

# CITY OF SOMERVILLE

MASSACHUSETTS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For the Year Ended June 30, 2020**

Joseph A. Curtatone, Mayor  
Edward Bean, Finance Director

Prepared by the City of Somerville Finance Department

## **On the Cover – Somerville Vietnam War Memorial**

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JUNE 30, 2020

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# ***Introductory Section***



Prospect Hill Monument  
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# ***Introductory Section***



*City of Somerville, Massachusetts*  
**Joseph A. Curtatone**  
MAYOR

February 20, 2021

To Members of the City Council and Citizens of the City of Somerville:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Somerville (City) for the year ended June 30, 2020. The CAFR is prepared by the City's Finance Department, and is intended to provide information regarding the financial position of the City. This report is prepared in accordance with U.S. generally accepted accounting principles (GAAP) and meets all requirements of state finance law of the Commonwealth of Massachusetts.

The responsibility for the accuracy, completeness, and fairness of the data presented, including disclosures, rests with the City. City management believes this report is accurate in all material respects and is presented in a manner which impartially sets forth the financial position and results of operations of the City. Management is also responsible for establishing and maintaining internal accounting controls designed to provide reasonable, but not absolute, assurance that these financial statements are complete and accurate in their presentation.

The Commonwealth of Massachusetts, through Chapter 190 of the Acts of 1982, requires that the City undergo an annual audit performed by a firm of independent public accountants. The City has selected Powers & Sullivan, LLC, to perform the June 30, 2020, audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Somerville for the year ended June 30, 2020, are free of material misstatements.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Somerville's financial statements for the year ended June 30, 2020, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Somerville was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Somerville's separately issued Single Audit Report.

The City's Single Audit report for the year ended June 30, 2020, included no instances of significant violations of the applicable laws and regulations reported. Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement the MD&A where the financial analysis is now



presented. The City's MD&A can be found immediately following the independent auditor's report from Powers & Sullivan, LLC.

## **GENERAL PROFILE**

Somerville is a city located in Middlesex County, Massachusetts, just two miles north of Boston. Occupying slightly more than four square miles and with a population of 81,360, including thriving immigrant communities from all over the world, Somerville is the most densely populated community in New England and one of the most ethnically diverse cities in the nation. Rich in both history and culture, the City boasts numerous intriguing historical sites, community spaces, businesses, and restaurants.

Somerville was first settled in 1630 as a part of Charlestown, and was established as a town in 1842, when it was separated from the urbanizing Charlestown because it was still largely rural. Somerville was officially incorporated as a City in 1872 due to its growing population and increasing industrialization. By the early 1900s, Somerville itself had become a densely packed urban area.

As a part of Charlestown, areas existing in modern-day Somerville were critical military positions in the American Revolution. The historic Powder House - now considered one of the most distinct pre-Revolutionary structures in Massachusetts - housed gunpowder for Revolutionary soldiers during the war. During British invasion, Somerville (then Charlestown) was part of the route ridden by Paul Revere on his famous "Midnight Ride." Finally, and most notably, Prospect Hill was the site of the raising of the first Grand Union Flag, under the orders of General George Washington, on January 1, 1776.

Today, Somerville is an eclectic mix of blue-collar families, young professionals, growing and established families, college students, and recent immigrants from countries as varied as Brazil, Haiti, and Nepal. There are more than 50 spoken languages in Somerville schools. With a large immigrant population, Somerville celebrates its diversity through numerous events celebrating cultural traditions and holidays. Somerville is a diverse, dense, walkable, community. Given the City's convenient location near numerous educational institutions, including three of the nation's leading institutions of higher learning, Tufts, Harvard, and MIT, it comes as no surprise that college and graduate students make up almost one-fifth of the population.

Somerville is defined by its city squares. Its large number of squares help mark neighborhood boundaries while also featuring bustling businesses and entertainment centers. The primary business districts of the city are Assembly Square, Davis Square, and Union Square. Additionally, Ball Square, Teele Square, and Magoun Square are popular destinations with their own history and unique storefronts. Each offers a mix of ethnic restaurants, bars, shops and small businesses to fit every taste and occasion. The City shares its southern border with Cambridge and the MBTA Red Line connects Davis Square to Cambridge and Boston.

Somerville has a mayor-city council form of municipal government. The City Council consists of 4 at-large (city-wide) positions and 7 ward representatives. Somerville has received national recognition as a model of innovation and efficiency for its 311 customer service helpline and SomerStat, a data-driven style of managing government services. Somerville was also the first community in Massachusetts to employ both a 311 customer service help line *and* a mass outreach (reverse 911) program.

## **QUALITY OF LIFE**

Somerville is home to a thriving arts community. Regular arts-related events, such as the annual "ArtBeat" festival, occur throughout the year. In addition, numerous galleries and music clubs showcase the talents of residents and others. Two major art studios, the Brickbottom Artists Building and the Joy Street Studios, are located in former industrial buildings in the Brickbottom District of the city. The Somerville Theatre, located in Davis Square, houses the Somerville branch of the Museum of Bad Art and plays host to the Independent Film

Festival of Boston each spring. The Somerville Arts Council and Somerville Open Studios both host annual events involving the community in homegrown arts.

The Somerville Public Schools (SPS) is a richly diverse school district that ranks as one of the top-performing urban districts in the Commonwealth. MCAS scores have continued to rise in the past several years and the district has maintained extraordinary overall growth, exceeding most other Massachusetts school districts. Somerville High School, a fully comprehensive high school that offers a rigorous core curriculum and one of the best Career and Technical Education (CTE) programs in the state, is the only Massachusetts urban high school to earn a Level I state accountability rating for five straight years. The district 4-year graduation rate has steadily improved to a current (2019) all-time high of 89.9% while the drop-out rate has continued to decline to all-time lows (0.5% in the latest report, 2019). SPS emphasizes supporting the “whole child” through a data-informed, collaborative system of support, and programs that ensure that every student has the opportunity to grow and succeed. A strong core curriculum is supplemented with equally strong visual and performing arts, world language, health and physical education, and a rich array of technology programs, as well as a plethora of extra-curricular activities. Recent investments in pre-K and afterschool programming help lay a solid educational foundation for students, and partnerships play a critical role in providing SPS students with the support they need to succeed in a global economy. Partners such as Biogen Foundation, Lesley STEAM, Teen Empowerment, Parts and Crafts, Groundwork Somerville, Breakthrough Greater Boston, Enroot, Citizen Schools, Beautiful Stuff Project, and others provide Somerville students with continuous hands-on support and opportunities for real-world connections and learning.

Urban Mobility is also important to Somerville residents. The City was acknowledged by the National Association of City Transportation Officials as an affiliate member for its commitment to sustainable transportation initiatives. Additionally, the League of American Bicyclists ranked Somerville the number one city on the East coast and seventh in the nation in terms of bike commuting share in their 2016 annual report. The 2015 report showed an incredible 53.2% of all commuting trips made by bicycle, transit or walking – a metric which is only expected to increase with the extension of the MBTA’s Green Line through Somerville in the coming years.

Nearly ten years ago in 2009, the Somerville community came together over the course of more than 50 meetings, visioning sessions, and workshops to hammer out a guiding document for the city. The resulting SomerVision plan includes more than 584 values-driven goals, policies, and actions ranging from housing, job, and open space creation to neighborhood preservation, transformational development, and transportation advances, and more. Since then, SomerVision and its metrics, goals, and priorities have served as the cornerstone of City policy and planning and City efforts to make Somerville an exceptional place to live, work, play, and raise a family. In the fall of 2018, the Mayor’s Office of Strategic Planning & Community Development announced SomerVision 2040, a process to revisit SomerVision 2030 and build in goals for 2040. Through a robust community process led by the SomerVision Task Force, a draft was prepared and received further input from the community and the City Council to create the version that is currently under review for endorsement and adoption.

With its bright development future featuring new, mixed-use development projects, and innovative local government management, Somerville has been recognized as “the best run City in the Commonwealth” by Boston Globe magazine. The National Civic League has recognized Somerville as an All-America City three times, twice under the current Administration’s leadership, for outstanding civic accomplishments in innovation, inclusiveness, civic engagement, and cross sector collaboration to address pressing local challenges.

## **ECONOMIC DEVELOPMENT**

Through the Mayor's Office of Strategic Planning and Community Development (OSPCD), the City of Somerville has taken the lead role in planning and implementing major economic projects designed to increase the City's tax base and create new jobs. Several major economic development activities are described below.

### **Assembly Square**

Assembly Square is Somerville's largest commercial district and one of the premier economic development sites in New England. The 145-acre district is located at the northeast corner of the Somerville along the Mystic River.



Source: u/vanhoosear on Flickr

Its location, less than two and one half miles from Downtown Boston and two miles from Kendall Square in Cambridge is linked to the region by robust transportation infrastructure. Assembly Square is directly accessible from Interstate 93 and State Route 28. In September of 2014, the Assembly Square Orange Line transit stop became the first new stop in the Massachusetts Bay Transit Authority system in over a generation. For the past two decades, the City has undertaken an ambitious effort to maximize its locational advantages and transform this former industrial district into the Greater Boston's newest neighborhood. Thoughtful planning and strategic investments has created a model for successful mix-used, transit-oriented developments.

In May 2011, the developer Federal Realty Investment Trust (FRIT), the State, and the City entered into a Tri-Party Agreement that outlines roles and responsibilities to fund major infrastructure and sequence public and private development. Implementing a District Improvement Financing (DIF) strategy and a commitment from the Commonwealth to fund the Orange Line T Station were critical elements of the Agreement.

The development at Assembly Row has been an astonishing success. Eight development blocks have been built, generating 860,000 square feet of new office space, 500,000 square feet of retail, restaurant and entertainment space and over 1,000 new residential units. The development is highlighted the 750,000 square foot headquarters for Mass General Brigham (formerly Partners HealthCare), the largest medical group and employer in the Commonwealth. In 2013, the company announced its intention to consolidate a dozen facilities around Boston under one roof in a state-of-the-art, signature building at Assembly. Today, 4,500 employees work at the headquarters. The Company has the opportunity to expand its presence and build a new, 400,000 square foot building at some future point. From a municipal finance perspective, the project has been just as successful. To date, the DIF-captured incremental tax revenue has significantly exceeded the cost to service the debt required to build the area's infrastructure.

Development activity is accelerating at Assembly Square. Federal Realty is completing construction on three new buildings. At Assembly Row, a 275,000 sq. ft. commercial building will be known as 455 Grand Union Blvd and include the North American Headquarters of Puma. Adjacent to the MBTA transit station is Block 8, a 525,300 sq. ft. residential building featuring 500 apartments and 26,500 sq. ft. of ground floor retail. A few blocks away, the first building from the 1.4M sq. ft. master-planned project known as XMBLY will be a 329-unit residential building with ground floor retail space called Alta XMBLY.

## **Union Square**

Union Square, located on the southern end of the city, is Somerville's second largest business district. It's known throughout the region as a multi-ethnic arts and dining destination. For the past 15 years, the City has collaborated with neighborhood residents, businesses, and property owners to launch plans to strengthen the district. In 2004, the collaboration created "Union Square Main Streets," a non-profit community organization based on the National Main Street Center's successful downtown revitalization model.

In 2012, the City initiated a multi-year comprehensive planning process with goal of transforming Union Square back to its historic prominence as a major employment center. The centerpiece of this effort entails concentrating new mixed-used development around the new Union Square transit stop that will be the terminus of the expanded MBTA Green Line. In 2012, the City and the Somerville Redevelopment Authority (SRA) approved the Union Square Urban Revitalization Plan and identified seven major redevelopment parcels. In 2014, the SRA selected Union Square Station Associates (US2) as the master developer for Union Square. A robust community planning process resulted in the Union Square Neighborhood Plan, adopted by the City's Planning Board in May of 2016 as an amendment and implementation appendix to SomerVision, the community's master plan. Union Square was rezoned in 2017 to reflect the goals of the plan. The Somerville Planning Board approved US2's Coordinated Development Special Permit in December of 2017, which entitles US2's 2.3 million square foot development program, including housing, retail, office and lab space. The first phase of the project is expected to break ground in 2021 and will include a 175,000 sq. ft. commercial/lab building and a 450-unit residential building.

Concurrently, the City began work with the community to develop a comprehensive infrastructure plan for Union Square. Conceptual plans were developed in 2012 and seek to balance traffic flow in the context of quality of life, future development, greater design goals, and the introduction of the MBTA Green Line. The project will see the reconstruction of two major arterials through the square, continuation of the newly separated Somerville Avenue storm and sanitary sewer lines, and significant expansion of the public plaza. In the fall of 2017, the City approved a plan to finance \$141 million in public infrastructure to alleviate existing flooding issues, replace critical sub-surface infrastructure and provide capacity to unlock the development potential in the district. In December of 2017, the City approved the Union Square DIF financing plan and the first phase of projects, which includes a \$63 million of Somerville Ave water, sewer and streetscape work. These projects are currently underway.

