,713
Current debt.....	12,494,522	16,875,473
Noncurrent debt.....	194,583,149	177,674,003
<b>Total liabilities.....</b>	<b>265,880,909</b>	<b>243,758,713</b>
<b>Deferred inflows of resources.....</b>	<b>12,471,441</b>	<b>21,060,818</b>
<b>Net position:</b>		
Net investment in capital assets.....	83,244,142	79,256,219
Unrestricted.....	(34,769,899)	(36,308,565)
<b>Total net position.....</b>	<b>\$ 48,474,243</b>	<b>\$ 42,947,654</b>

Business type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$48.5 million at the close of 2023.

Net position of \$83.2 million reflects its net investment in capital assets less any debt used to acquire those assets that are still outstanding. The deficit balance of *unrestricted net position* of \$34.8 million is due to the net pension liability of \$36.3 million and the net OPEB liability of \$16.6 million.

	2023	2022
<b>Program Revenues:</b>		
Charges for services.....	\$ 48,429,050	\$ 44,802,070
Capital grants and contributions.....	255,738	271,149
<b>Total revenues.....</b>	<b>48,684,788</b>	<b>45,073,219</b>
<b>Expenses:</b>		
Water.....	12,938,841	16,868,607
Sewer.....	24,712,204	32,377,677
Parking.....	8,338,976	9,353,784
<b>Total expenses.....</b>	<b>45,990,021</b>	<b>58,600,068</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>2,694,767</b>	<b>(13,526,849)</b>
<b>Transfers.....</b>	<b>2,831,822</b>	<b>5,980,000</b>
<b>Change in net position.....</b>	<b>5,526,589</b>	<b>(7,546,849)</b>
<b>Net position, beginning of year.....</b>	<b>42,947,654</b>	<b>50,494,503</b>
<b>Net position, end of year.....</b>	<b>\$ 48,474,243</b>	<b>\$ 42,947,654</b>

The water enterprise fund net position increased by \$730,000, compared to a \$2.7 million decrease in the prior year. The change is primarily due to an increase in charges for services of \$1.5 million, due to a rate increase. Further, costs of services and administration were \$4.0 million less than the prior year due to a \$2.8 million decrease in the expense associated with the net pension and net OPEB liabilities and their associated deferred inflows and outflows of resources. These increases were offset by a decrease in transfers in of \$2.0 million from the prior year.

The sewer enterprise fund net position increased by \$3.2 million, compared to a \$5.7 million decrease in the prior year. The change is primarily due to an increase in charges for services of \$2.4 million, due to a rate increase. Further, costs of services and administration were \$8.1 million less than the prior year due to a \$8.8 million decrease in the expense associated with the net pension and net OPEB liabilities and their associated deferred inflows and outflows of resources. These increases were offset by a decrease in transfers in of \$1.0 million from the prior year.

The parking enterprise fund net position increased by \$1.6 million in the current year, compared to a \$870,000 increase in the prior year. Charges for services remained consistent with the prior year's collections. Further, the parking fund received a \$2.8 million transfer in from the general fund, which was consistent with the prior year. Additionally, costs of services and administration were \$1.2 million less than the prior year due to a \$310,000 decrease in the expense associated with the net pension and net OPEB liabilities and their associated deferred inflows and outflows of resources, and a \$668,000 decrease in indirect costs to the general fund.

### ***Financial Analysis of the Government's Funds***

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

**Governmental funds** - The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. Such information is useful in assessing financing requirements. In

particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the year, governmental funds reported combined ending fund balances of \$135.0 million, an increase of \$13.7 million in comparison with the prior year. The increase is primarily attributable to strong budgetary results in the general fund, and the timing difference between the receipt of grant funds and the actual expenditure of such funds.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund equaled \$37.8 million (which includes \$14.5 million set aside as general stabilization), while total fund balance was \$48.7 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 and total fund balance represents 8.2% and 10.6% of general fund expenditures, respectively.

The general fund increased by \$10.2 million during 2023. This was due to strong budgetary results due to conservative revenue budgeting primarily with investment income and departmental appropriation turnbacks.

General fund revenues and other financing sources totaled \$474.2 million for 2023, an increase of \$52.1 million compared to the previous year. The increase relates to budgeted increases in real estate and personal property taxes of \$11.4 million, intergovernmental State aid of \$26.1 million, and \$4.7 million of teachers' retirement pension benefits paid by the State on behalf of the City.

Total general fund expenditures and other financing uses totaled \$464.0 million, an increase of \$19.5 million over the previous year. The increase in expenditures primarily relates to education, employee benefits and pension benefits.

The COVID-19 grants fund represents expenditures of Federal and State grants received in response to the COVID-19 pandemic. The fund reported an ending fund balance of \$10.0 million, of which, the majority was nonspendable, and unearned revenue of \$45.3 million for ARPA SLFRF funds received from the Federal government, but not obligated as of yearend. The City expended \$17.8 million in response to the pandemic for: public health related equipment and services, negative economic impacts, infrastructure improvements, remote learning for students, and safe school reopening.

Nonmajor governmental funds decreased \$6.6 million which can be attributed to the expenditure of bond proceeds issued in the prior year and the timing of the expenditure and receipt of federal and state grant funds.

The internal service fund had an ending net position of \$3.1 million, with no change from the prior year. The balance relates to the City's agreement with the Lowell Public Employee Committee for the distribution of the employee share of the health benefits trust fund. In July of 2012, the City entered the Group Insurance Commission (GIC) and its health insurance activities are now premium based within the general fund. The City is now working to use the remaining balance in the internal service fund for health insurance related costs, when requested.

### ***General Fund Budgetary Highlights***

The difference between the original budget of \$450.3 million and the final amended budget of \$460.2 million amounted to a net increase of \$9.9 million. During 2023, the Council approved transfers from free cash which included \$8.1 million to the stabilization funds and \$215,000 to the OPEB trust fund, additionally, funds were appropriated for the operating budget. The Council also approved various supplemental appropriations from other available funds, as well as transfers between departments representing minor increases and decreases in various budget line items.

Revenues came in higher than budgeted by \$7.2 million while expenditures came in \$8.6 million lower than budgeted after carryforwards. The largest revenue surplus related to investment income of \$5.5 million. The largest departmental turn back related to state and county charges.

### ***Capital Asset and Debt Administration***

**Capital Assets** - The City's investment in capital assets for governmental activities as of June 30, 2023, amounts to \$486.0 million, net of accumulated depreciation. The investment in capital assets includes land, buildings, improvements, infrastructure, vehicles, machinery and equipment, books, and software. Major governmental additions included High school construction, school building improvements, bridge projects, the purchase of a fire truck, parks and playground improvements, and roadway improvements.

The City's investment in capital assets for business-type activities as of June 30, 2023, amounts to \$267.2 million, net of accumulated depreciation. The investment in capital assets for the business-type activities relates to sewer and water infrastructure and systems as well as the various parking garage facilities. Major current year additions included water main upgrades, parking kiosks, and other various water and sewer improvements.

Additional information on the City's capital assets may be found in Note 4 to the basic financial statements.

**Long-term debt** – At June 30, 2023, the City had total governmental bonded debt of \$171.0 million, including unamortized premiums. The City issued governmental general obligation bonds totaling \$17.7 million during fiscal year 2023. Currently, the City has \$245.2 million in authorized and unissued long-term debt relating to the City's High School construction project.

The water enterprise fund had \$37.0 million in long-term debt that is supported by the water rates and future MCWT principal and interest subsidies. The fund issued long-term debt of \$5.3 million during fiscal year 2023.

The sewer enterprise fund had \$113.6 million in long-term debt that is supported by the sewer rates and future MCWT principal and interest subsidies. The fund issued long-term debt of \$16.8 million during fiscal year 2023.

The parking enterprise fund had \$56.6 million in long-term debt that is supported by parking fees. The fund issued long-term debt of \$6.5 million during fiscal year 2023.

Please see Notes 7 and 8 for more information related to debt activity.

### ***Next Year's Budget***

Mayor Daniel P. Rourke and the Members of the Lowell City Council approved the City Manager's proposed Fiscal Year 2024 general fund operating budget of \$445.9 million on June 20th, 2023, after a public hearing in the City Council Chambers at Lowell City Hall. The budget was adopted on roll call, and approved by a vote of 11 yeas, 0 nays, and 0 absent, and approved by City Manager Thomas A. Golden, Jr. on June 21, 2023.

The total increase in general fund appropriations in the original budget, as compared to the fiscal year 2023 tax rate recapitulation, was \$39.5 million, not including state assessments. Notable drivers of increased expenditures, on the city-side, were fixed costs such as a \$1.2 million increase in the pension assessment from PERAC, a \$469,000 increase in the budget for costs associated with solid waste/ recycling collection and disposal, and a \$1.2 million increase in the budget for employee health insurance, with the state's group insurance commission ("GIC"). The FY2024 appropriation order also included a \$900,000 provision for abatements and exemptions (i.e. overlay). There was also an increase of \$3.6 million in the FY2024 assessments to Lowell for charter school pupils who reside in Lowell.

The FY2023 budget included a \$28.4 million increase in education spending, including both the Lowell Public School District and the assessment from the Greater Lowell Regional Technical High School. Of the total \$242.2 million appropriated by the City Council to the Lowell Public Schools, 94.5%, is from the Commonwealth's Chapter 70 education aid and the balance of \$13.2 million is funded through the tax levy in direct cash support. To balance the 2024 budget, the City Manager had to close an approximately \$20 million gap. This was achieved through cuts to departmental requests and through an increase to the planned increase to the tax levy to 3.5%, as well as the inclusion of certain available funds to balance the budget.

In addition to the FY2024 budget for the general fund, the City Council approved the City Manager's proposed budgets for City's three enterprise funds for water, wastewater, and parking in the amounts of \$12.3 million, \$25.4 million, and \$9.3 million, respectively. In FY2024, the amount budgeted to reimburse the general fund for administrative overhead in all of the enterprise funds was \$10.9 million.

Aside from the major challenges found in FY2024, the City Administration was able to make several investments in key priority areas in the budget. Highlights and initiatives include the appropriation of \$2.1 million in pay-as-you-go (PAYGO) investment in the operating budget to address capital needs in city and school buildings, streets, sidewalks, etc., which will save money on interest/ borrowing costs. Also included in the budget was an appropriation of \$2.7 million to fully fund Lowell Fire Department's overtime, this was a priority of the City Council to make sure there were no financial related company closings. In the FY24 budget a new Sustainability Division was created in the Department of Public Works ("DPW") to help assist the city with its green initiatives. The FY2024 budget also added new positions to address City Council priorities areas, including the creation of an additional Deputy Police Chief to help aide the Lowell Police Department to restructure the way the city does public safety.

Several targeted capital investments were also incorporated by the City Manager into the FY2024 operating budget to support the priorities of the City Council, such as public safety and economic development. Concurrent with the FY2024 operating budget, the City Council approved, by a roll call vote of 11-0, approved the City Manager's proposed update to the city's comprehensive five-year capital improvement plan ("CIP") and a loan order in the amount of \$31,000,000 was approved to finance strategic investments in the general fund. The loan order included funding for the City-wide paving program (\$12.4 million), it also included \$11.8 million for various municipal building improvements, \$3.7 million for various departmental equipment items and \$1.2 million for traffic improvements.

The management team has continued to make strides towards improving internal controls and strengthening the overall financial management of the City in FY2024. One of the major ways this has taken place is due to the City's cyber event. Since that event took place, the city has enhanced and expanded their cybersecurity measurers to include, a replacement of the city's current multi factor authentication, purchased 24/7 malware software, converted the City's financial system from on premise in house to the cloud and completely overhauled the network infrastructure from scratch.

In a report issued by Standard & Poor's ("S&P") in connection with a \$68.68 million, general obligation state qualified bond issue in August of 2023, the rating agency commented on Lowell's "very strong management" and "conservative budgeting practices" as one of the City's strengths. In the report, S&P cited the City's strong financial policies and practices under the S&P Financial Management Assessment ("FMA") methodology and a strong institutional framework score and stable budgetary performance and strong budgetary reserves and liquidity heading into fiscal year 2024. Further, the rating agencies noted the City's weak debt and contingent liability profile, reflecting a large pension and other postemployment benefits (OPEB) obligation.

The fiscal year 2024 tax rate was approved by the Department of Revenue on December 14, 2023, at a levy of \$172,422,044. Total appropriations in all funds including the general fund and enterprise funds totaled

\$549,866,002, including \$45,135,833 in “cherry sheet” charges and a \$986,630 allowance for abatements and exemptions (“overlay”). The total estimated receipts and other revenue sources raised to support those appropriated and other unappropriated expenses totaled \$377,443,958. Of that total, \$272,093,696 came from local aid from the Commonwealth (Chapter 70, UGGA, and other “cherry sheet” receipts) and \$32,596,989 in local receipts. Finally, \$58,217,075 of the total amount raised from the city’s enterprise funds, \$2,143,169 from Community Preservation Funds and \$4,532,581 was appropriated by the Lowell City Council in other available funds to support the budget.

### ***Requests for Information***

This financial report is designed to provide a general overview of the City of Lowell’s finances for all those with an interest in the City’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Auditor, City Hall 375 Merrimack Street, Lowell, MA 01852.