Union Square has recently become an emerging center for tech-focused business development. Greentown Labs relocated to a facility just outside of Union Square in 2012 to occupying a 33,000 square-foot within a converted envelope factory. The location offers a prototyping lab, co-located office space, machine and electronics shops, and a developing community of startups looking to rapidly grow and progress new products in the clean energy industry. In 2018, Greentown Labs opened up its Global Center for Cleantech Innovation next door, which increased its facilities to 93,000 square feet – making Greentown the largest clean technology incubator in the United States. The facility has helped over 170 startups and helps to attract millions in new investment each year for its resident firms. Greentown Labs allows Somerville to stake its claim as a global hub for the clean technology industry.

## **Boynton Yards Inner Belt/Brickbottom**

The extension of the Green Line into Union Square has generated new interest in Boynton Yards; the transit stop lies in the northwest corner of the 35-acre district. In April 2009, the then Board of Aldermen approved a rezoning of this important development area and much of Boynton Yards became located in a Transit Oriented District (TOD), which allowed for maximum density and building heights.

The City contracted with Parsons Brinckerhoff to conduct a transportation and utility study of Boynton Yards as the first step in creating a new road network and utility infrastructure to support more intense commercial development. The study envisions significant long-term public and private investments in infrastructure allowing for transformational change in Boynton Yards. Through the focal point of the proposed MBTA Green Line Union Square Station, Boynton Yards and Union Square will develop a cohesive identity and become a regional destination for art, shopping and dining.

## **Boynton Yards**

The extension of the Green Line into Union Square has also generated new interest in Boynton Yards, a 35-acre industrial district located south of the future Union Square transit stop. In April 2009, the City up zoned the district in order to encourage denser, transit oriented development.

Development interest in Boynton Yards is increasing. US2 has acquired an interest in the property located at 50 Webster Street, a key part of the D-3 development site US2 has entitled as part of the Union Square project. In the heart of Boynton Yards, a partnership formed by DLJ Capital Partners and Leggett McCall has acquired over six acres of land. The partnership has broken ground on a 290,000 sq. ft. lab building located at 101 South Street and is preparing plans for additional buildings.

## **Inner Belt/Brickbottom**

The Inner Belt is a 160-acre manufacturing and warehouse district that is anticipated to transition to higher-end office and biotechnology uses. An off-ramp which was constructed as part of the Central Artery Project (the “Big Dig”) has improved regional automobile access to Inner Belt. To facilitate Inner Belt’s transition to higher-end uses, the City approved a significant privately-financed infrastructure investment to connect Inner Belt to the fiber optic loop around Boston and Cambridge. The location of this major communications node makes Inner Belt a very competitive location for technology-oriented businesses along with proximity to nearby Kendall Square in Cambridge.

The district is home to many of the city’s largest employers, including ABM Industries, the Angelica Corporation, Triumvirate Environmental and Finch Therapeutics. In 2020, a 205-unit residential building and 120-room hotel are poised to break ground at 0 and 20 Innerbelt Road. Down the street and near the planned Washington Street Green Line transit stop, the Somerville Redevelopment Authority has acquired a vacant four-acre parcel located at 90 Washington Street where it plans to construct a new public safety complex while leaving a portion of the site available for transformative, transit-oriented development. The OSPCD launched the Brickbottom Vision Plan in 2020 to develop strategies to further unlock the area’s potential.

## **Cambridge Crossing**

DivcoWest is implementing a master plan on 43 acres of land split between Somerville, Cambridge and Boston. The project is approved for over 4.5 million sq. ft. of development, including 2.1 million square feet of science and technology space. The project sits adjacent to the MBTA Orange Line station at Community College and Green Line station at Lechmere. The project is positioned to attract growing companies seeking space close to the dynamic concentration of life sciences companies in Kendall Square. Philips will become a lead tenant in the new



building at 250 North Street, which sits on the Cambridge/Somerville line. In early 2020, Philips will move its North American headquarters into 350,000 sq. ft. of space. A 483,000 sq. ft. lab building is under construction at nearby Parcel E/F, located entirely within Somerville.

### **Davis Square**

Davis Square is Somerville’s most vibrant central business district located close to Tufts University and anchored by an MBTA Red Line subway station. For the district has become well-known throughout Greater Boston as a food, entertainment and cultural mecca. Consequently, Davis Square has limited vacancy in the retail and office market segments. The residential neighborhood surrounding Davis Square has seen dramatic increases in property values and rents, which has resulted in considerable new investment and condominium conversion.

Future plans in Davis Square will focus on strategic infill development, streetscape updates or rehabilitation projects to enhance the already vibrant community. The Davis Square Neighborhood Plan is expected to be adopted in 2021. In May of 2014, the Mayors of Somerville, Cambridge, Boston, Quincy & Braintree launched the Life Sciences Corridor Initiative to promote the robust life sciences sector which has developed along the Red Line, including Davis Square. Together, the five cities represent over 460 companies within the life sciences industry, all connected through the MBTA Red Line.

### **Transportation Improvements**



Source: u/Pi.1415926535 on Wikipedia

Transportation investments are poised to remake Somerville. The City secured funding for a new Assembly Square Orange Line station using a combination of federal, state and private funding. The station was opened for use in September of 2014, the first new MBTA station since 1987. This investment has been a key to Assembly Square’s dramatic evolution.

The Green Line Extension (GLX) promised an event bigger impact on urban mobility. When it’s completed in 2021, rapid transit will be within walking distance to 85% of Somerville’s residents and will also significantly improve the city’s air quality, connectivity, and economic opportunity.

The City is currently planning or undertaking multiple streetscape and roadway improvement projects which will increase multimodal mobility and continue to bring an infrastructure network built in the early 1900s into the 21<sup>st</sup> century. These projects include a full-depth reconstruction of Beacon St (One of the most heavily-trafficked stretches of road in the region by bicycle commuters), a streetscape and utility update in Davis Square, Central Broadway Streetscape upgrades, major Union Square utility work, and roadway improvements in Ball and Gilman Squares to prepare for the Green Line Extension. Altogether, these projects will continue to make Somerville one of the most bike and pedestrian-friendly communities in the Northeast while updating an underground infrastructure network built primarily in the 1800’s.

### **FINANCIAL SUMMARY**

The City continues to be in sound financial condition as demonstrated by the financial statements and schedules included in this report. Throughout the year, the City maintained a strong cash and investment position and once again did not issue any tax anticipation notes.

## General Fund Balances and Cash Position

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts. "Free cash" together with certain subsequent tax receipts are used as the basis for subsequent appropriations from available funds. These funds are not required to be included in the annual tax levy. The City's certified "free cash" for fiscal year 2020 is \$16,711,066. The following table sets forth the recent trend in Free Cash for the City.

Free Cash (July 1)	
2020	\$16,711,066
2019	19,654,550
2018	14,524,715
2017	11,621,352
2016	10,833,988
2015	11,512,278
2014	10,651,386
2013	10,637,719
2012	7,846,054
2011	7,646,537

## Stabilization Funds

The City maintains several stabilization funds. Funded by an appropriation, the Stabilization Funds plus interest income may be appropriated at any City Council meeting for any municipal purpose. The following table lists the cash Stabilization Funds balances for the following years.

Stabilization Cash Balance	
2020	\$44,142,863
2019	43,185,319
2018	41,919,377
2017	34,162,355
2016	28,852,284
2015	23,682,116
2014	15,495,452
2013	11,922,271
2012	12,476,965
2011	11,662,056

## Capital Financing and Debt Management

In conjunction with the operating budget, the City annually prepares a capital budget for the upcoming fiscal year and a ten-year Capital Investment Table that is used as a guide for capital expenditures in future years. The Capital Investment Plan for FY20 through FY29 has an estimated cost of \$390 million. Financing for the current-year portion of the capital plan is appropriated on a project-by-project basis.

The City issues its debt in accordance with the life of the asset. In addition, the City has funded a portion of its Capital Improvement Program on a “pay-as-you-go” basis out of current revenues. The City’s General Obligation (GO) outstanding bonded debt as of June 30, 2020, totaled \$131.5 million. The following table sets forth debt as a percentage of assessed valuation and per capita debt at the end of the last five fiscal years. The table considers the principal amount of GO bonds of the City only and does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole, or part, by non-tax revenues.

Year End	General Obligation Bonds Outstanding	Local Assessed Valuation	Per Capita Debt	Bonds as a % of Assessed Valuation
2020	\$131,465,758	\$17,996,460,586	1,616	0.73
2019	127,508,593	15,656,512,018	1,563	0.81
2018	108,719,425	13,790,756,930	1,336	0.78
2017	106,688,839	12,660,529,500	1,312	0.84
2016	104,244,459	11,198,774,270	1,298	0.93
2015	95,151,544	10,492,225,280	1,206	0.91
2014	96,283,023	9,445,672,400	1,222	1.02
2013	97,615,491	8,595,335,050	1,275	1.14
2012	90,422,762	8,390,572,190	1,186	1.08
2011	81,971,701	8,297,876,320	1,079	0.99

### Property Valuations

Based on valuations of all real and personal property as of January 1, 2019, the total value of all property in the City is \$18.0 billion. Professional reevaluations of all property in the City to full and fair cash value in compliance with Massachusetts law were mostly recently completed for use in 2020. The next reevaluation will be completed in 2021. The City conducts an interim year adjustment on values annually.

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

FY	Real Estate Valuation	Personal Property Valuation	Assessed Valuation	Tax Rate Per \$1,000 Valuation		Tax Levy	Tax Levy Per Capita
				Resid.	All other		
2020	\$17,669,473,496	\$326,987,090	\$17,996,460,586	\$10.09	\$16.32	\$167,812,263	2,103
2019	15,363,243,508	293,268,510	15,656,512,018	10.76	17.33	155,031,240	1,905
2018	13,524,586,100	266,170,830	13,790,756,930	11.31	18.21	143,491,095	1,763
2017	12,409,326,300	251,203,200	12,660,529,500	11.67	18.81	136,071,683	1,675
2016	10,974,792,900	223,981,370	11,198,774,270	12.53	20.18	129,147,863	1,608
2015	10,276,528,400	215,696,880	10,492,225,280	12.61	20.38	122,165,461	1,548
2014	9,246,622,500	199,049,900	9,445,672,400	12.66	21.51	116,126,060	1,473
2013	8,409,496,900	185,838,150	8,595,335,050	13.42	22.38	109,923,036	1,446
2012	8,212,040,400	178,531,790	8,390,572,190	13.09	21.85	104,829,090	1,383
2011	8,132,444,500	165,431,820	8,297,876,320	12.71	21.21	100,548,992	1,327

### Pension Liability

Generally accepted accounting principles (GAAP) require the City to perform an actuarial valuation to determine the pension benefit obligation at least biennially, with an actuarial update to the date twelve months after that biennial valuation. The most recent actuarial valuation of the City was completed as of January 1, 2020.

The total unfunded pension benefit obligation applicable to the City's employees was \$161,800,234 at January 1, 2020.

Total pension benefit obligation	\$478,449,370
Net Position available for benefits, at market value	(316,649,136)
Unfunded pension benefit obligation	<u>\$161,800,234</u>

The City is currently on a funding schedule that will amortize its unfunded pension liability by June 30, 2033. Current law allows funding out as far as 2040.

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 annual required contributions of the City to the retirement system for the 2011 through 2020 fiscal years are as follows:

<b>Year</b>	<b>Contributory</b>	<b>Non-Contributory</b>
<b>2020</b>	\$14,273,369	\$85,603
<b>2019</b>	14,364,292	108,112
<b>2018</b>	13,808,937	134,096
<b>2017</b>	13,711,675	121,197
<b>2016</b>	13,304,274	119,000
<b>2015</b>	12,324,940	255,023
<b>2014</b>	11,457,093	234,769
<b>2013</b>	11,084,135	231,999
<b>2012</b>	10,985,945	283,996
<b>2011</b>	10,830,988	333,431

**Other Post-Employment Benefits (OPEB) Liability**

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 and towns is generally provided on a pay-as-you-go basis. The pay-as-you-go costs to the City for such benefits in recent years have been as follows:

<b>Year</b>	<b>Amount</b>
<b>2020</b>	\$7,793,272
<b>2019</b>	8,485,245
<b>2018</b>	8,485,245
<b>2017</b>	9,258,566
<b>2016</b>	8,533,496
<b>2015</b>	9,645,790
<b>2014</b>	9,044,970
<b>2013</b>	10,402,192
<b>2012</b>	10,036,871
<b>2011</b>	10,200,914

The City implemented GASB Statement #75 in 2018 and in FY20 recognized an unfunded OPEB liability of \$147,617,809.

**INDEPENDENT AUDIT**

The City’s financial records, books of accounts, and financial transactions are audited each year by an independent firm of certified public accountants. The City’s annual audit was performed by the independent public accounting firm of Powers & Sullivan, LLC. The independent auditors’ report on the basic financial statements for the year ended June 30, 2020 is included herein.



## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Somerville for its comprehensive annual financial report since fiscal year 2012, eight years in a row that the City has achieved this prestigious award. Additionally, the City's FY14 through FY18 annual operating budgets received the Distinguished Budget Presentation Award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report or budget. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet Certificate of Achievement Program's requirements and will be submitting it to the GFOA to determine its eligibility for another certificate.

## MOVING FORWARD

The City will continue the necessary work of growing our commercial tax base. The long-term outlook for Somerville remains very strong as long as we continue to manage our resources wisely. Both our bond rating and our development prospects have been buttressed by the City's effort to develop comprehensive and coordinated plans to make the most of coming transit improvements and new investments in retail, commercial and residential growth.

While no community can be fully insulated from continued turbulence in the national and regional economies, Somerville is well positioned to preserve its high level of municipal services while preparing for future economic development. We are governing in the present with an eye on our future.

Sincerely,



Mayor Joseph A. Curtatone





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Somerville  
Massachusetts**

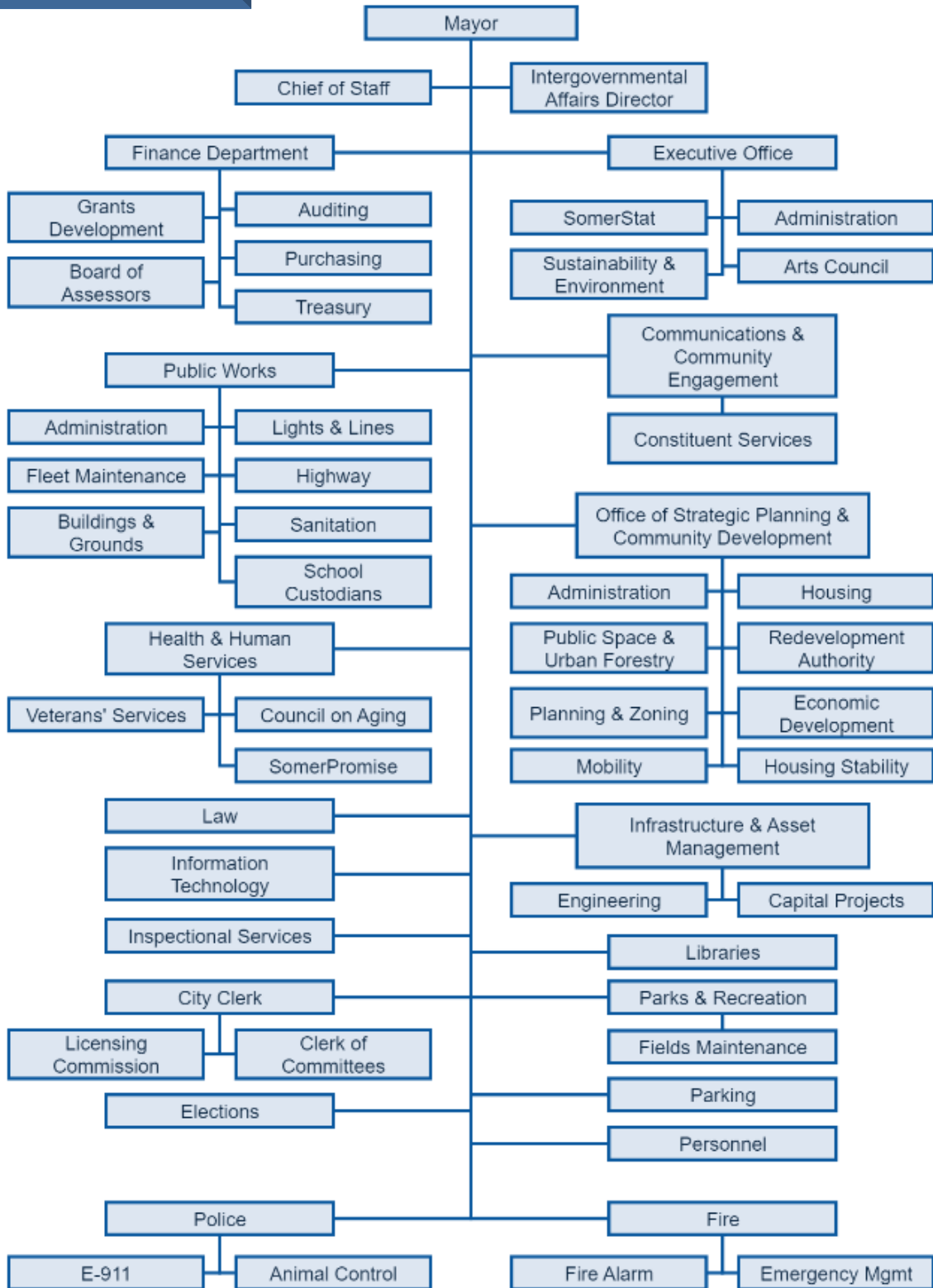
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# Organizational Chart





## **City Government – Term Expires**

---

### **Joseph A. Curtatone, Mayor - January 2022**

**Edward Bean, Finance Director – March 2023**

Colleen Tam, Deputy City Auditor - Indefinite

Linda Dubuque, City Treasurer/Collector – March 2021

Michael Mastrobuoni, Budget Manager - Indefinite

## **City Council – January 2022**

---

Matthew McLaughlin, Ward 1, President

Mary Jo Rossetti, At-large, Vice President

Wilfred N. Mbah, At-large

Kristen E. Strezo, At-large

William A. White Jr, At-large

Jefferson Thomas Scott, Ward 2

Ben Ewen-Campen, Ward 3

Jesse Clingan, Ward 4

Mark Niedergang, Ward 5

Lance L. Davis, Ward 6

Katjana Ballantyne, Ward 7

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# ***Financial Section***



Somerville City Hall  
Photo by Eric Kilby is licensed under CC BY-SA 2.0 Flickr.

## ***Financial Section***



## Independent Auditor's Report

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

100 Quannapowitt Parkway  
Suite 101  
Wakefield, MA 01880  
T. 781-914-1700  
F. 781-914-1701  
[www.powersandsullivan.com](http://www.powersandsullivan.com)

## Report on the Financial Statements

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 Somerville, Massachusetts, as of and for the year ended June 30, 2020, (except for the Somerville Contributory Retirement System which is as of and for the year ended December 31, 2019), and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

## Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

## Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

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 Somerville, Massachusetts, as of June 30, 2020 (except for the Somerville Contributory Retirement System which is as of December 31, 2019), 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.

## **Other Matters**

### *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, 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 Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Somerville's basic financial statements. The introductory section, combining and individual fund statements, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, as listed in the table of contents, are the responsibility of management and were derived from and relates directly to the underlining accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2021, on our consideration of the City of Somerville, 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 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 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 Somerville's internal control over financial reporting and compliance.

*Powers + Sullivan, LLC*

February 20, 2021

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

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

As management of the City of Somerville, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2020. We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

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

### ***Overview of the Financial Statements***

This discussion and analysis is intended to serve as an introduction to the City of Somerville's basic financial statements. The City of Somerville's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The approach focuses on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City as a whole. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the City's accountability. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Somerville's finances, in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the City's financial position, which assists in assessing the City's economic position at the end of the year. The statements are prepared using the full accrual basis of accounting. All revenues and expenses connected with the year are considered even if the cash involved has not been received or disbursed. The government-wide financial statements include two statements:

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

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

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

COVID-19, culture and recreation, and interest. The business-type activities include water, sewer, the Veteran's Memorial Ice Rink, Dilboy Stadium, and the Kennedy School Pool.

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

**Governmental funds** - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the 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 of Somerville maintains seventeen individual governmental funds. Information is presented separately for the general fund, the strategic planning and community development fund and the capital projects fund in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances. Data for certain governmental funds are combined into a single aggregated presentation under the caption *nonmajor governmental funds*.

The City of Somerville adopts an annual appropriated budget for its general fund. A budget to actual schedule has been provided as required supplementary information for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** Proprietary funds provide the same information shown as business-type activities in the government wide financial statements, only in more detail. The City uses proprietary funds to account for its water, sewer, Veteran's Memorial Ice Rink, Dilboy Stadium, and Kennedy School Pool operations.

**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 of Somerville's own programs. The accounting used for fiduciary funds records transactions using the flow of economic resources measurement focus and the accrual basis of accounting.

The fiduciary fund financial statements provide information for the pension and Other Employee Benefits trust funds and the private purpose trust funds. All other fiduciary funds are combined into a single, aggregate presentation in the fiduciary fund financial statements under the caption agency funds.

The City established an Other Postemployment Benefits Trust Fund (OPEB) to account for funds set aside to help offset future post-employment benefits for retirees. These activities are excluded from the City's government-wide financial statements because the City cannot use these assets to finance its operations. At year end, the balance in the OPEB trust fund was \$10.4 million.



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

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Somerville's budgetary basis of accounting and information regarding pension and other postemployment benefits paid by the City. Required supplementary information can be found after the notes to the 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 of Somerville's assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$29.0 million at the close of 2020, which was an increase of \$75.5 million from the prior year balances.

Net position of \$308.7 million reflects its 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 net position, \$55.8 million, represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* has a year-end deficit of \$335.5 million. The primary reason for this deficit balance is the recognition of the Pension and OPEB liabilities.

At year-end, the City is able to report positive balances in two of three categories of net position, for the City as a whole and for its governmental activities. Its business-type activities report positive balances in both applicable categories.

The governmental activity and business-type activity components are presented on the following pages.

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Somerville, governmental liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$62.2 million and the business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$91.2 million at the close of the most recent year.

### **Governmental Activities**

The City of Somerville's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$62.2 million at the close of 2020.

	2020	2019
<b>Assets:</b>		
Current assets.....	\$ 224,540,067	\$ 213,709,163
Noncurrent assets (excluding capital).....	879,360	1,758,720
Capital assets, nondepreciable.....	280,488,413	148,473,307
Capital assets, net of accumulated depreciation....	166,925,403	172,611,957
<b>Total assets.....</b>	<b>672,833,243</b>	<b>536,553,147</b>
<b>Deferred outflows of resources.....</b>	<b>34,229,981</b>	<b>46,911,795</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	24,875,535	21,159,557
Noncurrent liabilities (excluding debt).....	298,224,594	453,768,882
Current debt.....	68,737,429	104,243,333
Noncurrent debt.....	224,766,478	110,257,282
<b>Total liabilities.....</b>	<b>616,604,036</b>	<b>689,429,054</b>
<b>Deferred inflows of resources.....</b>	<b>152,651,084</b>	<b>26,461,047</b>
<b>Net position:</b>		
Net investment in capital assets.....	235,101,623	157,254,898
Restricted.....	55,762,206	56,924,125
Unrestricted.....	(353,055,725)	(346,604,182)
<b>Total net position.....</b>	<b>\$ (62,191,896)</b>	<b>\$ (132,425,159)</b>

The largest portion of the City of Somerville's net position \$235.1 million, reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City of Somerville's investment in its capital assets is reported net of related debt, it should be noted that 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 of Somerville's net position, \$55.8 million, represents resources that are subject to external restrictions on how they may be used. These include funds for street improvement (Chapter 90), community development projects to be funded by future federal reimbursements, outstanding loan balance authorized under various housing and urban development federal grants, expendable and nonexpendable funds, gifts and grants, and community preservation.

The City has a deficit of \$60.0 million of unrestricted net position excluding the recorded liabilities for the other postemployment benefits obligation and the net pension liability, along with the associated deferred outflows/inflows. Those liabilities are long-term in nature and will not be funded from the \$353.1 million deficit of unrestricted net position at June 30, 2020. The City began the process of pre-funding a portion of the OPEB liability in 2013 by establishing an irrevocable trust which, as of June 30, 2020, has a balance of \$10.4 million and is reported within the Fiduciary Funds in the City's financial statements.

Included within the noncurrent assets (excluding capital) is \$879,000 in future school construction reimbursement grants.

Long-term liabilities include \$224.8 million in general obligation bonds; \$4.4 million in compensated absence liabilities for unused vacation, special leave, and enhanced longevity benefits payable; \$833,000 in future year workers' compensation benefits payable; \$148.3 million in future pension benefits; and \$144.7 million in future other postemployment benefits.

Governmental activities net position increased by \$70.2 million in 2020.