***Basic Financial Statements***

**STATEMENT OF NET POSITION**

JUNE 30, 2023

	<i>Primary Government</i>		
	Governmental	Business-type	Total
	Activities	Activities	
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 184,532,590	\$ 36,390,450	\$ 220,923,040
Investments.....	2,288,494	-	2,288,494
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	3,072,593	-	3,072,593
Tax liens.....	2,243,803	183,920	2,427,723
Community preservation fund surtax.....	16,001	-	16,001
Motor vehicle and other excise taxes.....	3,101,738	-	3,101,738
User fees.....	783,633	12,680,228	13,463,861
Departmental and other.....	439,731	951,255	1,390,986
Intergovernmental.....	41,092,283	-	41,092,283
Loans.....	42,394	-	42,394
Tax foreclosures.....	4,924,889	-	4,924,889
Working capital deposit.....	10,217,851	-	10,217,851
Total current assets.....	<u>252,756,000</u>	<u>50,205,853</u>	<u>302,961,853</u>
<b>NONCURRENT:</b>			
Capital assets, nondepreciable.....	208,982,025	11,389,838	220,371,863
Capital assets, net of accumulated depreciation.....	<u>277,055,102</u>	<u>255,788,249</u>	<u>532,843,351</u>
Total noncurrent assets.....	<u>486,037,127</u>	<u>267,178,087</u>	<u>753,215,214</u>
<b>TOTAL ASSETS</b> .....	<u>738,793,127</u>	<u>317,383,940</u>	<u>1,056,177,067</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions.....	54,562,446	7,223,095	61,785,541
Deferred outflows related to other postemployment benefits.....	<u>85,267,092</u>	<u>2,219,558</u>	<u>87,486,650</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b> .....	<u>139,829,538</u>	<u>9,442,653</u>	<u>149,272,191</u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	20,022,920	2,567,924	22,590,844
Accrued payroll.....	12,558,866	-	12,558,866
Accrued interest.....	2,091,351	2,512,871	4,604,222
Payroll and other liabilities.....	6,338,152	-	6,338,152
Unearned revenue.....	45,348,624	-	45,348,624
Right to use lease liabilities.....	1,135,518	-	1,135,518
Compensated absences.....	9,143,391	485,627	9,629,018
Workers' compensation.....	1,311,500	-	1,311,500
Long-term debt payable.....	<u>8,263,285</u>	<u>12,494,522</u>	<u>20,757,807</u>
Total current liabilities.....	<u>106,213,607</u>	<u>18,060,944</u>	<u>124,274,551</u>
<b>NONCURRENT:</b>			
Legal settlement reserve.....	2,500,000	-	2,500,000
Right to use lease liabilities.....	4,511,859	-	4,511,859
Compensated absences.....	11,198,094	329,840	11,527,934
Workers' compensation.....	4,006,000	-	4,006,000
Net pension liability.....	274,102,450	36,286,282	310,388,732
Net other postemployment benefits liability.....	598,960,562	16,620,694	615,581,256
Long-term debt payable.....	<u>162,773,968</u>	<u>194,583,149</u>	<u>357,357,117</u>
Total noncurrent liabilities.....	<u>1,058,052,933</u>	<u>247,819,965</u>	<u>1,305,872,898</u>
<b>TOTAL LIABILITIES</b> .....	<u>1,164,266,540</u>	<u>265,880,909</u>	<u>1,430,147,449</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	7,739,737	1,024,604	8,764,341
Deferred inflows related to other postemployment benefits.....	<u>222,205,708</u>	<u>11,446,837</u>	<u>233,652,545</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b> .....	<u>229,945,445</u>	<u>12,471,441</u>	<u>242,416,886</u>
<b>NET POSITION</b>			
Net investment in capital assets.....	333,263,875	83,244,142	416,508,017
Restricted for:			
Chapter 17 special reserve.....	1,174	-	1,174
Streets.....	3,840,137	-	3,840,137
Community development.....	9,555,889	-	9,555,889
Loans.....	42,394	-	42,394
Permanent funds:			
Expendable.....	432,518	-	432,518
Nonexpendable.....	1,904,142	-	1,904,142
Gifts and grants.....	24,159,512	-	24,159,512
Community preservation.....	3,893,740	-	3,893,740
Unrestricted.....	<u>(892,682,701)</u>	<u>(34,769,899)</u>	<u>(927,452,600)</u>
<b>TOTAL NET POSITION</b> .....	\$ <u>(515,589,320)</u>	\$ <u>48,474,243</u>	\$ <u>(467,115,077)</u>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 22,294,819	\$ 5,085,454	\$ 2,521,653	\$ 150,949	\$ (14,536,763)
Public safety.....	96,004,771	10,396,584	2,701,232	-	(82,906,955)
Education.....	386,131,679	959,099	317,220,517	42,271,530	(25,680,533)
Public works.....	24,699,043	4,046,639	543,157	2,819,489	(17,289,758)
Human services.....	17,888,006	448,011	12,656,156	581,126	(4,202,713)
Culture and recreation.....	8,545,980	223,144	645,626	-	(7,677,210)
Interest.....	4,346,908	-	-	-	(4,346,908)
<b>Total Governmental Activities.....</b>	<b>559,911,206</b>	<b>21,158,931</b>	<b>336,288,341</b>	<b>45,823,094</b>	<b>(156,640,840)</b>
<i>Business-Type Activities:</i>					
Water.....	12,938,841	13,626,358	-	28,886	716,403
Sewer.....	24,712,204	27,732,200	-	144,584	3,164,580
Parking.....	8,338,976	7,070,492	-	82,268	(1,186,216)
<b>Total Business-Type Activities.....</b>	<b>45,990,021</b>	<b>48,429,050</b>	<b>-</b>	<b>255,738</b>	<b>2,694,767</b>
<b>Total Primary Government.....</b>	<b>\$ 605,901,227</b>	<b>\$ 69,587,981</b>	<b>\$ 336,288,341</b>	<b>\$ 46,078,832</b>	<b>\$ (153,946,073)</b>

(Continued)

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page..... \$	<b>(156,640,840)</b>	<b>2,694,767</b>	<b>(153,946,073)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	162,435,943	-	162,435,943
Tax and other liens.....	1,922,912	-	1,922,912
Motor vehicle and other excise taxes.....	9,253,783	-	9,253,783
Hotel/motel tax.....	194,788	-	194,788
Meals tax.....	1,661,150	-	1,661,150
Community preservation tax.....	966,583	-	966,583
Penalties and interest on taxes.....	1,462,369	-	1,462,369
Payments in lieu of taxes.....	530,857	-	530,857
Grants and contributions not restricted to specific programs.....	31,296,637	-	31,296,637
Unrestricted investment income.....	6,392,565	-	6,392,565
Gain on sale of assets.....	918,724	-	918,724
Miscellaneous.....	490,206	-	490,206
<i>Transfers, net</i> .....	<u>(2,831,822)</u>	<u>2,831,822</u>	<u>-</u>
Total general revenues and transfers.....	<u>214,694,695</u>	<u>2,831,822</u>	<u>217,526,517</u>
Change in net position.....	58,053,855	5,526,589	63,580,444
<i>Net position:</i>			
Beginning of year.....	<u>(573,643,175)</u>	<u>42,947,654</u>	<u>(530,695,521)</u>
End of year..... \$	<u><u>(515,589,320)</u></u>	<u><u>48,474,243</u></u>	<u><u>(467,115,077)</u></u>

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2023

	General	COVID-19 Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 73,578,898	\$ 46,841,993	\$ 60,988,560	\$ 181,409,451
Investments.....	-	-	2,288,494	2,288,494
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	3,072,593	-	-	3,072,593
Tax liens.....	2,243,803	-	-	2,243,803
Community preservation fund surtax.....	-	-	16,001	16,001
Motor vehicle and other excise taxes.....	3,101,738	-	-	3,101,738
User fees.....	783,633	-	-	783,633
Departmental and other.....	359,811	-	79,920	439,731
Intergovernmental.....	-	-	41,092,283	41,092,283
Loans.....	-	-	42,394	42,394
Tax foreclosures.....	4,924,889	-	-	4,924,889
Working deposit.....	237,700	9,980,151	-	10,217,851
<b>TOTAL ASSETS.....</b>	<b>\$ 88,303,065</b>	<b>\$ 56,822,144</b>	<b>\$ 104,507,652</b>	<b>\$ 249,632,861</b>
<b>LIABILITIES</b>				
Warrants payable.....	\$ 8,893,337	\$ 955,890	\$ 10,173,693	\$ 20,022,920
Accrued payroll.....	10,512,578	481,919	1,564,369	12,558,866
Payroll and other liabilities.....	6,265,963	-	72,189	6,338,152
Unearned revenue.....	-	45,348,624	-	45,348,624
<b>TOTAL LIABILITIES.....</b>	<b>25,671,878</b>	<b>46,786,433</b>	<b>11,810,251</b>	<b>84,268,562</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue.....	13,908,161	-	16,475,772	30,383,933
<b>FUND BALANCES</b>				
Nonspendable.....	237,700	9,980,151	1,904,142	12,121,993
Restricted.....	1,174	55,560	74,317,487	74,374,221
Committed.....	5,403,617	-	-	5,403,617
Assigned.....	5,314,008	-	-	5,314,008
Unassigned.....	37,766,527	-	-	37,766,527
<b>TOTAL FUND BALANCES.....</b>	<b>48,723,026</b>	<b>10,035,711</b>	<b>76,221,629</b>	<b>134,980,366</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 88,303,065</b>	<b>\$ 56,822,144</b>	<b>\$ 104,507,652</b>	<b>\$ 249,632,861</b>

See notes to basic financial statements.

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

JUNE 30, 2023

Total governmental fund balances.....	\$	134,980,366
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		486,037,127
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		30,383,933
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not reported.....		(90,115,907)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		3,123,139
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(2,091,351)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Long-term debt payable.....	(171,037,253)	
Net pension liability.....	(274,102,450)	
Net other postemployment benefits liability.....	(598,960,562)	
Legal settlement reserve.....	(2,500,000)	
Lease liabilities.....	(5,647,377)	
Workers' compensation.....	(5,317,500)	
Compensated absences.....	<u>(20,341,485)</u>	
Net effect of reporting long-term liabilities.....		<u>(1,077,906,627)</u>
Net position of governmental activities.....	\$	<u>(515,589,320)</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	General	COVID-19 Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Real estate and personal property taxes, net of tax refunds.....	\$ 162,817,589	\$ -	\$ -	\$ 162,817,589
Tax liens.....	1,540,668	-	-	1,540,668
Motor vehicle and other excise taxes.....	9,328,161	-	-	9,328,161
Hotel/motel tax.....	194,788	-	-	194,788
Meals tax.....	1,661,150	-	-	1,661,150
Charges for services.....	3,411,342	-	-	3,411,342
Penalties and interest on taxes.....	1,460,230	-	2,139	1,462,369
Payments in lieu of taxes.....	530,857	-	-	530,857
Fines and forfeitures.....	-	-	29,330	29,330
Intergovernmental - state aid.....	241,119,005	-	-	241,119,005
Intergovernmental - School Building Authority.....	1,192,787	-	-	1,192,787
Intergovernmental - Teachers Retirement.....	31,349,951	-	-	31,349,951
Intergovernmental - other.....	-	27,767,576	107,106,402	134,873,978
Departmental and other.....	11,298,825	-	10,035,030	21,333,855
Community preservation taxes.....	-	-	973,763	973,763
Contributions and donations.....	-	-	867,681	867,681
Investment income/(loss).....	6,228,891	-	163,674	6,392,565
Miscellaneous.....	4,286	-	-	4,286
<b>TOTAL REVENUES.....</b>	<b>472,138,530</b>	<b>27,767,576</b>	<b>119,178,019</b>	<b>619,084,125</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	14,908,356	3,429,733	810,738	19,148,827
Public safety.....	57,581,446	323,586	10,361,301	68,266,333
Education.....	200,344,124	11,644,071	106,171,784	318,159,979
Public works.....	16,464,255	2,098,750	15,720,068	34,283,073
Human services.....	4,571,046	291,285	10,346,738	15,209,069
Culture and recreation.....	4,907,515	-	839,267	5,746,782
Pension benefits.....	29,499,732	-	-	29,499,732
Pension benefits - Teachers Retirement.....	31,349,951	-	-	31,349,951
Employee benefits.....	48,433,732	-	-	48,433,732
State and county charges.....	39,260,851	-	-	39,260,851
Debt service:				
Principal.....	7,574,458	-	-	7,574,458
Debt service related to leases, includes interest of \$202,495.....	1,017,715	-	287,225	1,304,940
Interest.....	4,961,574	-	-	4,961,574
<b>TOTAL EXPENDITURES.....</b>	<b>460,874,755</b>	<b>17,787,425</b>	<b>144,537,121</b>	<b>623,199,301</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>11,263,775</b>	<b>9,980,151</b>	<b>(25,359,102)</b>	<b>(4,115,176)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of long-term debt.....	-	-	17,748,052	17,748,052
Premium from issuance of long-term debt.....	-	-	1,931,328	1,931,328
Proceeds from the sale of assets.....	-	-	918,724	918,724
Transfers in.....	2,068,748	-	273,095	2,341,843
Transfers out.....	(3,104,917)	-	(2,068,748)	(5,173,665)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(1,036,169)</b>	<b>-</b>	<b>18,802,451</b>	<b>17,766,282</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>10,227,606</b>	<b>9,980,151</b>	<b>(6,556,651)</b>	<b>13,651,106</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>38,495,420</b>	<b>55,560</b>	<b>82,778,280</b>	<b>121,329,260</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 48,723,026</b>	<b>\$ 10,035,711</b>	<b>\$ 76,221,629</b>	<b>\$ 134,980,366</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds.....	\$	13,651,106
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	83,381,322	
Depreciation expense.....	<u>(15,637,579)</u>	
Net effect of reporting capital assets.....		67,743,743
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		794,034
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Principal payments on right to use leases.....	1,102,445	
Issuance of long-term debt.....	(17,748,052)	
Premium from issuance of long-term debt.....	(1,931,328)	
Net amortization of premium from issuance of long-term debt.....	1,408,063	
Debt service principal payments.....	<u>7,574,458</u>	
Net effect of reporting long-term debt.....		(9,594,414)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	132,041	
Net change in accrued interest on long-term debt.....	(590,902)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	70,763,851	
Net change in net pension liability.....	(76,390,525)	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	(38,878,834)	
Net change in net other postemployment benefits liability.....	27,529,255	
Net change in legal settlement reserve.....	2,500,000	
Net change in workers' compensation liability.....	<u>394,500</u>	
Net effect of recording long-term liabilities.....		<u>(14,540,614)</u>
Change in net position of governmental activities.....	\$	<u>58,053,855</u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF NET POSITION