	2020	2019
<b>Program Revenues:</b>		
Charges for services.....	\$ 30,898,660	\$ 34,031,569
Operating grants and contributions.....	67,167,559	64,508,414
Capital grants and contributions.....	43,675,360	36,587,710
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	166,234,093	153,006,112
Tax and other liens.....	121,868	771,316
Motor vehicle and other excise taxes.....	10,381,203	10,470,518
Community preservation tax.....	2,164,439	1,955,547
Penalties and interest on taxes.....	511,666	673,359
Payments in lieu of taxes.....	1,611,453	1,507,020
Grants and contributions not restricted to specific programs.....	28,548,164	27,049,919
Unrestricted investment income.....	3,176,974	3,545,866
Gain on sale of assets.....	7,140	68,470
Miscellaneous.....	649,557	282,746
<b>Total revenues.....</b>	<b>355,148,136</b>	<b>334,458,566</b>
<b>Expenses:</b>		
General government.....	41,175,825	46,298,151
Public safety.....	61,568,749	66,098,846
Education.....	132,437,055	136,814,822
Public works.....	31,306,976	35,201,167
Community development.....	4,243,725	5,623,403
Health and human services.....	753,228	468,398
Culture and recreation.....	4,447,827	5,780,260
Community preservation.....	2,338,365	1,848,792
COVID-19.....	1,149,689	-
Interest.....	4,439,863	7,246,700
<b>Total expenses.....</b>	<b>283,861,302</b>	<b>305,380,539</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>71,286,834</b>	<b>29,078,027</b>
<b>Transfers.....</b>	<b>(1,053,571)</b>	<b>(158,000)</b>
<b>Change in net position.....</b>	<b>70,233,263</b>	<b>28,920,027</b>
<b>Net position, beginning of year.....</b>	<b>(132,425,159)</b>	<b>(161,345,186)</b>
<b>Net position, end of year.....</b>	<b>\$ (62,191,896)</b>	<b>\$ (132,425,159)</b>

The primary reasons for the \$70.2 million increase in net position relates to a net decrease of \$25.0 million in the City's OPEB liability net with the change in deferred outflows and deferred inflows of resources related to OPEB. Also contributing was the decrease in the City's Net Pension liability net with the change in deferred outflows and deferred inflows of resources related to pensions of \$6.8 million, and the receipt of \$43.7 million of capital grants primarily related to the High School reimbursements from the Massachusetts School Business Authority.

The governmental expenses decreased as a result of the decreases in the other postemployment benefits liability and the net pension liability. The City adopted a plan to fund the OPEB liability once the Pension Unfunded liability is completed in 2033, as a result, the discount rate was adjusted to a full pre-funding rate.

**COVID-19**

In 2020, the Federal Government approved the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provides federal funding to assist communities in paying costs incurred between March 1, 2020 and December 31, 2021, that are directly related to the COVID-19 pandemic. The Commonwealth of Massachusetts was awarded \$2.7 billion which is to be allocated amongst local governments based on population. The State has made a portion of these funds available as of June 30, 2020. In 2020, the City incurred \$1.1 million of COVID-19 related expenditures. The Town plans to utilize state and federal grant funding to cover these costs.

**Business-type Activities**

The following summarizes the key financial components of the City's Business-type Activities:

	2020	2019
<b>Assets:</b>		
Current assets.....	\$ 41,572,717	\$ 48,787,509
Capital assets, nondepreciable.....	31,453,524	15,635,958
Capital assets, net of accumulated depreciation....	73,347,891	65,883,474
<b>Total assets.....</b>	<b>146,374,132</b>	<b>130,306,941</b>
<b>Deferred outflows of resources.....</b>	<b>772,277</b>	<b>602,117</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	3,652,940	226,875
Noncurrent liabilities (excluding debt).....	6,304,071	4,192,738
Current debt.....	22,090,052	23,985,212
Noncurrent debt.....	20,785,512	16,318,724
<b>Total liabilities.....</b>	<b>52,832,575</b>	<b>44,723,549</b>
<b>Deferred inflows of resources.....</b>	<b>3,091,514</b>	<b>195,508</b>
<b>Net position:</b>		
Net investment in capital assets.....	73,641,808	64,130,762
Unrestricted.....	17,580,512	21,859,239
<b>Total net position.....</b>	<b>\$ 91,222,320</b>	<b>\$ 85,990,001</b>

Business-type net position of \$73.6 million represents investments in capital assets net of related debt. The remaining \$17.6 million is available to be used for the ongoing operation of the City's water, sewer, Veteran's

Memorial Ice Rink, Dilboy Stadium, and the Kennedy School Pool activities. There was an overall increase of \$5.2 million in net position reported in connection with the enterprise funds.

	2020	2019
<b>Program Revenues:</b>		
Charges for services.....	\$ 38,212,468	\$ 37,916,582
Capital grants and contributions.....	5,456,391	7,891,015
<b>General Revenues:</b>		
Unrestricted investment income.....	371,675	361,159
<b>Total revenues.....</b>	<b>44,040,534</b>	<b>46,168,756</b>
<b>Expenses:</b>		
Water.....	16,730,705	12,091,409
Sewer.....	21,718,692	19,328,306
Veteran's Memorial Ice Rink.....	624,804	693,015
Dilboy Stadium.....	171,128	144,238
Kennedy School Pool.....	616,457	-
<b>Total expenses.....</b>	<b>39,861,786</b>	<b>32,256,968</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>4,178,748</b>	<b>13,911,788</b>
<b>Transfers.....</b>	<b>1,053,571</b>	<b>158,000</b>
<b>Change in net position.....</b>	<b>5,232,319</b>	<b>14,069,788</b>
<b>Net position, beginning of year.....</b>	<b>85,990,001</b>	<b>71,920,213</b>
<b>Net position, end of year.....</b>	<b>\$ 91,222,320</b>	<b>\$ 85,990,001</b>

The water enterprise fund net position decreased \$963,000. This is due to the increase in the other post-employment benefits liability net of deferred inflows/outflows of \$1.1 million, an increase in the net pension liability net of deferred inflows/outflows of \$593,000, and an increase in operating costs. These decreases were offset by the receipt of capital grants of \$1.9 million.

The sewer enterprise fund net position increased by \$5.9 million. This is primarily due to an increase in sewer usage, the receipt of a \$3.5 million capital grant, and the receipt of \$191,000 of sewer liens. These increases were offset by an increase in the net pension liability net of deferred inflows/outflows of \$824,000.

The Veterans Memorial Ice Rink enterprise fund net position increased by \$98,000. This is the result of an operational subsidy from the general fund offset by interest expense and an operating deficit.

The Dilboy Stadium enterprise fund net position decreased by \$79,000. User fees are designed to cover operational and capital related costs of operations, during 2020 the COVID-19 pandemic significantly impacted the revenues received as activities were closed own for multiple months during the fiscal year.

The Kennedy School Pool enterprise fund was established in 2020 to account for the activities involved in the rental and use of the pool. The fund net position increased by \$241,000. This was the net result of a subsidy transfer from the general fund of \$771,000 offset by an operating loss of \$529,000.

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

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

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

At the end of the current year, the City of Somerville's governmental funds combined ending balances totaled \$126.1 million, of which positive balances of \$75.2 million was reported in the general fund, \$19.2 million in the Strategic Planning and Community Development fund, and \$40.1 million in the nonmajor governmental funds. The capital projects fund reported a deficit of \$8.3 million.

Cumulatively, there was an increase in the governmental funds of \$35.0 million from prior year. This is due to a \$6.3 million general fund surplus, an operating surplus of \$2.0 million in the Strategic Planning & Community Development Fund, a surplus in the capital projects fund of \$30.6 million due to the timing of the receipt and expenditure of bond proceeds, offset by the timing between the expenditure and the receipt of grant funds.

The general fund is the chief operating fund of the City of Somerville. At the end of the current year, unassigned fund balance of the general fund totaled \$37.0 million and was comprised of two components: an unreserved fund balance of \$32.7 million and a rainy day stabilization fund of \$4.3 million. Assigned fund balance, which represents amounts that have been reserved for the use of liquidating prior purchase orders, contracts, and ongoing capital articles, totaled \$3.4 million. Committed fund balance, which represents the City's various use-specific stabilization funds and the health claims trust, totaled \$34.7 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 expenditures. At year-end unassigned fund balance equaled 13.9% of total general fund expenditures, while total fund balance equaled 28.3% of the same amount. Please see Note 9 for further details.

The City's general fund increased \$6.3 million in the current year. The change was primarily due to positive budgetary results and an increase in the accrual for 60-day receipts, offset by an increase in the accrual for Appellate Tax Board cases and the net activity of the Health Claims trust fund reported as a component of the general fund of \$4.3 million.

The City's Strategic Planning and Community Development fund balance increased by \$2.0 million. The fund operates on a grant drawdown basis and the results of operations are primarily the result of the timing of the expenditure of grant allotments.

The City's capital projects funds increased by \$30.6 million. The increase is due to the net effect of \$133.0 million of capital expenditures on current and prior year's projects offset by the issuance of \$121.8 million in bonds and the receipt of a \$722,000 bond premium.

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

There was an \$5.5 million increase between the original budget and the final amended budget. The increase was primarily attributable to transfers to various stabilization funds and the net of other increases/decreases in various departmental budgets.

## **Capital Asset and Debt Administration**

**Capital assets.** The City of Somerville's investment in capital assets for its governmental activities as of June 30, 2020, amounts to \$447.4 million (net of accumulated depreciation) and its business-type activities amounted to \$104.8 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, books and periodicals, buildings and improvements, machinery and equipment, vehicles, and infrastructure. The net increase in the City's investment in capital assets for the current year governmental assets was \$126.3 million and business-type assets was \$23.3 million.

Major capital asset events during the year included the following:

- Investments made to improve and expand the buildings of the School department;
- Various land parcel purchases;
- Land improvements to various City parks;
- A variety of infrastructure investments in the street, sidewalk, water and sewer systems and;
- Various departmental vehicle and equipment acquisitions.

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

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

**Long and short-term debt.** At the end of the current year, the City of Somerville had total governmental bonded debt outstanding of \$234.0 million. Additionally, the City reported governmental short-term borrowing of \$59.5 million related to road reconstruction and improvement projects, the Green Line extension, Somerville Avenue streetscape improvements, and various other projects around the City.

During 2020, the City's governmental long-term debt increased \$115.3 million. This change is due to the net effect of the current year issuance of Municipal Purpose bonds for various governmental projects offset by principal payments during the year.

The sewer, water and rink enterprise funds have outstanding long-term debt totaling \$8.8 million, \$12.4 million, and \$1.5 million, respectively, at year end. Other than the Rink, all enterprise fund debt is fully supported by the rates and does not rely on a general fund subsidy.

Standard & Poor's have assigned a rating of AA+ and Moody's have assigned a rating of Aa1 to the City's bonds.

The Commonwealth has 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 2020, \$1,818,504 of such assistance was received. Approximately \$2,358,000 will be received in future years. Of this amount, approximately \$599,000 represents reimbursement of long-term interest costs, and approximately \$1,759,000 represents reimbursement of approved construction costs. Accordingly, a \$1,759,000 intergovernmental receivable and corresponding unavailable revenue have been reported in governmental fund financial statements. The unavailable revenue has been recognized as revenue in the conversion to the government-wide financial statements.

The Commonwealth changed the method for funding the school building assistance program. Under the new program, the assistance is paid to support construction costs and reduce the total debt service of the City. Through the end of 2020, the City has recorded capital grant proceeds totaling \$90.4 million related to the Somerville High School project from the MSBA, which is equal to 75.29% of approved construction costs submitted for reimbursement. The City anticipates receiving an additional \$33.5 million related to the Somerville



High School project, which is based on reimbursement requests submitted. Accordingly, as of June 30, 2020, a \$3.1 million intergovernmental receivable and corresponding revenue has been reported in the governmental fund financial statements. This receivable relates to expenditures incurred during 2020 and submitted for reimbursement from the MSBA.

See Notes 7 & 8 for further debt information.

### ***Economic Factors and Next Year's Budgets and Rates***

- According to the U.S. Census Bureau, the median household income of the City for the period 2015 – 2019, was \$97,328 compared with \$81,215 for the Commonwealth and \$68,703 for the nation. The per capita income was \$49,382, compared with \$43,761 for the Commonwealth and \$34,103 for the nation.
- The unemployment rate for the City of Somerville as of November 2020 was 4.7%. This compares favorably to the state's average seasonally adjusted unemployment rate of 6.7% and the national average of 6.7%.
- According to the City's Board of Assessors, for 2020, the average single-family parcel in the City is valued at \$854,994; the average two-family home is valued at \$940,890; the average 2020 commercial and industrial property is valued at \$2,889,898. All compared favorably with state and national property values.

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

This financial report is designed to provide a general overview of the City of Somerville's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, City Hall, 93 Highland Avenue, Somerville, Massachusetts 02143.

## ***Basic Financial Statements***

**STATEMENT OF NET POSITION**

JUNE 30, 2020

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 173,028,381	\$ 28,279,839	\$ 201,308,220
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	4,441,086	-	4,441,086
Tax liens.....	1,151,255	-	1,151,255
Community preservation fund surtax.....	7,329	-	7,329
Motor vehicle and other excise taxes.....	1,293,770	-	1,293,770
User charges.....	-	13,292,878	13,292,878
Departmental and other.....	2,470,066	-	2,470,066
Intergovernmental.....	12,336,815	-	12,336,815
Community preservation state share.....	437,438	-	437,438
Loans.....	29,373,927	-	29,373,927
Total current assets.....	<u>224,540,067</u>	<u>41,572,717</u>	<u>266,112,784</u>
<b>NONCURRENT:</b>			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	879,360	-	879,360
Capital assets, nondepreciable.....	280,488,413	31,453,524	311,941,937
Capital assets, net of accumulated depreciation.....	<u>166,925,403</u>	<u>73,347,891</u>	<u>240,273,294</u>
Total noncurrent assets.....	<u>448,293,176</u>	<u>104,801,415</u>	<u>553,094,591</u>
<b>TOTAL ASSETS.....</b>	<u><b>672,833,243</b></u>	<u><b>146,374,132</b></u>	<u><b>819,207,375</b></u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows for refunding debt.....	265,771	-	265,771
Deferred outflows related to pensions.....	<u>33,964,210</u>	<u>772,277</u>	<u>34,736,487</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<u><b>34,229,981</b></u>	<u><b>772,277</b></u>	<u><b>35,002,258</b></u>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	18,044,574	3,507,204	21,551,778
Accrued payroll.....	2,461,814	69,868	2,531,682
Unearned revenue.....	96,636	-	96,636
Tax refunds payable.....	1,537,000	-	1,537,000
Accrued interest.....	763,445	73,268	836,713
Other liabilities.....	1,498,066	-	1,498,066
Compensated absences.....	196,000	2,600	198,600
Workers' compensation.....	278,000	-	278,000
Notes payable.....	59,510,025	20,252,770	79,762,795
Bonds payable.....	<u>9,227,404</u>	<u>1,837,282</u>	<u>11,064,686</u>
Total current liabilities.....	<u>93,612,964</u>	<u>25,742,992</u>	<u>119,355,956</u>
<b>NONCURRENT:</b>			
Compensated absences.....	4,351,000	59,200	4,410,200
Workers' compensation.....	833,000	-	833,000
Net pension liability.....	148,295,715	3,371,941	151,667,656
Net other postemployment benefits liability.....	144,744,879	2,872,930	147,617,809
Bonds payable.....	<u>224,766,478</u>	<u>20,785,512</u>	<u>245,551,990</u>
Total noncurrent liabilities.....	<u>522,991,072</u>	<u>27,089,583</u>	<u>550,080,655</u>
<b>TOTAL LIABILITIES.....</b>	<u><b>616,604,036</b></u>	<u><b>52,832,575</b></u>	<u><b>669,436,611</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	21,337,804	485,178	21,822,982
Deferred inflows related to other postemployment benefits.....	<u>131,313,280</u>	<u>2,606,336</u>	<u>133,919,616</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<u><b>152,651,084</b></u>	<u><b>3,091,514</b></u>	<u><b>155,742,598</b></u>
<b>NET POSITION</b>			
Net investment in capital assets.....	235,101,623	73,641,808	308,743,431
Restricted for:			
Streets.....	2,784,292	-	2,784,292
Community Development.....	2,902,418	-	2,902,418
Loans.....	29,373,927	-	29,373,927
Permanent funds:			
Expendable.....	178,368	-	178,368
Nonexpendable.....	433,126	-	433,126
Gifts and grants.....	5,404,506	-	5,404,506
Community preservation.....	14,685,569	-	14,685,569
Unrestricted.....	<u>(353,055,725)</u>	<u>17,580,512</u>	<u>(335,475,213)</u>
<b>TOTAL NET POSITION.....</b>	<u><b>\$ (62,191,896)</b></u>	<u><b>\$ 91,222,320</b></u>	<u><b>\$ 29,030,424</b></u>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2020

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.....	\$ 41,175,825	\$ 12,995,489	\$ 2,218,332	\$ -	\$ (25,962,004)
Public safety.....	61,568,749	12,306,646	1,977,424	33,346	(47,251,333)
Education.....	132,437,055	3,120,517	53,530,987	40,330,199	(35,455,352)
Public works.....	31,306,976	592,629	268,617	2,588,448	(27,857,282)
Community development.....	4,243,725	-	6,074,706	-	1,830,981
Health and human services.....	753,228	1,580,459	897,407	-	1,724,638
Culture and recreation.....	4,447,827	302,920	111,253	-	(4,033,654)
Community preservation.....	2,338,365	-	-	723,367	(1,614,998)
COVID-19.....	1,149,689	-	1,149,689	-	-
Interest.....	4,439,863	-	939,144	-	(3,500,719)
<b>Total Governmental Activities.....</b>	<b>283,861,302</b>	<b>30,898,660</b>	<b>67,167,559</b>	<b>43,675,360</b>	<b>(142,119,723)</b>
<i>Business-Type Activities:</i>					
Water.....	16,730,705	13,748,243	-	1,909,516	(1,072,946)
Sewer.....	21,718,692	23,846,465	-	3,546,875	5,674,648
Veteran's Memorial Ice Rink.....	624,804	464,286	-	-	(160,518)
Dilboy Stadium.....	171,128	66,338	-	-	(104,790)
Kennedy School Pool.....	616,457	87,136	-	-	(529,321)
<b>Total Business-Type Activities.....</b>	<b>39,861,786</b>	<b>38,212,468</b>	<b>-</b>	<b>5,456,391</b>	<b>3,807,073</b>
<b>Total Primary Government.....</b>	<b>\$ 323,723,088</b>	<b>\$ 69,111,128</b>	<b>\$ 67,167,559</b>	<b>\$ 49,131,751</b>	<b>\$ (138,312,650)</b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page..... \$	<b>(142,119,723)</b>	\$ <b>3,807,073</b>	\$ <b>(138,312,650)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	166,234,093	-	166,234,093
Tax and utility liens.....	121,868	-	121,868
Motor vehicle and other excise taxes.....	10,381,203	-	10,381,203
Community preservation tax.....	2,164,439	-	2,164,439
Penalties and interest on taxes.....	511,666	-	511,666
Payments in lieu of taxes.....	1,611,453	-	1,611,453
Grants and contributions not restricted to specific programs.....	28,548,164	-	28,548,164
Unrestricted investment income.....	3,176,974	371,675	3,548,649
Gain on sale of assets.....	7,140	-	7,140
Miscellaneous.....	649,557	-	649,557
<i>Transfers, net</i> .....	<u>(1,053,571)</u>	<u>1,053,571</u>	<u>-</u>
Total general revenues and transfers.....	<u>212,352,986</u>	<u>1,425,246</u>	<u>213,778,232</u>
Change in net position.....	70,233,263	5,232,319	75,465,582
<i>Net position:</i>			
Beginning of year.....	<u>(132,425,159)</u>	<u>85,990,001</u>	<u>(46,435,158)</u>
End of year..... \$	<u><u>(62,191,896)</u></u>	<u><u>91,222,320</u></u>	<u><u>29,030,424</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2020

	General	Strategic Planning & Community Development	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 80,106,067	\$ 484,010	\$ 62,540,038	\$ 29,898,266	\$ 173,028,381
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	4,441,086	-	-	-	4,441,086
Tax liens.....	1,141,191	-	-	10,064	1,151,255
Community preservation fund surtax.....	-	-	-	7,329	7,329
Motor vehicle and other excise taxes.....	1,293,770	-	-	-	1,293,770
Departmental and other.....	2,470,066	-	-	-	2,470,066
Intergovernmental.....	2,407,342	2,902,418	3,141,818	4,764,597	13,216,175
Community preservation state share.....	-	-	-	437,438	437,438
Loans.....	-	18,804,792	-	10,569,135	29,373,927
Due from other funds.....	1,837,002	-	-	-	1,837,002
<b>TOTAL ASSETS.....</b>	<b>\$ 93,696,524</b>	<b>\$ 22,191,220</b>	<b>\$ 65,681,856</b>	<b>\$ 45,686,829</b>	<b>\$ 227,256,429</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 3,320,044	\$ 67,160	\$ 14,487,976	\$ 169,394	\$ 18,044,574
Accrued payroll.....	2,189,085	23,239	910	248,580	2,461,814
Unearned revenue.....	-	-	-	96,636	96,636
Tax refunds payable.....	1,537,000	-	-	-	1,537,000
Due to other funds.....	-	-	-	1,837,002	1,837,002
Other liabilities.....	1,498,066	-	-	-	1,498,066
Notes payable.....	-	-	59,510,025	-	59,510,025
<b>TOTAL LIABILITIES.....</b>	<b>8,544,195</b>	<b>90,399</b>	<b>73,998,911</b>	<b>2,351,612</b>	<b>84,985,117</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue.....	9,990,030	2,902,418	-	3,239,122	16,131,570
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	433,126	433,126
Restricted.....	-	19,198,403	-	39,662,969	58,861,372
Committed.....	34,737,771	-	-	-	34,737,771
Assigned.....	3,446,300	-	-	-	3,446,300
Unassigned.....	36,978,228	-	(8,317,055)	-	28,661,173
<b>TOTAL FUND BALANCES.....</b>	<b>75,162,299</b>	<b>19,198,403</b>	<b>(8,317,055)</b>	<b>40,096,095</b>	<b>126,139,742</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 93,696,524</b>	<b>\$ 22,191,220</b>	<b>\$ 65,681,856</b>	<b>\$ 45,686,829</b>	<b>\$ 227,256,429</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, 2020

Total governmental fund balances.....		\$ 126,139,742
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		447,413,816
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		16,131,570
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		(118,421,103)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(763,445)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(233,993,882)	
Net pension liability.....	(148,295,715)	
Net other postemployment benefits liability.....	(144,744,879)	
Workers' compensation.....	(1,111,000)	
Compensated absences.....	<u>(4,547,000)</u>	
Net effect of reporting long-term liabilities.....		<u>(532,692,476)</u>
Net position of governmental activities.....		<u>\$ (62,191,896)</u>

See notes to basic financial statements.



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

YEAR ENDED JUNE 30, 2020

	General	Strategic Planning & Community Development	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>					
Real estate and personal property taxes, net of tax refunds.....	\$ 163,664,577	\$ -	\$ -	\$ -	\$ 163,664,577
Tax liens.....	278,585	-	-	-	278,585
Motor vehicle and other excise taxes.....	9,792,924	-	-	-	9,792,924
Penalties and interest on taxes.....	511,666	-	-	-	511,666
Payments in lieu of taxes.....	1,611,453	-	-	-	1,611,453
Intergovernmental - Teachers Retirement.....	20,601,043	-	-	-	20,601,043
Intergovernmental.....	50,420,590	6,110,844	41,013,212	14,006,880	111,551,526
Intergovernmental - COVID-19 relief.....	-	-	-	1,149,689	1,149,689
Departmental and other.....	19,110,229	-	-	12,669,970	31,780,199
Community preservation taxes.....	-	-	-	2,153,246	2,153,246
Community preservation state match.....	-	-	-	492,059	492,059
Contributions and donations.....	1,299,056	74,975	-	1,640,962	3,014,993
Investment income.....	3,051,807	10,433	-	114,734	3,176,974
Miscellaneous.....	643,276	-	-	6,281	649,557
<b>TOTAL REVENUES.....</b>	<b>270,985,206</b>	<b>6,196,252</b>	<b>41,013,212</b>	<b>32,233,821</b>	<b>350,428,491</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	26,451,554	-	22,547,713	2,865,915	51,865,182
Public safety.....	44,154,335	-	484,309	6,654,415	51,293,059
Education.....	75,757,681	-	104,118,025	18,051,427	197,927,133
Public works.....	24,627,873	-	1,886,776	2,606,813	29,121,462
Community development.....	-	4,243,725	-	-	4,243,725
Health and human services.....	79,095	-	-	674,133	753,228
Culture and recreation.....	4,037,376	-	3,923,912	425,329	8,386,617
Community preservation.....	-	-	-	2,293,185	2,293,185
COVID-19.....	-	-	-	1,149,689	1,149,689
Pension benefits.....	14,222,948	-	-	-	14,222,948
Pension benefits - Teachers Retirement.....	20,601,043	-	-	-	20,601,043
Employee benefits.....	29,938,317	-	-	-	29,938,317
State and county charges.....	13,531,432	-	-	-	13,531,432
Debt service:					
Principal.....	7,415,623	-	-	110,000	7,525,623
Interest.....	5,085,514	-	-	202,153	5,287,667
<b>TOTAL EXPENDITURES.....</b>	<b>265,902,791</b>	<b>4,243,725</b>	<b>132,960,735</b>	<b>35,033,059</b>	<b>438,140,310</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>5,082,415</b>	<b>1,952,527</b>	<b>(91,947,523)</b>	<b>(2,799,238)</b>	<b>(87,711,819)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of bonds.....	-	-	121,835,930	-	121,835,930
Premium from issuance of bonds.....	-	-	721,904	1,248,232	1,970,136
Proceeds from the sale of assets.....	7,140	-	-	-	7,140
Transfers in.....	2,474,839	-	-	250,000	2,724,839
Transfers out.....	(1,303,571)	-	(354)	(2,474,485)	(3,778,410)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>1,178,408</b>	<b>-</b>	<b>122,557,480</b>	<b>(976,253)</b>	<b>122,759,635</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>6,260,823</b>	<b>1,952,527</b>	<b>30,609,957</b>	<b>(3,775,491)</b>	<b>35,047,816</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>68,901,476</b>	<b>17,245,876</b>	<b>(38,927,012)</b>	<b>43,871,586</b>	<b>91,091,926</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 75,162,299</b>	<b>\$ 19,198,403</b>	<b>\$ (8,317,055)</b>	<b>\$ 40,096,095</b>	<b>\$ 126,139,742</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, 2020