JUNE 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Parking	Total	
<b>ASSETS</b>					
<b>CURRENT:</b>					
Cash and cash equivalents.....	\$ 4,805,958	\$ 21,090,710	\$ 10,493,782	\$ 36,390,450	\$ 3,123,139
Receivables, net of allowance for uncollectibles:					
User fees.....	5,185,523	7,494,705	-	12,680,228	-
Liens - user fees.....	65,934	117,986	-	183,920	-
Departmental and other.....	-	-	951,255	951,255	-
Total current assets.....	10,057,415	28,703,401	11,445,037	50,205,853	3,123,139
<b>NONCURRENT:</b>					
Capital assets, non depreciable.....	746,856	9,781,216	861,766	11,389,838	-
Capital assets, net of accumulated depreciation.....	45,628,711	142,295,507	67,864,031	255,788,249	-
Total noncurrent assets.....	46,375,567	152,076,723	68,725,797	267,178,087	-
<b>TOTAL ASSETS.....</b>	<b>56,432,982</b>	<b>180,780,124</b>	<b>80,170,834</b>	<b>317,383,940</b>	<b>3,123,139</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions.....	2,991,384	3,575,067	656,644	7,223,095	-
Deferred outflows related to other postemployment benefits.....	912,485	1,142,661	164,412	2,219,558	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>3,903,869</b>	<b>4,717,728</b>	<b>821,056</b>	<b>9,442,653</b>	<b>-</b>
<b>LIABILITIES</b>					
<b>CURRENT:</b>					
Warrants payable.....	332,998	1,413,190	821,736	2,567,924	-
Accrued interest.....	448,635	1,254,348	809,888	2,512,871	-
Compensated absences.....	189,174	260,377	36,076	485,627	-
Bonds payable.....	3,207,413	6,025,254	3,261,855	12,494,522	-
Total current liabilities.....	4,178,220	8,953,169	4,929,555	18,060,944	-
<b>NONCURRENT:</b>					
Compensated absences.....	156,871	155,803	17,166	329,840	-
Net pension liability.....	15,027,658	17,959,875	3,298,749	36,286,282	-
Net other postemployment benefits liability.....	6,832,952	8,556,579	1,231,163	16,620,694	-
Bonds payable.....	33,754,685	107,530,443	53,298,021	194,583,149	-
Total noncurrent liabilities.....	55,772,166	134,202,700	57,845,099	247,819,965	-
<b>TOTAL LIABILITIES.....</b>	<b>59,950,386</b>	<b>143,155,869</b>	<b>62,774,654</b>	<b>265,880,909</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions.....	424,331	507,127	93,146	1,024,604	-
Deferred inflows related to other postemployment benefits.....	2,534,927	8,455,167	456,743	11,446,837	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>2,959,258</b>	<b>8,962,294</b>	<b>549,889</b>	<b>12,471,441</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets.....	10,537,573	54,528,308	18,178,261	83,244,142	-
Unrestricted.....	(13,110,366)	(21,148,619)	(510,914)	(34,769,899)	3,123,139
<b>TOTAL NET POSITION.....</b>	<b>\$ (2,572,793)</b>	<b>\$ 33,379,689</b>	<b>\$ 17,667,347</b>	<b>\$ 48,474,243</b>	<b>\$ 3,123,139</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Parking	Total	
<b>OPERATING REVENUES:</b>					
Charges for services.....	\$ 13,625,571	\$ 27,610,058	\$ 7,070,492	\$ 48,306,121	\$ -
Other operating revenues.....	787	122,142	-	122,929	-
<b>TOTAL OPERATING REVENUES .....</b>	<b>13,626,358</b>	<b>27,732,200</b>	<b>7,070,492</b>	<b>48,429,050</b>	<b>-</b>
<b>OPERATING EXPENSES:</b>					
Cost of services and administration.....	9,248,733	17,258,287	4,234,079	30,741,099	-
Depreciation.....	2,666,447	5,190,356	2,417,006	10,273,809	-
<b>TOTAL OPERATING EXPENSES.....</b>	<b>11,915,180</b>	<b>22,448,643</b>	<b>6,651,085</b>	<b>41,014,908</b>	<b>-</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>1,711,178</b>	<b>5,283,557</b>	<b>419,407</b>	<b>7,414,142</b>	<b>-</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>					
Interest expense.....	(1,023,661)	(2,263,561)	(1,687,891)	(4,975,113)	-
Intergovernmental - subsidy.....	28,886	144,584	-	173,470	-
Intergovernmental.....	-	-	82,268	82,268	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>(994,775)</b>	<b>(2,118,977)</b>	<b>(1,605,623)</b>	<b>(4,719,375)</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>716,403</b>	<b>3,164,580</b>	<b>(1,186,216)</b>	<b>2,694,767</b>	<b>-</b>
<b>TRANSFERS:</b>					
Transfers in.....	13,382	-	2,838,440	2,851,822	-
Transfers out.....	-	-	(20,000)	(20,000)	-
<b>TOTAL TRANSFERS.....</b>	<b>13,382</b>	<b>-</b>	<b>2,818,440</b>	<b>2,831,822</b>	<b>-</b>
<b>CHANGE IN NET POSITION.....</b>	<b>729,785</b>	<b>3,164,580</b>	<b>1,632,224</b>	<b>5,526,589</b>	<b>-</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>(3,302,578)</b>	<b>30,215,109</b>	<b>16,035,123</b>	<b>42,947,654</b>	<b>3,123,139</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ (2,572,793)</b>	<b>\$ 33,379,689</b>	<b>\$ 17,667,347</b>	<b>\$ 48,474,243</b>	<b>\$ 3,123,139</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Water	Sewer	Parking	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from customers and users.....	\$ 12,170,924	\$ 26,262,414	\$ 7,028,663	\$ 45,462,001	\$ -
Payments to vendors.....	(6,370,946)	(15,713,026)	(3,208,459)	(25,292,431)	-
Payments to employees.....	(2,425,828)	(3,563,186)	(375,585)	(6,364,599)	-
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>3,374,150</b>	<b>6,986,202</b>	<b>3,444,619</b>	<b>13,804,971</b>	<b>-</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>					
Transfers in.....	13,382	-	2,838,440	2,851,822	-
Transfers out.....	-	-	(20,000)	(20,000)	-
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>13,382</b>	<b>-</b>	<b>2,818,440</b>	<b>2,831,822</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>					
Proceeds from the issuance of long-term debt and notes.....	5,319,500	16,768,668	6,493,500	28,581,668	-
Premium from the issuance of long-term debt.....	315,500	421,500	506,500	1,243,500	-
Acquisition and construction of capital assets.....	(5,736,301)	(2,068,926)	(2,805,126)	(10,610,353)	-
Principal payments on long-term debt and notes.....	(3,114,261)	(9,901,971)	(3,136,300)	(16,152,532)	-
Intergovernmental revenue.....	-	-	82,268	82,268	-
Interest expense.....	(903,196)	(2,808,121)	(1,784,682)	(5,495,999)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(4,118,758)</b>	<b>2,411,150</b>	<b>(643,840)</b>	<b>(2,351,448)</b>	<b>-</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(731,226)</b>	<b>9,397,352</b>	<b>5,619,219</b>	<b>14,285,345</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>5,537,184</b>	<b>11,693,358</b>	<b>4,874,563</b>	<b>22,105,105</b>	<b>3,123,139</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 4,805,958</b>	<b>\$ 21,090,710</b>	<b>\$ 10,493,782</b>	<b>\$ 36,390,450</b>	<b>\$ 3,123,139</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>					
Operating income (loss).....	\$ 1,711,178	\$ 5,283,557	\$ 419,407	\$ 7,414,142	\$ -
Adjustments to reconcile operating income to net cash from operating activities:					
Depreciation.....	2,666,447	5,190,356	2,417,006	10,273,809	-
Deferred (outflows)/inflows related to pensions.....	(3,879,625)	(4,636,624)	(851,624)	(9,367,873)	-
Deferred (outflows)/inflows related to other postemployment benefits.....	413,409	(2,122,707)	74,488	(1,634,810)	-
Changes in assets and liabilities:					
Liens - user charges.....	39,957	(44,015)	-	(4,058)	-
User charges.....	(1,495,391)	(1,425,771)	-	(2,921,162)	-
Departmental and other.....	-	-	(41,829)	(41,829)	-
Warrants payable.....	84,803	303,617	562,770	951,190	-
Accrued payroll.....	(36,506)	(50,431)	(5,804)	(92,741)	-
Compensated absences.....	(4,176)	(123,802)	7,452	(120,526)	-
Net pension liability.....	4,188,108	5,005,298	919,339	10,112,745	-
Net other postemployment benefits liability.....	(314,054)	(393,276)	(56,586)	(763,916)	-
Total adjustments.....	1,662,972	1,702,645	3,025,212	6,390,829	-
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 3,374,150</b>	<b>\$ 6,986,202</b>	<b>\$ 3,444,619</b>	<b>\$ 13,804,971</b>	<b>\$ -</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>					
Acquisition of capital assets on account.....	-	116,529	1,059,365	1,175,894	-
Intergovernmental subsidy of debt service.....	28,886	144,584	-	173,470	-

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ 13,086,373	\$ 30,983
Investments:		
Investments in Pension Reserve Investment Trust.....	469,756,789	-
Equity securities.....	1,609,019	162,742
Equity mutual funds.....	8,558,075	-
Bond mutual funds.....	3,276,371	-
Receivables, net of allowance for uncollectibles:		
Interest and dividends.....	32,437	-
<b>TOTAL ASSETS.....</b>	<b>496,319,064</b>	<b>193,725</b>
<b>LIABILITIES</b>		
Warrants payable.....	114	-
<b>NET POSITION</b>		
Restricted for pensions.....	482,625,939	-
Restricted for other postemployment benefits.....	13,693,011	-
Held in trust for other purposes.....	-	193,725
<b>TOTAL NET POSITION.....</b>	<b>496,318,950</b>	<b>193,725</b>

(1) The Pension Trust Fund is as of December 31, 2022.

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2023

	Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
<b>ADDITIONS:</b>		
Contributions:		
Employer contributions.....	\$ 33,642,454	\$ -
Employer contributions for other postemployment benefit payments.....	21,152,807	-
Member contributions.....	11,308,224	-
Transfers from other systems.....	962,817	-
3(8)c contributions from other systems.....	1,004,261	-
Workers compensation settlements.....	24,000	-
State COLA reimbursements.....	225,713	-
<b>Total contributions.....</b>	<b>68,320,276</b>	<b>-</b>
Net investment income:		
Investment income/(loss).....	(57,476,651)	6,096
Less: investment expense.....	(2,487,507)	-
<b>Net investment income/(loss).....</b>	<b>(59,964,158)</b>	<b>6,096</b>
<b>TOTAL ADDITIONS.....</b>	<b>8,356,118</b>	<b>6,096</b>
<b>DEDUCTIONS:</b>		
Administration.....	420,106	-
Transfers to other systems.....	1,511,417	-
3(8)c transfer to other systems.....	1,925,412	-
Retirement benefits and refunds.....	46,390,288	-
Other postemployment benefit payments.....	21,152,807	-
<b>TOTAL DEDUCTIONS.....</b>	<b>71,400,030</b>	<b>-</b>
<b>NET INCREASE IN NET POSITION.....</b>	<b>(63,043,912)</b>	<b>6,096</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>559,362,862</b>	<b>187,629</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 496,318,950</b>	<b>\$ 193,725</b>

(1) The Pension Trust Fund is as of December 31, 2022.

See notes to basic financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The City is a municipal corporation that is governed by an elected nine-member City Council, of which one member serves as Mayor, and an appointed City Manager.

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

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

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

**Availability of Financial Information for Component Units**

The System issues a separate audited financial statement. The System also issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). These reports may be obtained by contacting the System located at 375 Merrimack Street, Lowell, Massachusetts 01852.

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

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

***Fund Financial Statements***

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements. Major individual

governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and displayed in a single column.

#### *Major Fund Criteria*

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

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

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

Internal service funds and fiduciary funds are reported by fund type.

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

##### *Government-Wide Financial Statements*

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

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

*Fund Financial Statements*

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

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

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

The following major governmental funds are reported:

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

The *COVID-19 grants fund* is used to account for Federal and State grants received in response to the pandemic, and their related expenditures.

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

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

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

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

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

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

The following major proprietary funds are reported:

The *water enterprise fund* is used to account for the water activities at Lowell Regional Water Utility.

The *sewer enterprise fund* is used to account for the sewer activities at the Duck Island Lowell Regional Wastewater Utility.

The *parking fund* is used to account for the parking garage and on-street parking activities.

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to employees' health insurance. The City's health insurance activities are now premium based through the Group Insurance Commission and reported within the general fund. The City is working to utilize the remaining balance in this fund for health insurance related appropriations.

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

The following fiduciary fund types are reported:

The *pension and other employee benefit trust funds* are used to account for the activities of the Lowell Contributory Retirement System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries and to accumulate resources to provide funding for future OPEB liabilities.

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the pension trust fund or permanent fund, under which principal and investment income exclusively benefit individuals, private organizations, or other governments.

#### D. Cash and Investments

##### *Government-Wide and Fund Financial Statements*

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

#### E. Fair Value Measurements

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

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

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

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

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

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

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

#### F. Accounts Receivable

##### *Government-Wide and Fund Financial Statements*

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

##### *Real Estate, Personal Property Taxes and Tax Liens*

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

Real estate tax liens are processed during the fourth quarter of each year on delinquent properties and are recorded as receivables.

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

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

##### *Motor Vehicle Excise*

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

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

#### *Water & Sewer*

Water and Sewer user fees are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by their respective due date. Liens are processed in December of every year and included as a lien on the property owner's tax bill. User charges and liens are recorded as receivables in the year of the levy.

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

#### *Trash*

Trash user fees are levied quarterly with the water and sewer bills. These charges are based on a flat fee of \$18 per family unit up to six units. Trash liens are processed in December of each year and included as a lien on the property owner's tax bill. Trash charges and liens are recorded as receivables in the year of the levy.

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

#### *Departmental and Other*

Departmental and other receivables consist primarily of outstanding parking tickets and are recorded as receivables in the year accrued. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

#### *Intergovernmental*

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

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

#### *Community Preservation Surcharges*

Community preservation surcharges are levied annually at a rate of 1% of resident's real estate tax bills with exemptions for the first \$100,000 of residential property and property owned by qualified persons with low income and seniors (60+) with low or moderate income defined by DOR guidelines. The surcharge is due with the real estate tax on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Overdue surcharges are included on the tax liens processed on delinquent real estate taxes. Surcharges are recorded as receivables in the year of the levy.

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

*Loans*

The Department of Planning and Development administers loan programs that provide housing assistance to residents and capital needs assistance for small businesses. Upon issuance, a receivable is recorded for the principal amount of the loan.

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

G. Inventories

*Government-Wide and Fund Financial Statements*

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

H. Capital Assets

*Government-Wide and Proprietary Fund Financial Statements*

Capital assets, which include land, land improvements, buildings, improvements, machinery and equipment, vehicles and infrastructure (e.g., roads, water mains, sewer mains, and similar items), books and software are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Intangible Right-to-use leased assets are recorded at the net present value of noncancellable lease payments at inception. Donated capital assets; donated works of art; historical treasures and similar assets; and capital assets received in service concession arrangements are recorded at acquisition value.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and improvements.....	20 - 40
Right to use leased buildings.....	5 - 10
Capital improvements (other than buildings)...	20
Infrastructure.....	40 - 50
Equipment.....	5 - 10
Vehicles.....	5 - 15
Books.....	3 - 10
Software.....	5

All purchases and construction costs in excess of \$25,000 with expected useful lives of greater than one year are capitalized at the date of acquisition or construction, respectively.

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

*Governmental Fund Financial Statements*

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

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

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

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

*Governmental Fund Financial Statements*

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

J. Interfund Receivables and Payables

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

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

K. Interfund Transfers

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

*Government-Wide Financial Statements*

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

*Fund Financial Statements*

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

L. Unavailable Revenue*Fund Financial Statements*

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

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

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

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 assets. Outstanding debt related to future reimbursements from the state's school building program is not considered to be capital related debt.