Net change in fund balances - total governmental funds.....		\$ 35,047,816
<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.....	135,842,611	
Depreciation expense.....	<u>(9,514,059)</u>	
Net effect of reporting capital assets.....		126,328,552
<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>		
		4,712,504
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Issuance of bonds.....	(121,835,930)	
Premium from issuance of bonds.....	(1,970,136)	
Net amortization of premium from issuance of bonds.....	964,665	
Net change in deferred charge on refunding.....	(116,863)	
Debt service principal payments.....	<u>7,525,623</u>	
Net effect of reporting long-term debt.....		(115,432,641)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(1,294,400)	
Net change in accrued interest on long-term debt.....	2,881,131	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(31,917,971)	
Net change in net pension liability.....	25,075,393	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	(106,837,016)	
Net change in net other postemployment benefits liability.....	131,852,895	
Net change in workers' compensation liability.....	<u>(183,000)</u>	
Net effect of recording long-term liabilities.....		<u>19,577,032</u>
Change in net position of governmental activities.....		\$ <u><u>70,233,263</u></u>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**

JUNE 30, 2020

Business-type Activities - Enterprise Funds						
	Water	Sewer	Veterans Memorial Ice Rink	Dilboy Stadium	Kennedy School Pool	Total
<b>ASSETS</b>						
<b>CURRENT:</b>						
Cash and cash equivalents.....	\$ 10,042,606	\$ 17,652,670	\$ 2,430	\$ 212,288	\$ 369,845	\$ 28,279,839
Receivables, net of allowance for uncollectibles:						
User charges.....	4,705,415	8,587,463	-	-	-	13,292,878
Total current assets.....	14,748,021	26,240,133	2,430	212,288	369,845	41,572,717
<b>NONCURRENT:</b>						
Capital assets, nondepreciable.....	7,042,362	24,411,162	-	-	-	31,453,524
Capital assets, net of accumulated depreciation.....	38,692,598	31,863,595	2,791,698	-	-	73,347,891
Total noncurrent assets.....	45,734,960	56,274,757	2,791,698	-	-	104,801,415
<b>TOTAL ASSETS.....</b>	<b>60,482,981</b>	<b>82,514,890</b>	<b>2,794,128</b>	<b>212,288</b>	<b>369,845</b>	<b>146,374,132</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions.....	338,383	433,894	-	-	-	772,277
<b>LIABILITIES</b>						
<b>CURRENT:</b>						
Warrants payable.....	425,227	2,961,096	57	-	120,824	3,507,204
Accrued payroll.....	24,261	34,239	2,301	1,400	7,667	69,868
Accrued interest.....	26,483	30,101	16,684	-	-	73,268
Compensated absences.....	1,000	1,600	-	-	-	2,600
Notes payable.....	3,415,710	16,837,060	-	-	-	20,252,770
Bonds payable.....	1,123,234	499,048	215,000	-	-	1,837,282
Total current liabilities.....	5,015,915	20,363,144	234,042	1,400	128,491	25,742,992
<b>NONCURRENT:</b>						
Compensated absences.....	28,200	31,000	-	-	-	59,200
Net pension liability.....	1,477,460	1,894,481	-	-	-	3,371,941
Net other postemployment benefits liability.....	2,605,461	267,469	-	-	-	2,872,930
Bonds payable.....	11,237,393	8,258,119	1,290,000	-	-	20,785,512
Total noncurrent liabilities.....	15,348,514	10,451,069	1,290,000	-	-	27,089,583
<b>TOTAL LIABILITIES.....</b>	<b>20,364,429</b>	<b>30,814,213</b>	<b>1,524,042</b>	<b>1,400</b>	<b>128,491</b>	<b>52,832,575</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions.....	212,587	272,591	-	-	-	485,178
Deferred inflows related to other postemployment benefits.....	2,363,687	242,649	-	-	-	2,606,336
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>2,576,274</b>	<b>515,240</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,091,514</b>
<b>NET POSITION</b>						
Net investment in capital assets.....	35,413,211	36,941,899	1,286,698	-	-	73,641,808
Unrestricted.....	2,467,450	14,677,432	(16,612)	210,888	241,354	17,580,512
<b>TOTAL NET POSITION.....</b>	<b>\$ 37,880,661</b>	<b>\$ 51,619,331</b>	<b>\$ 1,270,086</b>	<b>\$ 210,888</b>	<b>\$ 241,354</b>	<b>\$ 91,222,320</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds					
	Water	Sewer	Veterans Memorial Ice Rink	Dilboy Stadium	Kennedy School Pool	Total
<b>OPERATING REVENUES:</b>						
Charges for services.....	\$ 13,669,177	\$ 23,655,436	\$ 464,286	\$ 66,338	\$ 87,136	\$ 37,942,373
Liens - charges for services.....	79,066	191,029	-	-	-	270,095
<b>TOTAL OPERATING REVENUES</b> .....	<b>13,748,243</b>	<b>23,846,465</b>	<b>464,286</b>	<b>66,338</b>	<b>87,136</b>	<b>38,212,468</b>
<b>OPERATING EXPENSES:</b>						
Cost of services and administration.....	15,195,240	20,595,805	488,247	171,128	616,457	37,066,877
Depreciation.....	1,410,695	725,307	85,898	-	-	2,221,900
<b>TOTAL OPERATING EXPENSES</b> .....	<b>16,605,935</b>	<b>21,321,112</b>	<b>574,145</b>	<b>171,128</b>	<b>616,457</b>	<b>39,288,777</b>
<b>OPERATING INCOME (LOSS)</b> .....	<b>(2,857,692)</b>	<b>2,525,353</b>	<b>(109,859)</b>	<b>(104,790)</b>	<b>(529,321)</b>	<b>(1,076,309)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Investment income.....	109,472	261,585	309	309	-	371,675
Interest expense.....	(124,770)	(397,580)	(50,659)	-	-	(573,009)
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET</b> .....	<b>(15,298)</b>	<b>(135,995)</b>	<b>(50,350)</b>	<b>309</b>	<b>-</b>	<b>(201,334)</b>
<b>INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS</b> .....	<b>(2,872,990)</b>	<b>2,389,358</b>	<b>(160,209)</b>	<b>(104,481)</b>	<b>(529,321)</b>	<b>(1,277,643)</b>
<b>CAPITAL CONTRIBUTIONS</b> .....	<b>1,909,516</b>	<b>3,546,875</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,456,391</b>
<b>TRANSFERS:</b>						
Transfers in.....	-	-	257,896	25,000	770,675	1,053,571
<b>CHANGE IN NET POSITION</b> .....	<b>(963,474)</b>	<b>5,936,233</b>	<b>97,687</b>	<b>(79,481)</b>	<b>241,354</b>	<b>5,232,319</b>
<b>NET POSITION AT BEGINNING OF YEAR</b> .....	<b>38,844,135</b>	<b>45,683,098</b>	<b>1,172,399</b>	<b>290,369</b>	<b>-</b>	<b>85,990,001</b>
<b>NET POSITION AT END OF YEAR</b> .....	<b>\$ 37,880,661</b>	<b>\$ 51,619,331</b>	<b>\$ 1,270,086</b>	<b>\$ 210,888</b>	<b>\$ 241,354</b>	<b>\$ 91,222,320</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020

Business-type Activities - Enterprise Funds						
	Water	Sewer	Veterans Memorial Ice Rink	Dilboy Stadium	Kennedy School Pool	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users.....	\$ 13,748,243	\$ 22,593,869	\$ 464,286	\$ 66,338	\$ 87,136	\$ 36,959,872
Payments to vendors.....	(10,593,644)	(18,588,295)	(279,652)	(94,293)	(291,918)	(29,847,802)
Payments to employees.....	(943,763)	(1,132,743)	(208,483)	(79,197)	(196,048)	(2,560,234)
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>2,210,836</b>	<b>2,872,831</b>	<b>(23,849)</b>	<b>(107,152)</b>	<b>(400,830)</b>	<b>4,551,836</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Transfers in.....	-	-	257,896	25,000	770,675	1,053,571
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Proceeds from the issuance of bonds and notes.....	6,715,710	19,841,130	-	-	-	26,556,840
Capital grants.....	1,909,516	3,546,875	-	-	-	5,456,391
Acquisition and construction of capital assets.....	(6,557,833)	(16,005,760)	-	-	-	(22,563,593)
Principal payments on bonds and notes.....	(6,464,734)	(17,315,478)	(205,000)	-	-	(23,985,212)
Interest expense.....	(136,429)	(392,016)	(69,044)	-	-	(597,489)
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(4,533,770)</b>	<b>(10,325,249)</b>	<b>(274,044)</b>	<b>-</b>	<b>-</b>	<b>(15,133,063)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Investment income.....	109,472	261,585	309	309	-	371,675
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(2,213,462)</b>	<b>(7,190,833)</b>	<b>(39,688)</b>	<b>(81,843)</b>	<b>369,845</b>	<b>(9,155,981)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>12,256,068</b>	<b>24,843,503</b>	<b>42,118</b>	<b>294,131</b>	<b>-</b>	<b>37,435,820</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 10,042,606</b>	<b>\$ 17,652,670</b>	<b>\$ 2,430</b>	<b>\$ 212,288</b>	<b>\$ 369,845</b>	<b>\$ 28,279,839</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</b>						
Operating income (loss).....	\$ (2,857,692)	\$ 2,525,353	\$ (109,859)	\$ (104,790)	\$ (529,321)	\$ (1,076,309)
Adjustments to reconcile operating income to net cash from operating activities:						
Depreciation.....	1,410,695	725,307	85,898	-	-	2,221,900
Deferred (outflows)/inflows related to pensions.....	136,582	152,988	-	-	-	289,570
Deferred (outflows)/inflows related to other postemployment benefits.....	2,233,062	203,214	-	-	-	2,436,276
Changes in assets and liabilities:						
User charges.....	(688,593)	(1,252,596)	-	-	-	(1,941,189)
Warrants payable.....	364,383	(4,959)	57	-	120,824	480,305
Accrued payroll.....	8,633	15,057	55	(2,362)	7,667	29,050
Compensated absences.....	18,200	15,400	-	-	-	33,600
Net pension liability.....	456,259	671,229	-	-	-	1,127,488
Other postemployment benefits.....	1,129,307	(178,162)	-	-	-	951,145
Total adjustments.....	5,068,528	347,478	86,010	(2,362)	128,491	5,628,145
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 2,210,836</b>	<b>\$ 2,872,831</b>	<b>\$ (23,849)</b>	<b>\$ (107,152)</b>	<b>\$ (400,830)</b>	<b>\$ 4,551,836</b>

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

	Total Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds	Agency Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 13,200,343	\$ 93,763	\$ 2,069,380
Investments:			
Investments in Pension Reserve Investment Trust.....	1,056,392	-	-
U.S. treasuries.....	1,031,443	-	-
Real estate and alternative investment mutual funds.....	18,845,267	-	-
Bond mutual funds.....	67,056,866	-	-
Equity securities.....	195,253,726	-	-
Equity mutual funds.....	27,363,183	-	-
Fixed income mutual funds.....	1,425,536	-	-
Fixed income.....	1,953,644	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	65,043	-	-
<b>TOTAL ASSETS.....</b>	<b>327,251,443</b>	<b>93,763</b>	<b>2,069,380</b>
<b>LIABILITIES</b>			
Warrants payable.....	205,620	-	-
Accrued payroll.....	-	-	57,888
Liabilities due depositors.....	-	-	2,011,492
<b>TOTAL LIABILITIES.....</b>	<b>205,620</b>	<b>-</b>	<b>2,069,380</b>
<b>NET POSITION</b>			
Restricted for pensions.....	316,649,136	-	-
Restricted for other postemployment benefits.....	10,396,687	-	-
Held in trust for other purposes.....	-	93,763	-
<b>TOTAL NET POSITION.....</b>	<b>\$ 327,045,823</b>	<b>\$ 93,763</b>	<b>\$ -</b>

(1) The Pension Trust Fund is as of December 31, 2019.

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

	Total Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
<b>ADDITIONS:</b>		
Contributions:		
Employer contributions.....	\$ 16,226,941	\$ -
Employer contributions for other postemployment benefit payments...	7,793,272	-
Member contributions.....	8,433,864	-
Retirement benefits - transfers from other systems.....	457,609	-
Retirement benefits - 3(8)c contributions from other systems.....	562,466	-
Retirement benefits - workers compensation settlements.....	9,000	-
Retirement benefits - federal grant reimbursements.....	40,827	-
Retirement benefits - state COLA reimbursements.....	294,994	-
Retirement benefits - member makeup payments and redeposits.....	47,409	-
Retirement benefits - interest not refunded.....	25,151	-
Retirement benefits - reimbursement of 91A overearnings.....	20,755	-
Private donations.....	-	930
	<u>33,912,288</u>	<u>930</u>
Total contributions.....		
	33,912,288	930
Net investment income:		
Investment income.....	6,205,769	1,640
Net change in fair value of investments.....	56,986,141	-
Less: investment expense.....	(1,323,408)	-
	<u>61,868,502</u>	<u>1,640</u>
Net investment income (loss).....		
	61,868,502	1,640
	<u>95,780,790</u>	<u>2,570</u>
TOTAL ADDITIONS.....		
	95,780,790	2,570
<b>DEDUCTIONS:</b>		
Administration.....	553,970	-
Retirement benefits - transfers to other systems.....	722,149	-
Retirement benefits - 3(8)c transfer to other systems.....	1,242,349	-
Retirement benefits and refunds.....	29,952,649	-
OPEB Benefits.....	7,793,272	-
Educational scholarships.....	-	7,208
	<u>40,264,389</u>	<u>7,208</u>
TOTAL DEDUCTIONS.....		
	40,264,389	7,208
	55,516,401	(4,638)
NET INCREASE (DECREASE) IN NET POSITION.....		
	55,516,401	(4,638)
NET POSITION AT BEGINNING OF YEAR.....		
	271,529,422	98,401
NET POSITION AT END OF YEAR.....		
	\$ <u>327,045,823</u>	\$ <u>93,763</u>

(1) The Pension Trust Fund is as of December 31, 2019.

See notes to basic financial statements.



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

The accompanying basic financial statements of the City of Somerville, 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 Mayor and an eleven-member City Council (Council).

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

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

The Somerville Contributory Retirement System (System) was established to provide retirement benefits to City employees, the City Housing Authority employees, and their beneficiaries. The System is governed by a five-member board comprised of the City Auditor (ex-officio), two members elected by the System's participants, one member appointed by the Mayor and one member appointed by the Board 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 did not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 323 Broadway, Somerville, Massachusetts 02145.

**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 changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities* are primarily supported by taxes and intergovernmental revenues.

***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 are reported as separate columns in the fund financial statements. Non-major 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, liabilities and deferred inflows, revenues, or expenditures/expenses of an individual governmental fund are at least 10 percent of the corresponding element (assets and deferred outflows, liabilities and deferred inflows, etc.) for all funds of that category or type (total governmental funds), *and*
- If the total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental funds are at least 5 percent of the corresponding element for all governmental funds combined.

Additionally, any other governmental 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 net 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 generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

The following major governmental funds are reported:

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

The *strategic planning and community development fund* is used to account for grant activities of the Office of Strategic Planning and Community Development.

The *capital projects fund* is used to account for activities associated with constructing and acquiring assets for both general city-wide and school construction projects.

The nonmajor governmental funds consist of other special revenue, capital projects (other than major funds), 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 financial activity that occurs as a result of the ongoing operations within the water department.

The *sewer enterprise fund* is used to account for the financial activity that occurs as a result of the ongoing operations within the sewer department.

The *Veterans Memorial Ice Rink enterprise fund* is used to account for financial activity that occurs as a result of the ongoing operation of the Veteran's Memorial Ice Rink and the second auxiliary rink.

The *Dilboy Field enterprise fund* is used to account for financial activity that occurs as a result of the ongoing operations of the Dilboy Stadium.

The *Kennedy School Pool enterprise fund* is used to account for financial activity as a result of the ongoing operations of the Kennedy School Pool.

**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 postemployment benefit trust fund is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries and of the OPEB (other postemployment benefits) trust which accumulates resources to provide funding for future OPEB liabilities.

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

The *agency fund* is used to account for assets held in a purely custodial capacity. It is used to account for the City's construction deposits, police detail activity and student activity accounts.

#### 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 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> and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed six months after the close of the valuation year on delinquent properties and are recorded as receivables in the year they are processed.

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

Personal property taxes cannot be secured through the lien process. The allowance of 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 and Sewer***

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

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

### ***Departmental and Other***

Departmental and other receivables consist primarily of parking fines and are recorded as receivables in the year accrued. The allowance of 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.

### **Loans**

The Office of Strategic Planning and Community 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.

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

G. Inventories

*Government-Wide and Fund Financial Statements*

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

H. Capital Assets

*Government-Wide Fund Financial Statements*

Capital assets, which include land, construction in progress, land improvements, books and periodicals, buildings and improvements, machinery and equipment, vehicles, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental activity column of the government-wide financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. 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. Construction period interest is capitalized on constructed capital assets except for the capital assets of the governmental activities column in the government-wide financial statements.

All purchases and construction costs in excess of \$50,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20-40
Books and periodicals.....	10
Buildings and improvements.....	20-40
Machinery and equipment.....	5-10
Vehicles.....	5-15
Infrastructure.....	10-50

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

*Governmental Fund Financial Statements*

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

I. Deferred Outflows/Inflows of Resources

*Government-Wide Financial Statements (Net Position)*

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

resources (expense/ expenditure) until then. The City reported deferred charges on refunding, deferred outflows related to other postemployment benefits and deferred outflows related to pensions in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position 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 related to pensions and deferred inflows related to other postemployment benefits in this category.

#### *Governmental Fund Financial Statements*

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

#### J. Unavailable Revenue

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

#### K. 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.

#### L. Interfund Transfers

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



*Government-Wide Financial Statements*

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of activities. 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 operating transfers in and operating transfers out.

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

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

Net position has been “restricted for” the following:

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

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

“Gifts and Grants” represents restrictions placed on assets from outside parties, such as federal and state grants.

“Community Preservation” represents financial resources raised through the tax levy to fund Community Preservation related projects.

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 is 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 government’s highest level of decision-making authority. Approval by the City Council is the highest level of decision-making authority for the government that can, by approval of a council order prior to the end of the year, commit fund balance. Once adopted, the limitation imposed by the order remains in place until a similar action is taken to remove or revise the limitation.

“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 Finance Director has the authority to assign fund balance. Funds are assigned when the City has an obligation to purchase goods or services from the current years’ appropriation. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

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

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.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Somerville 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.

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

Long-term debt is reported as a liability in the government-wide 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. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

P. Investment Income

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

Investment income of the proprietary funds is retained in the respective enterprise fund.

Q. Compensated Absences

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

*Government-Wide Financial Statements*

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

*Governmental Fund Financial Statements*

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

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

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

S. Individual Fund Deficits

At June 30, 2020, there are various deficits reported within the Capital Projects Fund. These deficits will be funded with available funds and future bond proceeds.

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). In addition, there are various restrictions limiting the amount and length of deposits and investments.

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. The MMDT maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months.

The City Treasurer is the custodian of funds held in the Other Postemployment Benefit (OPEB) Trust Fund. As of June 30, 2020, \$10.4 million of the OPEB Trust Fund is included within the City's cash and investments.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City of Somerville's deposits may not be returned to it. The City's investment policy states that safety, liquidity and yield are the most important attributes when deciding on which financial institutions to deposit funds with. These guidelines are intended to further the objective of securing the highest return that is consistent with the safety principal while meeting the daily cash requirements of the City. The Treasurer also subscribes to a bank rating service to assist in the determination of which banks to place deposits with. At year-end, the carrying amount of deposits totaled \$189,639,752 and the bank balance totaled \$200,563,778. Of the bank balance, \$3,803,374 was covered by Federal Depository Insurance, \$54,694,692 was covered by the Depositors Insurance Fund, \$131,775,105 was collateralized, and \$10,290,607 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2019, carrying amount of deposits for the System totaled \$11,255,407, and the bank balance totaled \$11,346,137. The entire bank balance of the System was covered by Federal Depository Insurance and is collateralized.

**Investments**

As of June 30, 2020, the City of Somerville had the following investments:

Investment Type	Fair value	Maturities			Ratings
		Under 1 Year	1-5 Years	6-10 Years	
<u>Debt securities:</u>					
U.S. treasury bonds.....	\$ 1,031,443	\$ -	\$ 744,486	\$ 286,957	AAA
Government sponsored enterprises.....	978,730	100,900	716,382	161,448	AA+
Corporate bonds.....	974,914	354,162	561,544	59,208	BBB- to AA
Total debt securities.....	\$ 2,985,087	\$ 455,062	\$ 2,022,412	\$ 507,613	
<u>Other investments:</u>					
Equity securities.....	3,213,770				
Equity mutual funds.....	2,533,268				
Fixed income mutual funds.....	1,425,536				
Money market mutual funds.....	239,026				
MMDT - Cash portfolio.....	13,831,611				
Total investments.....	\$ 24,228,298				

As of December 31, 2019, the System had the following investments:

Investment Type	Fair value	Maturities				Rating
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years	
<u>Debt securities:</u>						
(1) Loomis Sayles Fixed Income Fund.....	\$ 67,056,866	\$ 12,941,975	\$ 28,834,452	\$ 11,265,553	\$ 14,014,885	AAA / NR
<u>Other investments:</u>						
Equity securities.....	192,039,956					
Equity mutual funds.....	24,829,915					
Real estate investment trust.....	18,845,267					
Money market mutual funds.....	1,705,910					
Pension Reserve Investment Trust (PRIT)....	1,056,392					
Total investments.....	\$ 305,534,306					

- (1) The maturities and ratings of the fixed income mutual funds are representative of the average maturities of the underlying investments of each fund.

**Custodial Credit Risk – Investments**

For an investment, this is the risk that, in the event of a failure by the counterparty, the City will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The City does not have investments that are subject to custodial credit risk. The City’s investment policy states that no more than 20% of the City’s investments should be invested in a single financial institution with the exception of U.S. Treasuries or Agencies and the State Treasurer’s Investment Pool (MMDT).

Of the City’s U.S. treasury bonds of \$1,031,443, Government sponsored enterprises of \$978,730, Corporate bonds of \$974,914, and Equity securities of \$3,213,770, the City has custodial credit risk exposure of \$6,198,857, because the related securities are uninsured, unregistered and held by the counterparty.

Of the System’s \$192,039,956 in equity securities, the System has custodial credit risk exposure of \$192,039,956, because the related securities are uninsured, unregistered and held by the counterparty. The System has not adopted a formal investment policy to manage custodial credit risk.

Interest Rate Risk

The City's investment policy limits the maturities of investments in the following ways; up to one year from date of purchase for U.S. Treasuries or Agencies, Certificates of Deposit limited to one-year terms, and Repurchase Agreements not to exceed 90 days. These limits do not apply to fully insured deposits.

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

Credit Risk

The City has not adopted a formal policy related to credit risk. The City's investment in MMDT, mutual funds, and money market mutual funds are unrated.

The System has not adopted a formal policy related to credit risk. The System's investment in Fixed Income Mutual Funds have ratings that range from Aaa to not rated and their Money Market Mutual Funds are not rated.

Concentration of Credit Risk

The City places no limit on the amount the government may invest in any one issuer. The System is not invested more than 5% in any one issuer. The System has not adopted a formal policy related to the amount that may be invested in any one issuer.

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 narrative format for the fair value disclosures.

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 chooses a tabular format for disclosing the levels within the fair value hierarchy.