Net position has been "restricted for" the following:

"Chapter 17 special reserve" represents amounts accumulated that can be used for unforeseen expenditures pursuant to Chapter 17 of the Acts of 1992.

"Streets" represents amounts committed by the Commonwealth for the repair and/or construction of streets.

"Community development" represents amounts committed by the federal Department of Housing and Urban Development (HUD) for various community development projects.

"Loans" represents community development outstanding loans receivable balances.

"Permanent funds - expendable" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

"Permanent funds - nonexpendable" represents amounts held in trust for which only investment earnings may be expended.

"Gifts and grants" represents restrictions placed on assets from outside parties.

“Community preservation” represents amounts restricted for affordable housing, open space and historic purposes.

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

#### *Fund Financial Statements (Fund Balances)*

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

The governmental fund balance classifications are as follows:

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

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

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision-making authority. A vote of the City Council is the highest level of decision-making authority that can commit funds for a specific purpose. Once voted, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a vote is taken to rescind the commitment.

“Assigned” fund balance includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. The City Auditor has the authority to assign fund balance. Funds are assigned when the City has an obligation to purchase goods or services from the current year’s appropriation.

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

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

N. Long-term debt*Government-Wide and Proprietary Fund Financial Statements*

Long-term debt is reported as a liability in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

*Governmental Fund Financial Statements*

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

O. Investment Income

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

P. Compensated Absences

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

*Government-Wide and Proprietary Fund Financial Statements*

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

*Governmental Fund Financial Statements*

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

Q. Right to Use Lease Liabilities*Government-Wide and Proprietary Fund Financial Statements*

Right to use lease liabilities are reported at the present value of their future minimum lease payments. Lease payments are reported as reductions of the lease liability and as interest expense during the lease term.

*Governmental Fund Financial Statements*

The present value of the future minimum lease payments are reported within the governmental funds as other financing sources and a capital expenditure. Lease payments are reported as debt service expenditures.

## R. Pensions

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

## S. Use of Estimates

### *Government-Wide and Fund Financial Statements*

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

## T. Total Column

### *Government-Wide Financial Statements*

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

### *Fund Financial Statements*

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

## **NOTE 2 – CASH AND INVESTMENTS**

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

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

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

MMDT maintains a cash portfolio with an average maturity of 33 days.

The System participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of

the position in the PRIT is the same as the value of the PRIT shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT. The System also has expanded investment powers which are governed by Chapter 32 of the general laws of the Commonwealth and by the regulations issued by the Public Employee Retirement Administration Commission (PERAC). The existing law provides that Systems will invest in securities other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy states that financial institutions shall be selected first and foremost with regard to safety as recognized by a top rating with the Veribanc or similar rating service. At year-end, the carrying amount of the City’s deposits totaled \$106,098,205 and the bank balance totaled \$117,487,560. Of the bank balance, \$1,000,000 was covered by Federal Depository Insurance, \$10,134,806 was covered by the Depositors Insurance Fund, \$101,764,677 was collateralized, and \$4,588,077 was uninsured and uncollateralized.

At December 31, 2022, carrying amount of deposits for the System totaled \$12,814,466, this was comprised of \$11,807,120 of cash deposited with banks along with \$1,007,346 in the PRIT Cash Fund. The bank balance totaled \$12,915,828, of which \$11,908,482 was covered by Federal Deposit Insurance and the remaining \$1,007,346 in the PRIT Cash Fund was uninsured and uncollateralized.

Investments

As of June 30, 2023, the City had the following investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>			
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>
<u>Debt securities:</u>					
U.S. treasury notes.....	\$ 611,134	\$ 136,209	\$ 474,925	\$ -	\$ -
Government sponsored enterprises...	126,516	-	126,516	-	-
Corporate bonds.....	1,049,963	378,623	671,340	-	-
Bond mutual funds.....	<u>3,276,371</u>	<u>-</u>	<u>2,154,485</u>	<u>729,190</u>	<u>392,696</u>
Total debt securities.....	5,063,984	<u>\$ 514,832</u>	<u>\$ 3,427,266</u>	<u>\$ 729,190</u>	<u>\$ 392,696</u>
<u>Other investments:</u>					
Equity securities.....	2,255,808				
Equity mutual funds.....	8,552,548				
Money market mutual funds.....	131,685				
MMDT - Cash portfolio.....	<u>114,996,040</u>				
Total investments.....	<u>\$ 131,000,065</u>				

As of December 31, 2022, the System had the following investments:

<u>Investment Type</u>	<u>Fair value</u>
Equity mutual funds.....	\$ 22,361
Pension Reserve Investment Trust (PRIT).....	469,756,789
 Total investments.....	 \$ <u>469,779,150</u>

Custodial Credit Risk – Investments

For the City’s investments, this is the risk that, in the event of a failure by the counterparty, the City will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The City’s investments in U.S. treasury notes, government sponsored enterprises, corporate bonds, and equity securities, are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty. The City’s investment policy states that with the exception of U.S. Treasury obligations or investments fully collateralized by U.S. Treasuries or Agencies, and State Investment Pools, no more than 50% of the City’s investments shall be invested in a single institution. MMDT, money market mutual funds, and mutual funds are not subject to custodial credit risk as it is not evidenced by securities that exist in physical or book-entry form.

For the System’s investments, this is the risk that, in the event of a failure by the counterparty, the System will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The System does not have an investment policy related to custodial credit risk.

Interest Rate Risk

The City’s investment policy limits investment maturities to a term of up to one year, as a means of managing its exposure to fair value losses arising from increasing interest rates.

The System does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, when managing assets, the System at all times must be in accordance with the provisions of the Public Employee Retirement Administration Commission (PERAC), the Employee Retirement Income Security Act (ERISA), and Department of Labor regulations.

The System participates in PRIT. The effective weighted duration rate for PRIT investments ranged from 1.98 to 14.64 years.

Credit Risk

The City’s investment policy states that financial institutions shall be selected first and foremost with regard to safety of principal, as recognized by a banking rating service such as Veribanc. Also, a listing of required information is to be received from any investment house the City would like to do business with.

At June 30, 2023, the City’s investments were rated as follows:

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>	<u>Bond Mutual Funds</u>
AAA.....	\$ -	\$ -	\$ 392,696
AA+.....	126,516	-	-
AA-.....	-	-	1,211,108
A+.....	-	236,582	1,528,738
A.....	-	141,334	-
BBB+.....	-	147,376	-
BBB.....	-	524,671	-
B-.....	-	-	143,829
<b>Total.....</b>	<b>\$ <u>126,516</u></b>	<b>\$ <u>1,049,963</u></b>	<b>\$ <u>3,276,371</u></b>

The System has not adopted a formal policy related to credit risk. At December 31, 2022, the System did not have any rated investments.

Concentration of Credit Risk

The City’s investment policy states that with the exception of U.S. Treasury notes or investments fully collateralized by U.S. Treasuries or Agencies, and State Investment Pools, no more than 5% of the City’s investments shall be invested in a single institution.

At June 30, 2023, the City’s investment in any one issuer did not exceed 5% of the total amount invested.

The System has not adopted a formal policy related to the amount that may be invested in any one issuer. At December 31, 2022, the System’s investment in any one issuer did not exceed 5% of the total amount invested.

Fair Value of Investments

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

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

The City had the following recurring fair value measurements as of June 30, 2023:

Investment Type	June 30, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments measured at fair value:</b>				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 611,134	\$ 611,134	\$ -	\$ -
Government sponsored enterprises.....	126,516	126,516	-	-
Corporate bonds.....	1,049,963	-	1,049,963	-
Bond mutual funds.....	3,276,371	3,276,371	-	-
Total debt securities.....	<u>5,063,984</u>	<u>4,014,021</u>	<u>1,049,963</u>	<u>-</u>
<u>Other investments:</u>				
Equity securities.....	2,255,808	2,255,808	-	-
Equity mutual funds.....	8,552,548	8,552,548	-	-
Money market mutual funds.....	131,685	131,685	-	-
Total other investments.....	<u>10,940,041</u>	<u>10,940,041</u>	<u>-</u>	<u>-</u>
Total investments measured at fair value.....	16,004,025	<u>\$ 14,954,062</u>	<u>\$ 1,049,963</u>	<u>\$ -</u>
<b>Investments measured at amortized cost:</b>				
MMDT - Cash portfolio.....	<u>114,996,040</u>			
Total investments.....	<u>\$ 131,000,065</u>			

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

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

The System holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the System's activities, the plan shows greater disaggregation in its disclosures. The plan chooses a tabular format for disclosing the levels within the fair value hierarchy. The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The System had the following recurring fair value measurements as of December 31, 2022:

Investment Type	December 31, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments measured at fair value:</b>				
Equity mutual funds.....	\$ 22,361	\$ 22,361	\$ -	\$ -
<b>Investments measured at net asset value:</b>				
Pension Reserve Investment Trust (PRIT)....	469,756,789			
Total investments.....	\$ 469,779,150			

Equity mutual funds classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

PRIT Investments are valued using the net asset value (NAV) method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair value of the positions in each investment Pool are the same as the value of each Pool's shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

**NOTE 3 – RECEIVABLES**

At June 30, 2023, receivables for the individual major governmental funds and nonmajor governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, were as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Receivables:</b>			
Real estate and personal property taxes...	\$ 3,775,593	\$ (703,000)	\$ 3,072,593
Tax liens.....	4,451,803	(2,208,000)	2,243,803
Community preservation fund surtax.....	16,001	-	16,001
Motor vehicle and other excise taxes.....	3,697,738	(596,000)	3,101,738
Trash user fees.....	783,633	-	783,633
Departmental and other.....	439,731	-	439,731
Intergovernmental.....	41,092,283	-	41,092,283
Loans.....	42,394	-	42,394
Total.....	\$ 54,299,176	\$ (3,507,000)	\$ 50,792,176

At June 30, 2023, receivables for the enterprise funds consisted of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water liens - user fees.....	\$ 65,934	\$ -	\$ 65,934
Water user fees.....	5,185,523	-	5,185,523
Sewer liens - user fees.....	117,986	-	117,986
Sewer user fees.....	7,494,705	-	7,494,705
Parking departmental and other....	951,255	-	951,255
 Total.....	 \$ 13,815,403	 \$ -	 \$ 13,815,403

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

	General Fund	Other Governmental Funds	Total
<u>Receivable type:</u>			
Real estate and personal property taxes.....	\$ 2,494,287	\$ -	\$ 2,494,287
Tax liens.....	2,243,803	-	2,243,803
Community preservation fund surtax.....	-	16,001	16,001
Motor vehicle and other excise taxes.....	3,101,738	-	3,101,738
Trash user fees.....	783,633	-	783,633
Departmental and other.....	359,811	79,920	439,731
Intergovernmental - highway improvements.....	-	3,840,137	3,840,137
Intergovernmental - other.....	-	12,497,320	12,497,320
Loans.....	-	42,394	42,394
<u>Other asset type:</u>			
Tax foreclosures.....	4,924,889	-	4,924,889
 Total.....	 \$ 13,908,161	 \$ 16,475,772	 \$ 30,383,933

**NOTE 4 – CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 34,824,921	\$ -	\$ -	\$ 34,824,921
Construction in progress.....	114,733,211	59,423,893	-	174,157,104
Total capital assets not being depreciated...	149,558,132	59,423,893	-	208,982,025
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	364,206,645	2,812,259	-	367,018,904
Right to use leased buildings.....	7,142,788	-	-	7,142,788
Capital improvements (other than buildings).....	33,652,066	386,835	-	34,038,901
Infrastructure.....	222,995,470	10,749,795	-	233,745,265
Vehicles.....	22,643,150	3,296,119	(108,700)	25,830,569
Equipment.....	25,532,284	3,417,178	(50,000)	28,899,462
Books.....	7,810,699	3,295,243	-	11,105,942
Software.....	495,990	-	-	495,990
Total capital assets being depreciated.....	684,479,092	23,957,429	(158,700)	708,277,821
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(253,008,416)	(6,411,798)	-	(259,420,214)
Right to use leased buildings.....	(249,561)	(867,655)	-	(1,117,216)
Capital improvements (other than buildings).....	(19,756,343)	(1,133,114)	-	(20,889,457)
Infrastructure.....	(102,968,898)	(3,575,317)	-	(106,544,215)
Vehicles.....	(20,394,382)	(1,123,269)	108,700	(21,408,951)
Equipment.....	(11,232,282)	(2,161,819)	50,000	(13,344,101)
Books.....	(7,637,968)	(364,607)	-	(8,002,575)
Software.....	(495,990)	-	-	(495,990)
Total accumulated depreciation.....	(415,743,840)	(15,637,579)	158,700	(431,222,719)
Total capital assets being depreciated, net.....	268,735,252	8,319,850	-	277,055,102
Total governmental activities capital assets, net....	\$ 418,293,384	\$ 67,743,743	\$ -	\$ 486,037,127

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 2,844,420	\$ -	\$ -	\$ 2,844,420
Construction in progress.....	6,521,049	2,024,369	-	8,545,418
Total capital assets not being depreciated....	9,365,469	2,024,369	-	11,389,838
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	33,802,941	361,228	-	34,164,169
Capital improvements (other than buildings).....	33,928,024	-	-	33,928,024
Infrastructure.....	383,793,021	5,612,883	-	389,405,904
Equipment.....	4,208,382	1,524,012	-	5,732,394
Vehicles.....	2,759,458	145,025	-	2,904,483
Total capital assets being depreciated.....	458,491,826	7,643,148	-	466,134,974
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(835,965)	(727,301)	-	(1,563,266)
Capital improvements (other than buildings).....	(16,658,333)	(1,615,043)	-	(18,273,376)
Infrastructure.....	(177,245,925)	(7,442,957)	-	(184,688,882)
Equipment.....	(2,766,431)	(399,981)	-	(3,166,412)
Vehicles.....	(2,566,262)	(88,527)	-	(2,654,789)
Total accumulated depreciation.....	(200,072,916)	(10,273,809)	-	(210,346,725)
Total capital assets being depreciated, net.....	258,418,910	(2,630,661)	-	255,788,249
Total business-type activities capital assets, net....	\$ 267,784,379	\$ (606,292)	\$ -	\$ 267,178,087

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

**Governmental Activities:**

General government.....	\$ 472,928
Public safety.....	1,856,324
Education.....	7,554,468
Public works.....	3,354,980
Human services.....	840,938
Culture and recreation.....	1,557,941

Total depreciation expense - governmental activities.... \$ 15,637,579

**Business-Type Activities:**

Water.....	\$ 2,666,447
Sewer.....	5,190,356
Parking.....	2,417,006

Total depreciation expense - business-type activities... \$ 10,273,809

**NOTE 5 – INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2023, are summarized as follows:

Transfers Out:	Transfers In:				Total
	General fund	Nonmajor governmental funds	Water enterprise fund	Parking enterprise fund	
General fund.....	\$ -	\$ 253,095	\$ 13,382	\$ 2,838,440	\$ 3,104,917 (1)
Nonmajor governmental funds....	2,068,748	-	-	-	2,068,748 (2)
Parking enterprise fund.....	-	20,000	-	-	20,000 (3)
<b>Total.....</b>	<b>\$ 2,068,748</b>	<b>\$ 273,095</b>	<b>\$ 13,382</b>	<b>\$ 2,838,440</b>	<b>\$ 5,193,665</b>

- (1) Represents budgeted transfers from the general fund to the nonmajor funds, water enterprise fund and parking fund.
- (2) Transfers into the general fund represent amounts voted to fund 2023 operations from nonmajor funds as well as a reclass of excess circuit breaker funds.
- (3) Transfer into the nonmajor governmental funds from the parking enterprise fund represents a reallocation of resources.

**NOTE 6 – LEASE LIABILITIES**

Change in Accounting Principle

During the year 2022, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. This statement redefines a lease as a right to use another entity’s asset over a definitive period of time and required the City to record leases that were previously classified as operating leases. No restatement of beginning net position was required.

Leases

The City has entered into lease agreements to finance the right to use buildings for health and human services, and the school department. The lease agreements have been recorded at the present value of their future minimum lease payments using various imputed interest rates as of the inception date or at the beginning of the year of implementation of GASB Statement No. 87.

The following identifies the balance of right-to-use assets recorded under lease agreements along with the related accumulated depreciation:

Asset:	Governmental Activities
Buildings.....	\$ 7,142,788
Less: accumulated depreciation...	<u>(1,117,216)</u>
<b>Total.....</b>	<b>\$ <u>6,025,572</u></b>

Future minimum lease payments consist of the following at June 30:

<u>Years ending June 30:</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024.....	\$ 1,135,518	\$ 169,422	\$ 1,304,940
2025.....	1,169,584	135,356	1,304,940
2026.....	1,204,672	100,268	1,304,940
2027.....	974,512	64,129	1,038,641
2028.....	469,221	34,893	504,114
2029.....	483,298	20,816	504,114
2030.....	210,572	6,317	216,889
Total minimum lease payments.....	\$ <u>5,647,377</u>	\$ <u>531,201</u>	\$ <u>6,178,578</u>

**NOTE 7 – SHORT-TERM FINANCING**

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

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).
- Current project costs and other approved expenditures incurred, that are approved to be reimbursed by the Commonwealth, and through the issuance of state aid anticipation notes (SAANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund or respective enterprise fund.

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

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2022	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2023
<b>Governmental Funds:</b>							
BAN	Municipal Purpose.....	3.00%	9/16/22	\$ 68,000	\$ -	\$ (68,000)	\$ -
BAN	Municipal Purpose.....	3.25%	9/29/23	-	13,120,882	(13,120,882)	- (A)
Total Governmental Funds.....				\$ 68,000	\$ 13,120,882	\$ (13,188,882)	\$ -
<b>Sewer Enterprise Fund:</b>							
BAN	MCWT Interim Note...	0.00%	6/30/23	\$ 4,121,168	\$ -	\$ (4,121,168)	\$ -
BAN	Municipal Purpose.....	5.00%	9/29/23	-	3,409,000	(3,409,000)	- (A)
BAN	Municipal Purpose.....	5.00%	9/29/23	-	4,775,000	(4,775,000)	- (A)
BAN	Municipal Purpose.....	5.00%	9/29/23	-	580,000	(580,000)	- (A)
Total Sewer Enterprise Fund.....				\$ 4,121,168	\$ 8,764,000	\$ (12,885,168)	\$ -

(A) On September 13, 2023, the City issued \$70.1 million of long-term bonds. Of the general obligation bonds, \$26.0 million related to BANS outstanding at year end, therefore, the City has recognized \$13.1 million of bond proceeds in the governmental funds, and \$12.9 million of bond proceeds in the sewer enterprise fund. The remaining general obligation bonds will be recognized by the City in fiscal year 2024.

**NOTE 8 – LONG-TERM DEBT**

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

Details related to the outstanding indebtedness as of June 30, 2023, and the debt service requirements are presented on the following pages.

**Long-Term Debt Payable Schedule – Governmental Funds**

Project	Maturities Through	Interest Rate (%)	Outstanding at June 30, 2023
General Obligations Bonds Payable:			
Schools.....	2052	2.00-6.00	\$ 72,128,620
General.....	2053	2.00-6.00	86,572,261
Lowell Memorial Auditorium.....	2041	2.00-5.75	1,398,000
Total Bonds Payable.....			160,098,881
Add: Unamortized premium on bonds.....			10,938,372
Total Long-Term Debt Payable, net.....			\$ 171,037,253

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

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2024.....	\$ 6,854,600	\$ 6,118,794	\$ 12,973,394
2025.....	8,105,682	6,025,781	14,131,463
2026.....	8,617,600	5,334,598	13,952,198
2027.....	8,830,700	4,879,960	13,710,660
2028.....	8,883,500	4,429,110	13,312,610
2029.....	8,690,000	3,985,839	12,675,839
2030.....	8,634,400	3,559,767	12,194,167
2031.....	7,562,400	3,150,024	10,712,424
2032.....	7,320,000	2,839,734	10,159,734
2033.....	6,890,000	2,553,317	9,443,317
2034.....	6,450,000	2,294,544	8,744,544
2035.....	6,490,000	2,064,385	8,554,385
2036.....	6,285,000	1,854,290	8,139,290
2037.....	5,405,000	1,676,394	7,081,394
2038.....	5,415,000	1,521,622	6,936,622
2039.....	4,695,000	1,360,975	6,055,975
2040.....	4,840,000	1,226,276	6,066,276
2041.....	3,965,000	1,103,651	5,068,651
2042.....	3,785,000	996,400	4,781,400
2043.....	3,680,000	889,813	4,569,813
2044.....	3,755,000	780,736	4,535,736
2045.....	3,865,000	667,902	4,532,902
2046.....	3,975,000	550,385	4,525,385
2047.....	4,095,000	427,728	4,522,728
2048.....	4,220,000	300,912	4,520,912
2049.....	2,745,000	201,930	2,946,930
2050.....	2,825,000	131,653	2,956,653
2051.....	1,460,000	75,545	1,535,545
2052.....	1,395,000	35,313	1,430,313
2053.....	364,999	7,756	372,755
Total.....	\$ 160,098,881	\$ 61,045,134	\$ 221,144,015

In a prior year, the Commonwealth approved school construction assistance. The assistance program, which is administered by the Massachusetts School Building Authority (MSBA), provides resources for future debt service of general obligation school bonds outstanding. During 2023, \$1.2 million of such assistance was received, and represented the final payment for the program.

The City is scheduled to be subsidized directly by the Department of the Treasury on a periodic basis for interest costs in the amount of \$157,000 related to the issuance of Qualified Energy Conservation Bonds. Thus, net loan repayments, including interest, are scheduled to be \$1.2 million. Since the City is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The 2023 interest subsidy totaled approximately \$42,000. Annual payments are subject to sequestration.

**Long-Term Debt Payable Schedule – Enterprise Funds**

Project	Maturities Through	Interest Rate (%)	Outstanding at June 30, 2023
General Obligations Bonds Payable:			
Sewer.....	2053	2.00-5.00	\$ 40,703,950
Water.....	2051	2.00-5.00	16,200,300
Parking.....	2045	2.00-5.00	<u>53,661,750</u>
Subtotal General Obligations Bonds Payable.....			<u>110,566,000</u>
Direct Borrowings Payable:			
Sewer - MCWT.....	2043	2.00-2.40	71,308,756
Water - MCWT.....	2037	2.00-5.25	<u>20,201,484</u>
Subtotal Direct Borrowings Payable.....			<u>91,510,240</u>
Add: Unamortized premium on bonds.....			<u>5,001,431</u>
Total Long-Term Debt Payable, net.....			<u>\$ 207,077,671</u>

Debt service requirements for principal and interest for enterprise fund long term debt payable in future years was as follows:

Year	General Obligation Bonds Payable		
	Principal	Interest	Total
2024.....	\$ 5,900,400	\$ 4,116,159	\$ 10,016,559
2025.....	6,529,200	4,037,424	10,566,624
2026.....	6,532,400	3,572,949	10,105,349
2027.....	6,729,300	3,266,860	9,996,160
2028.....	6,941,500	2,950,121	9,891,621
2029.....	4,930,000	2,674,509	7,604,509
2030.....	4,915,600	2,445,208	7,360,808
2031.....	4,822,600	2,224,586	7,047,186
2032.....	4,570,000	2,032,102	6,602,102
2033.....	4,520,000	1,851,702	6,371,702
2034.....	4,390,000	1,684,406	6,074,406
2035.....	4,220,000	1,536,026	5,756,026
2036.....	4,330,000	1,394,620	5,724,620
2037.....	3,605,000	1,269,350	4,874,350
2038.....	3,690,000	1,150,809	4,840,809
2039.....	3,385,000	1,041,137	4,426,137
2040.....	3,495,000	934,512	4,429,512
2041.....	3,455,000	828,112	4,283,112
2042.....	3,540,000	722,137	4,262,137
2043.....	3,565,000	613,144	4,178,144
2044.....	3,675,000	500,473	4,175,473
2045.....	3,795,000	383,489	4,178,489
2046.....	1,790,000	292,518	2,082,518
2047.....	1,855,000	228,146	2,083,146
2048.....	1,915,000	161,246	2,076,246
2049.....	810,000	113,483	923,483
2050.....	830,000	85,617	915,617
2051.....	810,000	57,422	867,422
2052.....	500,000	32,725	532,725
2053.....	520,000	11,049	531,049
Total.....	\$ 110,566,000	\$ 42,212,041	\$ 152,778,041

Year	Direct Borrowings Payable		
	Principal	Interest	Total
2024.....	\$ 5,917,762	\$ 1,983,615	\$ 7,901,377
2025.....	6,049,238	1,835,872	7,885,110
2026.....	5,638,464	1,715,160	7,353,624
2027.....	5,475,148	1,594,626	7,069,774
2028.....	5,441,608	1,475,820	6,917,428
2029.....	5,349,714	1,358,044	6,707,758
2030.....	5,363,363	1,240,802	6,604,165
2031.....	5,486,151	1,121,948	6,608,099
2032.....	5,124,334	1,005,239	6,129,573
2033.....	5,242,989	890,700	6,133,689
2034.....	5,046,332	774,797	5,821,129
2035.....	5,163,660	661,255	5,824,915
2036.....	5,174,027	545,060	5,719,087
2037.....	5,081,271	428,325	5,509,596
2038.....	4,266,437	316,573	4,583,010
2039.....	4,367,138	218,334	4,585,472
2040.....	3,269,531	132,295	3,401,826
2041.....	1,864,815	74,204	1,939,019
2042.....	1,080,802	40,127	1,120,929
2043.....	1,107,456	15,167	1,122,623
Total.....	\$ 91,510,240	\$ 17,427,963	\$ 108,938,203

The City is scheduled to be subsidized by the Massachusetts Clean Water Trust (MCWT) on a periodic basis for principal in the amount of \$82,000 and interest costs for \$23,000. The principal subsidies are guaranteed. The interest subsidies are supported through future investment income and are expected to be made, although not guaranteed. Since the City is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The 2023 principal and interest subsidies totaled approximately \$123,000 and \$50,000, respectively.

Authorized and Unissued Debt

The City is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2023, the City had the following authorized and unissued debt:

Purpose	Amount
High school construction.....	\$ 245,204,932
Wet-weather storage facility.....	14,960,000
Water storage tank.....	13,656,000
Wet-weather treatment facility.....	15,000,000
Drinking water facility upgrades.....	5,870,000
George Ayotte & Joseph Downes parking garage repairs..	2,634,961
Remote station upgrades - various pump stations.....	7,380,000
Water legal and engineering services.....	11,578,270
Sewer legal and engineering services.....	14,953,514
Settlement.....	13,213,838
All other projects.....	92,337,654
Total.....	\$ 436,789,169

Changes in Long-term Liabilities

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance	Long-term Debt Issued	Long-term Debt Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
Long-term bonds payable.....	\$ 149,925,287	\$ 17,748,052	\$ (7,574,458)	\$ -	\$ -	\$ 160,098,881	\$ 6,854,600
Add: Unamortized premium on bonds.....	10,415,107	1,931,328	(1,408,063)	-	-	10,938,372	1,408,685
Total long-term debt.....	160,340,394	19,679,380	(8,982,521)	-	-	171,037,253	8,263,285
Right to use lease liabilities.....	6,749,822	-	-	-	(1,102,445)	5,647,377	1,135,518
Compensated absences.....	20,473,526	-	-	9,051,328	(9,183,369)	20,341,485	9,143,391
Workers' compensation.....	5,712,000	-	-	1,188,500	(1,583,000)	5,317,500	1,311,500
Net pension liability.....	197,711,925	-	-	141,296,989	(64,906,464)	274,102,450	-
Net OPEB liability.....	626,489,817	-	-	32,140,157	(59,669,412)	598,960,562	-
Total governmental activity long-term liabilities.....	\$ 1,017,477,484	\$ 19,679,380	\$ (8,982,521)	\$ 183,676,974	\$ (136,444,690)	\$ 1,075,406,627	\$ 19,853,694
<b>Business-Type Activities:</b>							
Long-term bonds payable.....	\$ 92,171,042	\$ 24,460,500	\$ (6,065,542)	\$ -	\$ -	\$ 110,566,000	\$ 5,900,400
Direct borrowings payable.....	93,354,896	4,121,168	(5,965,824)	-	-	91,510,240	5,917,762
Add: Unamortized premium on bonds.....	4,902,370	1,243,500	(1,144,439)	-	-	5,001,431	676,360
Total long-term debt.....	190,428,308	29,825,168	(13,175,805)	-	-	207,077,671	12,494,522
Compensated absences.....	935,993	-	-	430,901	(551,427)	815,467	485,627
Net pension liability.....	26,173,537	-	-	24,309,062	(14,196,317)	36,286,282	-
Net OPEB liability.....	17,384,610	-	-	2,453,406	(3,217,322)	16,620,694	-
Total business-type activity long-term liabilities.....	\$ 234,922,448	\$ 29,825,168	\$ (13,175,805)	\$ 27,193,369	\$ (17,965,066)	\$ 260,800,114	\$ 12,980,149

Compensated absences, lease obligations, workers' compensation, net pension liability and net other postemployment liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures, which consist of the general fund and the water, sewer, and parking enterprise funds.

**NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

The City classifies fund balances according to constraints on the use of the resources. There are two major types of fund balances, which are nonspendable and spendable.

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

Spendable fund balances are classified based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the City from its highest level of decision-making authority.
- Assigned: fund balances that contain self-imposed constraints of the City to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose and the deficit fund balances for other funds that would otherwise be restricted, committed, or assigned.

The City's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year end, the balance of the general stabilization fund was \$14,519,000 and was reported as unassigned fund balance within the general fund. The pension assessment stabilization, school construction stabilization, capital debt service stabilization, employee benefits and mitigation, salary reserve stabilization, special education, equity and inclusion stabilization, and municipal facility stabilization funds, were reported as committed fund balance within the general fund, had year end balances of \$9,000, \$2,000, \$6,000, \$256,000, \$828,000, \$3,011,000, \$189,000 and \$1,104,000 respectively.

As of June 30, 2023, fund balances consisted of the following:

	General	COVID-19 Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal.....	\$ -	\$ -	\$ 1,904,142	\$ 1,904,142
Working capital deposit.....	237,700	-	-	237,700
Deposit.....	-	9,980,151	-	9,980,151
Restricted for:				
Chapter 17 special reserve.....	1,174	-	-	1,174
COVID-19 grants.....	-	55,560	-	55,560
High school construction.....	-	-	22,278,176	22,278,176
Gifts and grants.....	-	-	14,043,881	14,043,881
Federal grants.....	-	-	9,189	9,189
Sale of City property.....	-	-	3,006,885	3,006,885
Community preservation fund.....	-	-	3,877,739	3,877,739
Revolving.....	-	-	8,420,197	8,420,197
Other special revenue.....	-	-	3,592,265	3,592,265
Other capital projects.....	-	-	18,656,637	18,656,637
Expendable permanent funds.....	-	-	432,518	432,518
Committed to:				
Salary reserve stabilization.....	827,667	-	-	827,667
Employee benefits and mitigation.....	255,910	-	-	255,910
Capital debt service stabilization.....	5,606	-	-	5,606
Pension assessment stabilization.....	9,227	-	-	9,227
School construction stabilization.....	2,208	-	-	2,208
Special education stabilization.....	3,010,619	-	-	3,010,619
Equity/inclusion stabilization.....	188,539	-	-	188,539
Municipal facilities stabilization.....	1,103,841	-	-	1,103,841
Assigned to:				
General government.....	435,191	-	-	435,191
Public safety.....	30,951	-	-	30,951
Education.....	3,203,143	-	-	3,203,143
Public works.....	1,640,394	-	-	1,640,394
Culture and recreation.....	4,329	-	-	4,329
Unassigned.....	37,766,527	-	-	37,766,527
Total Fund Balances.....	\$ 48,723,026	\$ 10,035,711	\$ 76,221,629	\$ 134,980,366

**NOTE 10 – RISK FINANCING**

The City is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters for which the City carries commercial insurance. The City discontinued a self-insurance health insurance plan and joined the Group Insurance Commission of the Commonwealth of Massachusetts (GIC) to provide health insurance benefits for its employees and retirees. The amount of claim settlements has not exceeded insurance coverage in any of the previous years.

The City is self-insured for its workers’ compensation. The workers’ compensation activities are accounted for in the general fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

Workers’ compensation claims are administered by the City’s Law Department and are funded on a pay-as-you-go basis from annual appropriations. The City handles all administration related to the workers’ compensation program.

The City recorded a liability of \$5.3 million at June 30, 2023, which represented an estimate of all outstanding claims as of that date. Changes in the reported liability since July 1, 2021, were as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2022.....	\$ 5,872,800	\$ 1,138,200	\$ (1,299,000)	\$ 5,712,000	\$ 1,583,000
2023.....	5,712,000	648,912	(1,043,412)	5,317,500	1,311,500

**NOTE 11 – PENSION PLAN**

*Plan Descriptions*

The City is a member of the Lowell Contributory Retirement System (LCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 3 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements.

The City is a member of the Massachusetts Teachers’ Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth’s reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

*Special Funding Situation*

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the City to the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the City does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer’s covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2022. The City’s portion of the collective pension expense, contributed by the Commonwealth, of \$31,349,951 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth’s collective net pension liability associated with the City is \$381,109,214 as of the measurement date.

*Benefits Provided*

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service. There were no reported changes in pension benefit terms that effect measurement of the total pension liability as of December 31, 2022.

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

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

At December 31, 2022, the System membership consisted of the following:

Active members.....	1,859
Inactive members.....	1,341
Retirees and beneficiaries currently receiving benefits....	<u>588</u>
Total.....	<u><u>3,788</u></u>

*Contributions*

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the System a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2022, was \$33,427,761, or 31.81% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City's proportionate share of the required contribution was \$31,662,775, which equaled its actual contribution.

*Pension Liabilities*

The components of the net pension liability of the participating member units at December 31, 2022, were as follows:

Total pension liability.....	\$	810,316,745
Less: pension plan's fiduciary net position.....		<u>(482,625,939)</u>
Total net pension liability.....	\$	<u>327,690,806</u>
The pension plan's fiduciary net position as		
a percentage of the total pension liability.....		59.56%

At June 30, 2023, the City reported a liability of \$310,388,732 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. Accordingly, procedures were used to update the total pension liability to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2022, the City's proportion was 94.72%, which increased from its proportion of 94.60% in the prior year.

*Pension Expense*

For the year ended June 30, 2023, the City recognized a pension expense of \$38,034,321. At June 30, 2023, the City reported deferred outflows and inflows of resources related to pensions of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (5,038,804)	\$ (5,038,804)
Difference between projected and actual earnings, net.....	32,854,058	-	32,854,058
Changes in assumptions.....	24,395,717	-	24,395,717
Changes in proportion and proportionate share of contributions....	<u>4,535,766</u>	<u>(3,725,537)</u>	<u>810,229</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>61,785,541</u>	\$ <u>(8,764,341)</u>	\$ <u>53,021,200</u>

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

<u>Year ended June 30:</u>	
2024.....	\$ 7,961,728
2025.....	12,901,653
2026.....	13,444,853
2027.....	18,730,611
2028.....	<u>(17,645)</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>53,021,200</u>

*Actuarial Assumptions*

The total pension liability in the January 1, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was rolled back to December 31, 2022:

Valuation date.....	January 1, 2023
Actuarial cost method.....	Entry Age Normal.
Amortization method - UAAL.....	Increasing dollar amount at 4% to reduce the Unfunded Actuarial Accrued Liability to zero on or before June 30, 2036, with annual increases in appropriations limited to 5.28%.
Asset valuation method.....	The Actuarial Value of Assets is the fair value of assets as of the valuation date reduced by the sum of: a) 80% of gains and losses of the prior year, b) 60% of gains and losses of the second prior year, c) 40% of gains and losses of the third prior year and d) 20% of gains and losses of the fourth prior year. Investment gains and losses are determined by the excess or deficiency of the expected return over the actual return on the fair value. The actuarial valuation of assets is further constrained to be not less than 90% or more than 110% of fair value.
Investment rate of return.....	7.00%, net of pension plan investment expense, including inflation. Previously 7.10%.
Discount rate.....	7.00%
Inflation rate.....	2.40% per year.
Projected salary increases.....	6.00% - 4.25% for Group 1 (based on service). 7.00% - 4.75% for Group 4 (based on service).
Payroll growth.....	3.50% per year.
Cost of living adjustments.....	3.00% of the first \$17,000 of the annual retirement allowance.
Mortality rates.....	RP-2014 Blue Collar Mortality Table with full generational mortality improvement using Scale MP-2021. For disabled lives, RP-2014 Blue Collar Mortality Table set forward one year with full generational mortality improvement using Scale MP-2021.

*Investment Policy*

The System’s policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the System’s target asset allocation as of December 31, 2022, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Global equity.....	38.00%	4.74%
Core fixed income.....	15.00%	2.10%
Value-added fixed income.....	8.00%	5.20%
Private equity.....	15.00%	7.60%
Real estate.....	10.00%	3.10%
Timber/natural resources.....	4.00%	4.40%
Portfolio completion.....	10.00%	3.90%
Total.....	100.00%	

*Rate of Return*

For the year ended December 31, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (11.20%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Discount Rate*

The discount rate used to measure the total pension liability was 7.00% at December 31, 2022 and 7.10% at December 31, 2021. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the System’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (6.00%)	Current Discount (7.00%)	1% Increase (8.00%)
	December 31, 2022 Measurement Date		
The City's proportionate share of the net pension liability.....	\$ 397,808,306	\$ 310,388,732	\$ 236,531,212
LCRS total net pension liability.....	\$ 419,983,431	\$ 327,690,806	\$ 249,716,229

*Non-contributory Retirement Allowance*

City employees with military veteran status and at least 30 years of service to the City, who began work prior to July 1, 1939, and others meeting eligibility criteria are entitled to a non-contributory pension benefit equal to 72% of their highest rate of pay. Employees covered by this section of the plan are not included in the actuarial valuation and there is no available estimate of the related actuarial liability. The City funds these benefits from an annual general fund appropriation. The general fund expenditure for 2023 was \$24,000.

*Changes in Assumptions* - The mortality improvement rates were updated from using Scale MP-2018 to using MP-2021, and the discount rate changed from 7.10% to 7.00% since the prior measurement date.

*Changes in Plan Provisions* – None.

**NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS***Plan Description*

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

*Funding Policy*

The contribution requirements of Plan members and the City are established and may be amended through collective bargaining. The required contribution is based on projected pay-as-you-go financing requirements. The City contributes 75% of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 25 percent of their premium costs. For 2023, the City contributed \$21.4 million to the plan. For the year ended June 30, 2023, the City’s average contribution rate was 8.29% of covered employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the City to establish the other postemployment benefit trust fund to begin pre-funding its OPEB liabilities. During 2023 the City pre-funded future OPEB liabilities totaling \$215,000 by contributing funds to the OPEB trust fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Fund financial statements. As of June 30, 2023, the net position of the OPEB trust fund totaled \$13.7 million.

*Summary of Significant Accounting Policies*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

*Measurement Date*

GASB Statement #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022.

*Plan Membership*

The following table represents the Plan’s membership at July 1, 2022:

Active members.....	3,390
Inactive members currently receiving benefits....	<u>2,519</u>
Total.....	<u><u>5,909</u></u>

*Components of OPEB Liability*

The following table represents the components of the Plan’s OPEB liability as of June 30, 2023:

Total OPEB liability.....	\$ 629,274,267
Less: OPEB plan’s fiduciary net position.....	<u>(13,693,011)</u>
Net OPEB liability.....	<u><u>\$ 615,581,256</u></u>
The OPEB plan’s fiduciary net position as a percentage of the total OPEB liability..	2.18%

*Significant Actuarial Methods and Assumptions*

The total OPEB liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2023:

Valuation date.....	July 1, 2022
Actuarial cost method.....	Entry age normal as a percentage of payroll.
Asset valuation method.....	Fair value of assets as of the reporting date, June 30, 2023.
Investment rate of return.....	4.29%, previously 3.42%.
Discount rate.....	4.00%, previously 3.77%.
Projected salary increases.....	3.0% per year.

Healthcare cost trend rate.....	7.00%, decreasing by 0.25% per year to an ultimate rate of 4.50% for 2034 and later.
Mortality rates.....	Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

*Rate of Return*

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 7.57%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Investment Policy*

The City’s policy in regard to the allocation of invested assets is established and may be amended by the Board of Selectmen by a majority vote of its members. The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the City’s investment policy.

The long-term expected rate of return on OPEB plan investments was determined using an average of two 20-year bond indices, S&P Municipal Bond 20 Year High Grade Rate Index – 4.13% and Fidelity GA AA 20 Years – 3.86% as of June 30, 2023. The Plan’s expected future real rate of return as of June 30, 2023 was 3.77%.

Best estimates of geometric real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity.....	34.00%	4.96%
International equity.....	22.00%	7.01%
Domestic bond.....	20.00%	2.22%
International bond.....	4.00%	1.53%
Alternatives.....	20.00%	2.76%
Total.....	<u>100.00%</u>	

*Discount Rate*

The discount rate used to measure the total OPEB liability was 4.00% as of June 30, 2023 and 3.77% as of June 30, 2022. The City’s net other postemployment benefits liability was determined based on an average of two 20-year bond indices (e.g. S&P Municipal Bond 20 Year High Grade Rate Index and Fidelity GA AA 20 Years). Due to the low value of the OPEB trust compared to the City’s liability, the Plan fiduciary net position is not projected to satisfy future benefit payments and, accordingly, the Municipal Bond Rate was applied rather than the projected investment return.

*Changes in the Net OPEB Liability*

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan	
		Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022.....	\$ 656,404,341	\$ 12,529,914	\$ 643,874,427
Changes for the year:			
Service cost.....	14,448,518	-	14,448,518
Interest.....	25,833,118	-	25,833,118
Changes in assumptions and other inputs.....	(46,258,903)	-	(46,258,903)
Benefit payments.....	(21,152,807)	(21,152,807)	-
Contributions from employer.....	-	21,367,500	(21,367,500)
Investment income/(loss).....	-	948,404	(948,404)
Net change.....	<u>(27,130,074)</u>	<u>1,163,097</u>	<u>(28,293,171)</u>
Balances at June 30, 2023.....	<u>\$ 629,274,267</u>	<u>\$ 13,693,011</u>	<u>\$ 615,581,256</u>

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

The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 4.00%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00%) or 1-percentage-point higher (5.00%) than the current rate.

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Net OPEB liability... \$	<u>744,156,660</u>	<u>615,581,256</u>	<u>518,151,193</u>

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

The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease	Current Trend	1% Increase
Net OPEB liability... \$	<u>512,421,243</u>	<u>615,581,256</u>	<u>752,736,258</u>

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

For the year ended June 30, 2023, the City recognized OPEB expense of \$30.3 million and reported deferred outflows and inflows of resources related to OPEB of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Difference between projected and actual earnings, net.....	\$ 142,992	\$ -	\$ 142,992
Changes in assumptions.....	<u>87,343,658</u>	<u>(233,652,545)</u>	<u>(146,308,887)</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 87,486,650</u>	<u>\$ (233,652,545)</u>	<u>\$ (146,165,895)</u>

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

Year ended June 30:

2024.....	\$ (9,425,751)
2025.....	(16,631,716)
2026.....	(33,010,000)
2027.....	(41,913,649)
2028.....	(39,151,008)
2029.....	<u>(6,033,771)</u>
Total deferred outflows/(inflows) of resources....	<u>\$ (146,165,895)</u>

*Changes of Assumptions* – The discount rate increased from 3.77% to 4.00%.

*Changes in Plan Provisions* – None.

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

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

	Pension Trust Fund (as of December 31, 2022)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 12,814,466	\$ 271,907	\$ 13,086,373
Investments:			
Investments in Pension Reserve Investment Trust.....	469,756,789	-	469,756,789
Equity securities.....	-	1,609,019	1,609,019
Equity mutual funds.....	22,361	8,535,714	8,558,075
Bond mutual funds.....	-	3,276,371	3,276,371
Receivables, net of allowance for uncollectibles:			
Interest and dividends.....	32,437	-	32,437
<b>TOTAL ASSETS.....</b>	<b>482,626,053</b>	<b>13,693,011</b>	<b>496,319,064</b>
<b>LIABILITIES</b>			
Warrants payable.....	114	-	114
<b>NET POSITION</b>			
Restricted for pensions.....	482,625,939	-	482,625,939
Restricted for other postemployment benefits.....	-	13,693,011	13,693,011
<b>TOTAL NET POSITION.....</b>	<b>\$ 482,625,939</b>	<b>\$ 13,693,011</b>	<b>\$ 496,318,950</b>

	Pension Trust Fund (as of December 31, 2022)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
<b>ADDITIONS:</b>			
Contributions:			
Employer contributions.....	\$ 33,427,761	\$ 214,693	\$ 33,642,454
Employer contributions for other postemployment benefit payments..	-	21,152,807	21,152,807
Member contributions.....	11,308,224	-	11,308,224
Transfers from other systems.....	962,817	-	962,817
3(8)c contributions from other systems.....	1,004,261	-	1,004,261
Workers compensation settlements.....	24,000	-	24,000
State COLA reimbursements.....	225,713	-	225,713
<b>Total contributions.....</b>	<b>46,952,776</b>	<b>21,367,500</b>	<b>68,320,276</b>
Net investment income:			
Investment income/(loss).....	(58,425,055)	948,404	(57,476,651)
Less: investment expense.....	(2,487,507)	-	(2,487,507)
<b>Net investment income/(loss).....</b>	<b>(60,912,562)</b>	<b>948,404</b>	<b>(59,964,158)</b>
<b>TOTAL ADDITIONS.....</b>	<b>(13,959,786)</b>	<b>22,315,904</b>	<b>8,356,118</b>
<b>DEDUCTIONS:</b>			
Administration.....	420,106	-	420,106
Transfers to other systems.....	1,511,417	-	1,511,417
3(8)c transfer to other systems.....	1,925,412	-	1,925,412
Retirement benefits and refunds.....	46,390,288	-	46,390,288
Other postemployment benefit payments.....	-	21,152,807	21,152,807
<b>TOTAL DEDUCTIONS.....</b>	<b>50,247,223</b>	<b>21,152,807</b>	<b>71,400,030</b>
<b>NET INCREASE (DECREASE) IN NET POSITION.....</b>	<b>(64,207,009)</b>	<b>1,163,097</b>	<b>(63,043,912)</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>546,832,948</b>	<b>12,529,914</b>	<b>559,362,862</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 482,625,939</b>	<b>\$ 13,693,011</b>	<b>\$ 496,318,950</b>

**NOTE 14 – TAX INCREMENT FINANCING AGREEMENTS**

The City enters into tax increment financing (TIF) agreements with local businesses under Chapter 40, Section 59 of the Massachusetts General Laws. Under this section of the law, localities may grant property tax exemptions of a business’ property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The exemptions may be granted to any business located within or promising to relocate to the City. At June 30, 2023, there were 11 agreements in place which extend out until 2035. These all represent new construction and permanent job opportunities within the City. For the fiscal year ended 2023, the City exempted property taxes totaling \$2,255,200 under these agreements.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities.

**NOTE 15 – COMMITMENTS**

The City has entered into, or is planning to enter into, contracts totaling approximately \$436.8 million for high school construction, water and sewer infrastructure projects, and various other capital projects. These projects will be funded through the issuance of long-term debt, state grants, and federal grants.

The general fund has various commitments for goods and services related to encumbrances totaling \$5.3 million.

**NOTE 16 – CONTINGENCIES**

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various other legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Based on review of the various claims asserted against the City, it has been determined that a negative outcome is both probable and reasonably able to be estimated. As of June 30, 2023, the City has reflected \$2.5 million as a legal settlement reserve to assist in any claims or judgements asserted against the City.

**NOTE 17 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 13, 2024, which is the date the financial statements were available to be issued.

**NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2023, the following GASB pronouncements were implemented:

- GASB Statement #91, *Conduit Debt Obligations*. This pronouncement did not impact the basic financial statements.
- GASB Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #96, *Subscription-Based Information Technology Arrangements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #99, *Omnibus 2022*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #100, *Accounting Changes and Error Corrections*, which is required to be implemented in 2024.

- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.

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

***Required Supplementary Information***

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>REVENUES:</b>							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 163,320,514	\$ 163,320,514	\$ 163,320,514	\$ 162,798,423	\$ -	\$ (522,091)
Tax liens.....	-	-	-	-	1,540,668	-	1,540,668
Motor vehicle and other excise taxes.....	-	8,801,998	8,801,998	8,801,998	9,328,161	-	526,163
Hotel/motel tax.....	-	109,798	109,798	109,798	194,788	-	84,990
Meals tax.....	-	1,470,028	1,470,028	1,470,028	1,661,150	-	191,122
Trash disposal.....	-	3,320,734	3,320,734	3,320,734	3,140,680	-	(180,054)
Penalties and interest on taxes.....	-	1,400,924	1,400,924	1,400,924	1,460,230	-	59,306
Payments in lieu of taxes.....	-	440,600	440,600	440,600	530,857	-	90,257
Intergovernmental - state aid.....	-	243,410,495	243,410,495	243,410,495	241,119,005	-	(2,291,490)
Intergovernmental - School Building Authority.....	-	1,192,787	1,192,787	1,192,787	1,192,787	-	-
Departmental and other.....	-	9,169,092	9,169,092	9,169,092	11,298,825	-	2,129,733
Investment income.....	-	325,250	325,250	325,250	5,850,063	-	5,524,813
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>432,962,220</b>	<b>432,962,220</b>	<b>432,962,220</b>	<b>440,115,637</b>	<b>-</b>	<b>7,153,417</b>
<b>EXPENDITURES:</b>							
Current:							
General government.....	84,033	24,325,609	24,409,642	20,503,859	18,420,737	435,191	1,647,931
Public safety.....	54,561	55,165,295	55,219,856	58,217,562	57,634,478	30,951	552,133
Education.....	2,626,080	202,843,626	205,469,706	205,251,784	201,144,950	3,203,143	903,691
Public works.....	102,352	17,097,002	17,199,354	19,711,624	16,978,262	1,640,394	1,092,968
Health and human services.....	-	5,339,130	5,339,130	5,116,763	4,787,935	-	328,828
Culture and recreation.....	193,193	5,075,628	5,268,821	5,175,498	4,907,515	4,329	263,654
Pension benefits.....	-	31,687,781	31,687,781	31,687,781	31,686,284	-	1,497
Employee benefits.....	-	51,556,994	51,556,994	52,106,687	50,636,416	-	1,470,271
State and county charges.....	-	41,228,874	41,228,874	41,228,874	39,260,851	-	1,968,023
Debt service:							
Principal.....	-	7,650,203	7,650,203	7,650,203	7,574,458	-	75,745
Interest.....	-	5,286,262	5,286,262	5,286,262	4,961,574	-	324,688
<b>TOTAL EXPENDITURES.....</b>	<b>3,060,219</b>	<b>447,256,404</b>	<b>450,316,623</b>	<b>451,936,897</b>	<b>437,993,460</b>	<b>5,314,008</b>	<b>8,629,429</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(3,060,219)</b>	<b>(14,294,184)</b>	<b>(17,354,403)</b>	<b>(18,974,677)</b>	<b>2,122,177</b>	<b>(5,314,008)</b>	<b>15,782,846</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Transfers in.....	-	15,520,865	15,520,865	16,505,865	17,049,613	-	543,748
Transfers out.....	-	-	-	(8,278,878)	(8,278,878)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>15,520,865</b>	<b>15,520,865</b>	<b>8,226,987</b>	<b>8,770,735</b>	<b>-</b>	<b>543,748</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(3,060,219)</b>	<b>1,226,681</b>	<b>(1,833,538)</b>	<b>(10,747,690)</b>	<b>10,892,912</b>	<b>(5,314,008)</b>	<b>16,326,594</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>-</b>	<b>17,328,937</b>	<b>17,328,937</b>	<b>17,328,937</b>	<b>17,328,937</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (3,060,219)</b>	<b>\$ 18,555,618</b>	<b>\$ 15,495,399</b>	<b>\$ 6,581,247</b>	<b>\$ 28,221,849</b>	<b>\$ (5,314,008)</b>	<b>\$ 16,326,594</b>

See notes to required supplementary information.

# ***Pension Plan Schedules – Retirement System***

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

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

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

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

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

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021	December 31, 2022
<b>Total pension liability:</b>									
Service cost.....	\$ 12,776,431	\$ 12,776,431	\$ 15,389,829	\$ 14,902,167	\$ 15,498,254	\$ 15,425,214	\$ 16,042,223	\$ 18,406,022	\$ 19,050,233
Interest.....	39,817,736	42,298,799	45,581,124	47,847,969	49,064,991	50,412,209	52,261,974	53,459,239	55,310,258
Changes in benefit terms.....	-	-	5,820,520	-	-	-	-	-	-
Differences between expected and actual experience.....	-	5,750,829	-	(8,810,808)	(5,025,406)	-	(1,012,629)	-	(4,618,353)
Changes in assumptions.....	-	31,423,849	-	-	6,798,633	-	44,598,349	-	4,137,994
Benefit payments.....	(33,577,831)	(35,136,789)	(35,772,737)	(38,335,654)	(39,328,169)	(41,425,669)	(43,123,465)	(45,815,916)	(47,061,728)
Net change in total pension liability.....	19,016,336	57,113,119	31,018,736	15,603,674	27,008,303	24,411,754	68,766,452	26,049,345	26,818,404
Total pension liability - beginning.....	514,510,622	533,526,958	590,640,077	621,658,813	637,262,487	664,270,790	688,682,544	757,448,996	783,498,341
Total pension liability - ending (a).....	\$ <u>533,526,958</u>	\$ <u>590,640,077</u>	\$ <u>621,658,813</u>	\$ <u>637,262,487</u>	\$ <u>664,270,790</u>	\$ <u>688,682,544</u>	\$ <u>757,448,996</u>	\$ <u>783,498,341</u>	\$ <u>810,316,745</u>
<b>Plan fiduciary net position:</b>									
Employer contributions.....	\$ 21,880,170	\$ 21,837,654	\$ 24,701,289	\$ 26,141,731	\$ 27,448,818	\$ 28,821,259	\$ 30,262,322	\$ 31,775,438	\$ 33,427,761
Member contributions.....	8,983,678	8,903,043	8,204,174	8,451,653	9,311,730	9,181,343	10,246,145	9,414,005	10,759,624
Net investment income (loss).....	21,617,178	1,213,427	21,730,686	54,289,195	(8,694,089)	57,232,976	45,371,767	88,097,806	(60,912,562)
Administrative expenses.....	(358,770)	(355,999)	(367,634)	(381,369)	(347,172)	(397,038)	(384,932)	(404,586)	(420,106)
Retirement benefits and refunds.....	(33,577,831)	(35,136,789)	(35,772,737)	(38,335,654)	(39,328,169)	(41,425,669)	(43,123,465)	(45,815,916)	(47,061,726)
Net increase (decrease) in fiduciary net position.....	18,544,425	(3,538,664)	18,495,778	50,165,556	(11,608,882)	53,412,871	42,371,837	83,066,747	(64,207,009)
Fiduciary net position - beginning of year.....	295,923,280	314,467,705	310,929,041	329,424,819	379,590,375	367,981,493	421,394,364	463,766,201	546,832,948
Fiduciary net position - end of year (b).....	\$ <u>314,467,705</u>	\$ <u>310,929,041</u>	\$ <u>329,424,819</u>	\$ <u>379,590,375</u>	\$ <u>367,981,493</u>	\$ <u>421,394,364</u>	\$ <u>463,766,201</u>	\$ <u>546,832,948</u>	\$ <u>482,625,939</u>
<b>Net pension liability - ending (a)-(b).....</b>	\$ <u>219,059,253</u>	\$ <u>279,711,036</u>	\$ <u>292,233,994</u>	\$ <u>257,672,112</u>	\$ <u>296,289,297</u>	\$ <u>267,288,180</u>	\$ <u>293,682,795</u>	\$ <u>236,665,393</u>	\$ <u>327,690,806</u>
Plan fiduciary net position as a percentage of the total pension liability.....	58.94%	52.64%	52.99%	59.57%	55.40%	61.19%	61.23%	69.79%	59.56%
Covered payroll.....	\$ 80,555,739	\$ 89,520,851	\$ 92,654,081	\$ 93,366,659	\$ 95,896,286	\$ 100,274,819	\$ 100,140,377	\$ 101,362,725	\$ 105,084,446
Net pension liability as a percentage of covered payroll.....	271.94%	312.45%	315.40%	275.98%	308.97%	266.56%	293.27%	233.48%	311.84%

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

See notes to required supplementary information.

**SCHEDULE OF CONTRIBUTIONS**  
**LOWELL CONTRIBUTORY RETIREMENT SYSTEM**

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2022.....	\$ 33,427,761	\$ (33,427,761)	\$ -	\$ 105,084,446	31.81%
December 31, 2021.....	31,775,438	(31,775,438)	-	101,362,725	31.35%
December 31, 2020.....	30,262,322	(30,262,322)	-	100,140,377	30.22%
December 31, 2019.....	28,821,259	(28,821,259)	-	100,274,819	28.74%
December 31, 2018.....	27,448,818	(27,448,818)	-	95,896,286	28.62%
December 31, 2017.....	26,141,731	(26,141,731)	-	93,366,659	28.00%
December 31, 2016.....	24,701,289	(24,701,289)	-	92,654,081	26.66%
December 31, 2015.....	21,837,654	(21,837,654)	-	89,520,851	24.39%
December 31, 2014.....	21,880,170	(21,880,170)	-	80,555,739	27.16%

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

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

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS**  
**LOWELL CONTRIBUTORY RETIREMENT SYSTEM**

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<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2022.....	-11.20%
December 31, 2021.....	19.16%
December 31, 2020.....	11.15%
December 31, 2019.....	15.66%
December 31, 2018.....	-2.29%
December 31, 2017.....	16.63%
December 31, 2016.....	7.01%
December 31, 2015.....	0.48%
December 31, 2014.....	7.81%

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

See notes to required supplementary information.

# ***Pension Plan Schedules – City***

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

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

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

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

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

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2022.....	94.72%	\$ 310,388,732	\$ 98,731,874	314.38%	59.56%
December 31, 2021.....	94.60%	223,885,462	96,010,755	233.19%	69.79%
December 31, 2020.....	94.83%	278,499,394	94,725,305	294.01%	61.23%
December 31, 2019.....	94.47%	252,502,172	95,093,940	265.53%	61.19%
December 31, 2018.....	94.52%	280,065,680	90,637,128	309.00%	55.40%
December 31, 2017.....	93.29%	240,373,682	88,302,128	272.22%	59.57%
December 31, 2016.....	93.50%	273,236,913	87,048,509	313.89%	52.99%
December 31, 2015.....	93.47%	261,434,717	84,104,839	310.84%	52.64%
December 31, 2014.....	93.01%	203,753,583	74,927,309	271.94%	58.94%

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

See notes to required supplementary information.

**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**LOWELL CONTRIBUTORY RETIREMENT SYSTEM**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2023.....	\$ 31,662,775	\$ (31,662,775)	\$ -	\$ 99,719,193	31.75%
June 30, 2022.....	30,059,564	(30,059,564)	-	96,970,863	31.00%
June 30, 2021.....	28,697,760	(28,697,760)	-	95,672,558	30.00%
June 30, 2020.....	27,226,906	(27,226,906)	-	96,044,879	28.35%
June 30, 2019.....	25,945,831	(25,945,831)	-	91,543,499	28.34%
June 30, 2018.....	24,386,745	(24,386,745)	-	89,185,149	27.34%
June 30, 2017.....	23,095,548	(23,095,548)	-	87,918,994	26.27%
June 30, 2016.....	20,410,761	(20,410,761)	-	84,945,887	24.03%
June 30, 2015.....	20,351,365	(20,351,365)	-	75,676,582	26.89%

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

See notes to required supplementary information.

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

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2023.....	\$ 381,109,214	\$ 31,349,951	57.75%
2022.....	332,017,994	26,643,061	62.03%
2021.....	413,578,089	51,082,819	50.67%
2020.....	366,012,093	44,385,319	53.95%
2019.....	347,886,364	35,253,246	54.84%
2018.....	345,205,049	36,030,056	54.25%
2017.....	322,999,676	32,948,084	52.73%
2016.....	303,469,832	24,614,104	55.38%
2015.....	240,400,372	16,701,768	61.64%

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

See notes to required supplementary information.

# ***Other Postemployment Benefit Plan Schedules***

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

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

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment benefit plan and related ratios.

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

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

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
<b>Total OPEB Liability</b>							
Service Cost.....	\$ 10,192,342	\$ 10,498,112	\$ 11,525,661	\$ 12,639,310	\$ 19,252,433	\$ 11,779,107	\$ 14,448,518
Interest.....	17,960,577	20,887,779	21,190,499	17,027,944	17,490,985	33,457,104	25,833,118
Changes of assumptions.....	73,907,164	-	74,151,731	127,938,324	32,629,852	(267,002,137)	(46,258,903)
Benefit payments.....	<u>(18,020,360)</u>	<u>(18,831,118)</u>	<u>(18,702,541)</u>	<u>(18,125,670)</u>	<u>(19,040,136)</u>	<u>(18,572,152)</u>	<u>(21,152,807)</u>
Net change in total OPEB liability.....	84,039,723	12,554,773	88,165,350	139,479,908	50,333,134	(240,338,078)	(27,130,074)
Total OPEB liability - beginning.....	<u>522,169,531</u>	<u>606,209,254</u>	<u>618,764,027</u>	<u>706,929,377</u>	<u>846,409,285</u>	<u>896,742,419</u>	<u>656,404,341</u>
Total OPEB liability - ending (a).....	<u>\$ 606,209,254</u>	<u>\$ 618,764,027</u>	<u>\$ 706,929,377</u>	<u>\$ 846,409,285</u>	<u>\$ 896,742,419</u>	<u>\$ 656,404,341</u>	<u>\$ 629,274,267</u>
<b>Plan fiduciary net position</b>							
Employer contributions.....	\$ -	\$ -	\$ 251,363	\$ 374,000	\$ 200,000	\$ 889,026	\$ 214,693
Employer contributions for OPEB payments.....	18,020,360	18,831,118	18,702,541	18,125,670	19,040,136	18,572,152	21,152,807
Net investment income/(loss).....	288,646	395,691	899,145	367,242	2,719,451	(1,887,035)	948,404
Benefit payments.....	<u>(18,020,360)</u>	<u>(18,831,118)</u>	<u>(18,702,541)</u>	<u>(18,125,670)</u>	<u>(19,040,136)</u>	<u>(18,572,152)</u>	<u>(21,152,807)</u>
Net change in plan fiduciary net position.....	288,646	395,691	1,150,508	741,242	2,919,451	(998,009)	1,163,097
Plan fiduciary net position - beginning of year.....	<u>8,032,385</u>	<u>8,321,031</u>	<u>8,716,722</u>	<u>9,867,230</u>	<u>10,608,472</u>	<u>13,527,923</u>	<u>12,529,914</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 8,321,031</u>	<u>\$ 8,716,722</u>	<u>\$ 9,867,230</u>	<u>\$ 10,608,472</u>	<u>\$ 13,527,923</u>	<u>\$ 12,529,914</u>	<u>\$ 13,693,011</u>
<b>Net OPEB liability - ending (a)-(b).....</b>	<u>\$ 597,888,223</u>	<u>\$ 610,047,305</u>	<u>\$ 697,062,147</u>	<u>\$ 835,800,813</u>	<u>\$ 883,214,496</u>	<u>\$ 643,874,427</u>	<u>\$ 615,581,256</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.37%	1.41%	1.40%	1.25%	1.51%	1.91%	2.18%
Covered-employee payroll.....	\$ 185,336,940	\$ 185,336,940	\$ 193,066,083	\$ 193,066,083	\$ 207,847,190	\$ 207,847,190	\$ 257,600,166
Net OPEB liability as a percentage of covered-employee payroll.....	322.60%	329.16%	361.05%	432.91%	424.93%	309.78%	238.97%

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

See notes to required supplementary information.

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

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2023.....	\$ 49,111,602	\$ (21,367,500)	\$ 27,744,102	\$ 257,600,166	8.29%
June 30, 2022.....	61,438,657	(19,461,178)	41,977,479	207,847,190	9.36%
June 30, 2021.....	58,479,097	(19,240,136)	39,238,961	207,847,190	9.26%
June 30, 2020.....	46,145,149	(18,499,670)	27,645,479	193,066,083	9.58%
June 30, 2019.....	47,336,248	(18,953,904)	28,382,344	193,066,083	9.82%
June 30, 2018.....	43,006,034	(18,831,118)	24,174,916	185,336,940	10.16%
June 30, 2017.....	42,029,149	(18,020,360)	24,008,789	185,336,940	9.72%

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

See notes to required supplementary information.

**SCHEDULE OF INVESTMENT RETURNS**  
**OTHER POSTEMPLOYMENT BENEFIT PLAN**

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<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2023.....	7.57%
June 30, 2022.....	-13.79%
June 30, 2021.....	25.60%
June 30, 2020.....	3.71%
June 30, 2019.....	6.07%
June 30, 2018.....	4.76%
June 30, 2017.....	3.59%

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

See notes to required supplementary information.

**NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**Budgetary Information

Municipal Law requires the City to adopt a balanced budget that is approved by the City Council (the “Council”). The City Manager presents an annual budget to the Council, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Council, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between and within departments subsequent to the approval of the annual budget, requires two-thirds vote or a majority Council, respectively, and the City Manager’s approval via a supplemental appropriation or Council order.

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

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The initial 2023 approved budget authorizing approximately \$447.3 million in current year appropriations, other financing uses, and other amounts to be raised and approximately \$3.1 million in encumbrances and appropriations carried over from previous years. During 2023, the Council also approved a net increase in appropriations of \$9.9 million which included the use of free cash of \$8.1 million for transfers to stabilization, prefunding for the OPEB trust, transfers to capital, and increases to the operating budget.

The City Auditor’s Office has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation account basis. Budgetary control is exercised through the City’s accounting system.

Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting.

A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2023, is as follows:

Net change in fund balance - budgetary basis.....	\$ 10,892,912
<u>Perspective differences:</u>	
Activity of the stabilization funds recorded in the general fund for GAAP.....	(619,277)
Activity of the employee benefit trust fund recorded in the general fund for GAAP.....	(65,195)
<u>Basis of accounting differences:</u>	
Net change in recording 60 day receipts.....	19,166
Recognition of revenue for on-behalf payments.....	31,349,951
Recognition of expenditures for on-behalf payments.....	<u>(31,349,951)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 10,227,606</u>

**NOTE B – PENSION PLAN**

***Pension Plan Schedules – Retirement System***

Schedule of Changes in the Net Pension Liability and Related Ratios

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

Schedule of Contributions

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

Schedule of Investment Returns

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

***Pension Plan Schedules - City***Schedule of the City's Proportionate Share of the Net Pension Liability

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

Schedule of City's Contributions

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

Schedule of the Special Funding Amounts of the Net Pension Liabilities

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

Changes in Assumptions – The mortality improvement rates were updated from using Scale MP-2018 to using MP-2021, and the discount rate changed from 7.10% to 7.00%.

Changes in Plan Provisions – None.

**NOTE C – OTHER POSTEMPLOYMENT BENEFITS**

The City of Lowell administers a single employer defined benefit healthcare plan ("the Plan"). The plan provides lifetime healthcare, dental and life insurance for eligible retirees and their spouses through the City's health insurance plan, which covers both active and retired members.

Additionally, retired teachers and their spouses receive health insurance through the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Each participating municipality is assessed for the governmental share of health and life insurance premiums paid on behalf of its teacher retirees by the state.

**The Other Postemployment Benefit Plan**

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

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

Schedule of the City’s Contributions

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

Valuation date.....	July 1, 2022
Actuarial cost method.....	Entry age normal as a percentage of payroll.
Asset valuation method.....	Fair value of assets as of the reporting date, June 30, 2023.
Investment rate of return.....	4.29%, previously 3.42%.
Discount rate.....	4.00%, previously 3.77%.
Projected salary increases.....	3.0% per year.
Healthcare cost trend rate.....	7.00%, decreasing by 0.25% per year to an ultimate rate of 4.50% for 2034 and later.
Mortality rates.....	Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

Schedule of Investment Returns

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

Changes of Assumptions – The discount rate increased from 3.77% to 4.00%.

Changes in Provisions – None.



111 Huntington Avenue  
9th Floor  
Boston, MA 02199-7613  
Telephone: 617-239-0100  
Fax: 617-227-4420  
www.lockelord.com

(Date of Delivery)

Theodoros Panagiotopoulos, City Treasurer  
City of Lowell  
Lowell, Massachusetts

\$52,690,000\*  
City of Lowell, Massachusetts  
General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds  
Dated October 24, 2024

We have acted as bond counsel to the City of Lowell, Massachusetts (the “City”) in connection with the issuance by the City of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the City contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the City and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

2. The Bonds are qualified bonds as defined in Chapter 44A of the General Laws and are entitled to the benefits of the provisions thereof.

3. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. However, interest on the Bonds will be included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Internal Revenue Code of 1986 (the “Code”). In rendering the opinions set forth in this paragraph, we have assumed compliance

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\* Preliminary, subject to change.

by the City with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure by the City to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

4. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

LOCKE LORD LLP

**PROPOSED FORM OF  
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Lowell, Massachusetts (the “Issuer”) in connection with the issuance of its \$52,690,000\* General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds dated October 24, 2024 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in

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\* Preliminary, subject to change.

Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated October 9, 2024 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.\*
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect Owners of the Bonds, if material.†
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.†

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\* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

† For purposes of event numbers 15 and 16 in Section 5(a) of this Disclosure Certificate, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

(b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: October 24, 2024

CITY OF LOWELL,  
MASSACHUSETTS

By \_\_\_\_\_  
Treasurer

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
City Auditor

[EXHIBIT A: Filing Information for the MSRB]  
[EXHIBIT B: Form of Notice of Failure to File Annual Report]

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**PROPOSAL FOR BONDS**

Theodoros Panagiotopoulos, Treasurer  
 City of Lowell, Massachusetts  
 c/o Hilltop Securities Inc.  
 54 Canal Street, 3<sup>rd</sup> Floor  
 Boston, MA 02114

October 9, 2024

Dear Mr. Panagiotopoulos:

For \$52,690,000\* City of Lowell, Massachusetts, General Obligation State Qualified Municipal Purpose Loan of 2024 Bonds as further described in your Notice of Sale dated October 2, 2024, which Notice of Sale is hereby made a part of this proposal, we bid.....and accrued interest to date of delivery for each \$100 par value of bonds, bearing interest at the rate or rates per annum as follows:

<u>Due</u> <u>September 1</u>	<u>Rate</u>	<u>Due</u> <u>September 1</u>		<u>Rate</u>
2025	.....%	2040	**	.....%
2026	.....	2041	**	.....
2027	.....	2042	**	.....
2028	.....	2043	**	.....
2029	.....	2044	**	.....
2030	.....	2045	**	.....
2031	.....	2046	**	.....
2032	.....	2047	**	.....
2033	.....	2048	**	.....
2034	** .....	2049	**	.....
2035	** .....	2050	**	.....
2036	** .....	2051	**	.....
2037	** .....	2052	**	.....
2038	** .....	2053	**	.....
2039	** .....	2054	**	.....

The undersigned hereby acknowledges receipt of the Preliminary Official Statement referred to in the aforementioned Notice of Sale.

\_\_\_\_\_  
 Syndicate Manager

\_\_\_\_\_  
 Syndicate Manager Address

Telephone: \_\_\_\_\_

Fax: \_\_\_\_\_

The following is our computation of the net interest cost and percent true interest cost calculated in accordance with the Notice of Sale, is for informational purposes only, and is subject to verification prior to award.

Gross Interest Cost	\$ _____	
Underwriter's Premium	\$ _____	<b>BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$225,000.</b>
Net Interest Cost	\$ _____	
Percent True Interest Cost	_____ %	
	(four decimals)	

Hilltop Securities Inc. would be pleased to assist you in entering your bid on these Bonds if you will e-mail your signed bid form in advance about one-half hour before the time of sale. The City and Hilltop Securities Inc. are not responsible for errors in bids submitted in this manner.

**TELEPHONE (617) 619-4400  
 HILLTOP SECURITIES INC.**

\*Preliminary, subject to change.