The City has the following recurring fair value measurements as of June 30, 2020:

Investment Type	June 30, 2020	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 bonds.....	\$ 1,031,443	\$ 1,031,443	\$ -	\$ -
Government sponsored enterprises.....	978,730	978,730	-	-
Corporate bonds.....	974,914	-	974,914	-
Total debt securities.....	2,985,087	2,010,173	974,914	-
<u>Other investments:</u>				
Equity securities.....	3,213,770	3,213,770	-	-
Equity mutual funds.....	2,533,268	2,533,268	-	-
Fixed income mutual funds.....	1,425,536	1,425,536	-	-
Money market mutual funds.....	239,026	239,026	-	-
Total other investments.....	7,411,600	7,411,600	-	-
Total investments measured at fair value.....	10,396,687	\$ 9,421,773	\$ 974,914	\$ -
<b>Investments measured at amortized cost:</b>				
MMDT - Cash portfolio.....	13,831,611			
Total investments.....	\$ 24,228,298			

U.S. Treasury bonds, government sponsored enterprises, fixed income mutual funds, equity securities, and equity 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.

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

**Retirement System**

The retiree pension system defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the plan’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 has the following recurring fair value measurements as of December 31, 2019:

Investment Type	December 31, 2019	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>				
Fixed income mutual funds.....	\$ 67,056,866	\$ 67,056,866	\$ -	\$ -
<u>Other investments:</u>				
Equity securities.....	192,039,956	192,039,956	-	-
Equity mutual funds.....	24,829,915	24,829,915	-	-
Real estate investment trust.....	18,845,267	-	-	18,845,267
Money market mutual funds.....	1,705,910	1,705,910	-	-
Total other investments.....	237,421,048	218,575,781	-	18,845,267
Total investments measured at fair value.....	304,477,914	\$ 285,632,647	\$ -	\$ 18,845,267
<b>Investments measured at net asset value:</b>				
Pension Reserve Investment Trust (PRIT).....	1,056,392			
Total investments.....	\$ 305,534,306			

Fixed income mutual funds, equity securities, money market mutual funds, and equity mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Real estate investment trusts are classified in Level 3 are valued using either a discounted cash flow or market comparable companies' technique.

PRIT Investments are valued using the net asset value 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 values 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, 2020, receivables for the individual major governmental funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 4,557,249	\$ (116,163)	\$ 4,441,086
Tax liens.....	1,151,255	-	1,151,255
Community preservation fund surtax.....	7,329	-	7,329
Motor vehicle and other excise taxes.....	2,456,288	(1,162,518)	1,293,770
Departmental and other.....	7,770,364	(5,300,298)	2,470,066
Intergovernmental - other.....	13,216,175	-	13,216,175
Community preservation state share.....	437,438	-	437,438
Loans.....	29,373,927	-	29,373,927
Total.....	<u>\$ 58,970,025</u>	<u>\$ (6,578,979)</u>	<u>\$ 52,391,046</u>

At June 30, 2020, receivables for the enterprise funds, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user charges.....	\$ 4,705,415	\$ -	\$ 4,705,415
Sewer user charges.....	8,587,463	-	8,587,463
Total.....	<u>\$ 13,292,878</u>	<u>\$ -</u>	<u>\$ 13,292,878</u>

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

	General Fund	Community Development	Other Governmental Funds	Total
<u>Receivables:</u>				
Real estate and personal property taxes.....	\$ 3,393,686	\$ -	\$ -	\$ 3,393,686
Tax liens.....	1,141,191	-	10,064	1,151,255
Motor vehicle and other excise taxes.....	1,293,770	-	-	1,293,770
Departmental and other.....	2,402,663	-	444,766	2,847,429
Intergovernmental - highway improvements.....	-	-	2,784,292	2,784,292
Intergovernmental - School Building Authority....	1,758,720	-	-	1,758,720
Community development block grants.....	-	2,902,418	-	2,902,418
Total.....	<u>\$ 9,990,030</u>	<u>\$ 2,902,418</u>	<u>\$ 3,239,122</u>	<u>\$ 16,131,570</u>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 51,747,949	\$ 3,984,499	\$ -	\$ 55,732,448
Construction in progress.....	96,725,358	128,030,607	-	224,755,965
Total capital assets not being depreciated....	148,473,307	132,015,106	-	280,488,413
<u>Capital assets being depreciated:</u>				
Land improvements.....	45,062,384	857,931	-	45,920,315
Books and periodicals.....	2,626,489	-	-	2,626,489
Buildings and improvements.....	203,013,209	-	-	203,013,209
Machinery and equipment.....	12,108,626	74,322	-	12,182,948
Vehicles.....	17,248,782	1,091,464	-	18,340,246
Infrastructure.....	51,969,653	1,803,788	-	53,773,441
Total capital assets being depreciated.....	332,029,143	3,827,505	-	335,856,648
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(19,295,800)	(1,680,640)	-	(20,976,440)
Books and periodicals.....	(2,613,007)	(10,096)	-	(2,623,103)
Buildings and improvements.....	(86,391,353)	(4,974,268)	-	(91,365,621)
Machinery and equipment.....	(9,390,856)	(496,818)	-	(9,887,674)
Vehicles.....	(10,940,384)	(1,184,491)	-	(12,124,875)
Infrastructure.....	(30,785,786)	(1,167,746)	-	(31,953,532)
Total accumulated depreciation.....	(159,417,186)	(9,514,059)	-	(168,931,245)
Total capital assets being depreciated, net.....	172,611,957	(5,686,554)	-	166,925,403
Total governmental activities capital assets, net.....	\$ 321,085,264	\$ 126,328,552	\$ -	\$ 447,413,816
<b>Water:</b>				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 4,503,897	\$ 2,538,465	\$ -	\$ 7,042,362
<u>Capital assets being depreciated:</u>				
Buildings.....	16,087	-	-	16,087
Machinery and equipment.....	5,267,964	-	-	5,267,964
Vehicles.....	462,918	343,479	-	806,397
Infrastructure.....	46,056,364	3,675,889	-	49,732,253
Total capital assets being depreciated.....	51,803,333	4,019,368	-	55,822,701
<u>Less accumulated depreciation for:</u>				
Buildings.....	(11,663)	(804)	-	(12,467)
Machinery and equipment.....	(3,473,055)	(340,267)	-	(3,813,322)
Vehicles.....	(462,918)	(34,348)	-	(497,266)
Infrastructure.....	(11,771,772)	(1,035,276)	-	(12,807,048)
Total accumulated depreciation.....	(15,719,408)	(1,410,695)	-	(17,130,103)
Total capital assets being depreciated, net.....	36,083,925	2,608,673	-	38,692,598
Total water activities capital assets, net.....	\$ 40,587,822	\$ 5,147,138	\$ -	\$ 45,734,960

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Sewer:</b>				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 11,132,061	\$ 13,279,101	-	\$ 24,411,162
<u>Capital assets being depreciated:</u>				
Vehicles.....	434,092	421,659	-	855,751
Infrastructure.....	42,092,946	5,245,290	-	47,338,236
Total capital assets being depreciated.....	42,527,038	5,666,949	-	48,193,987
<u>Less accumulated depreciation for:</u>				
Vehicles.....	(328,337)	(74,343)	-	(402,680)
Infrastructure.....	(15,276,748)	(650,964)	-	(15,927,712)
Total accumulated depreciation.....	(15,605,085)	(725,307)	-	(16,330,392)
Total capital assets being depreciated, net.....	26,921,953	4,941,642	-	31,863,595
Total sewer activities capital assets, net.....	\$ 38,054,014	\$ 18,220,743	\$ -	\$ 56,274,757
<b>Rink:</b>				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 3,435,934	\$ -	\$ -	\$ 3,435,934
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(558,338)	(85,898)	-	(644,236)
Total rink activities capital assets, net.....	\$ 2,877,596	\$ (85,898)	\$ -	\$ 2,791,698

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

<b>Governmental Activities:</b>	
General government.....	\$ 837,385
Public safety.....	626,916
Education.....	4,608,482
Public works.....	2,246,875
Culture and recreation.....	1,194,401
Total depreciation expense - governmental activities.....	\$ 9,514,059
<b>Business-Type Activities:</b>	
Water.....	\$ 1,410,695
Sewer.....	725,307
Rink.....	85,898
Total depreciation expense - business-type activities.....	\$ 2,221,900

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The City’s interfund balances at June 30, 2020, consisted of \$1.8 million in balances within the nonmajor governmental funds which represent interfund borrowings for short-term cash flow needs from the general fund.

Interfund transfers for the year ended June 30, 2020, are summarized as follows:

Transfers Out:	Transfers In:					Total
	General fund	Nonmajor governmental funds	Rink Enterprise fund	Dilboy Stadium Enterprise fund	Kennedy School Pool Enterprise fund	
General fund.....	\$ -	\$ 250,000	\$ 257,896	\$ 25,000	\$ 770,675	\$ 1,303,571 (1)
Capital Projects fund.....	354	-	-	-	-	354 (2)
Nonmajor governmental funds.....	2,474,485	-	-	-	-	2,474,485 (3)
<b>Total.....</b>	<b>\$ 2,474,839</b>	<b>\$ 250,000</b>	<b>\$ 257,896</b>	<b>\$ 25,000</b>	<b>\$ 770,675</b>	<b>\$ 3,778,410</b>

- (1) Represents budgeted transfers out of the general fund to various projects and nonmajor funds, and a subsidy transfer to the Veteran’s Memorial Ice Rink, Dilboy Stadium and the Kennedy School Pool funds.
- (2) Represents the close out of immaterial balances remaining in the capital projects to the general fund.
- (3) Represents transfers from various nonmajor projects to the general fund to fund the operating budget.

**NOTE 6 – OPERATING LEASES**

Operating Leases

The City leases two police sub-stations under several noncancelable operating leases. The total cost of these leases for the year ended June 30, 2020, was approximately \$46,000 and is reported as public safety expenditures in the basic financial statements. The Police substation leases were renewed through February of 2021 and June of 2021.

Additionally, the City entered a lease for a street sweeper under an operating lease. The total cost for the vehicle for the year ended June 30, 2020, was approximately \$37,000 and is reported as public works expenditures in the basic financial statements. The lease terms go through September of 2021.

**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).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and capital projects fund, respectively.

Details related to the short-term debt activity for the year ended June 30, 2020, is as follows:

**Governmental Activities**

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2019	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2020
<b>Governmental Funds:</b>							
BAN	High School Construction.....	2.00%	10/25/19	\$ 55,000,000	\$ -	\$ (55,000,000)	\$ -
BAN	Central Hill Memorial Park.....	2.25%	06/05/20	75,000	-	(75,000)	-
BAN	LED Light Conversion.....	2.25%	06/05/20	570,624	-	(570,624)	-
BAN	Lincoln Park Renovation.....	2.25%	06/05/20	1,762,363	-	(1,762,363)	-
BAN	Green Line Extension.....	2.25%	06/05/20	20,000,000	-	(20,000,000)	-
BAN	Building Assessment Maintenance Plan.....	2.25%	06/05/20	410,000	-	(410,000)	-
BAN	Winter Hill Community Repairs.....	2.25%	06/05/20	877,000	-	(877,000)	-
BAN	45 College Land Ave Acquisition.....	2.25%	06/05/20	1,520,000	-	(1,520,000)	-
BAN	DPW Sweepers & Trackless Vehicles.....	2.25%	06/05/20	435,524	-	(435,524)	-
BAN	Somerville Ave Infrastructure Improvements.....	2.25%	06/05/20	4,488,000	-	(4,488,000)	-
BAN	Bueno Vista Garage.....	2.25%	06/05/20	63,000	-	(63,000)	-
BAN	DPW Vehicles and Equipment.....	2.25%	06/05/20	896,000	-	(896,000)	-
BAN	ADA Building Improvements.....	2.25%	06/05/20	312,000	-	(312,000)	-
BAN	West Branch Library Renovation/Reconst.....	2.25%	06/05/20	555,000	-	(555,000)	-
BAN	Public Safety Building Design/Construction.....	2.25%	06/05/20	30,000	-	(30,000)	-
BAN	Redevelopment Authority Acquisition.....	2.25%	06/05/20	8,778,000	-	(8,778,000)	-
BAN	Sacramento Street Underpass Reconst.....	2.25%	06/05/20	50,000	-	(50,000)	-
BAN	High School Construction.....	2.40%	10/23/20	-	105,000,000	-	105,000,000
BAN	High School Construction.....	1.00%	10/23/20	-	10,000,000	-	10,000,000
BAN	Central Hill Memorial Park.....	2.00%	06/04/21	-	324,722	-	324,722
BAN	LED Light Conversion.....	2.00%	06/04/21	-	224,055	-	224,055
BAN	Green Line Extension.....	2.00%	06/04/21	-	30,466,539	-	30,466,539
BAN	Winter Hill Community Repairs.....	2.00%	06/04/21	-	111,711	-	111,711
BAN	Somerville Ave Streetscape Improvements.....	2.00%	06/04/21	-	6,091,658	-	6,091,658
BAN	Bueno Vista Garage.....	2.00%	06/04/21	-	200,043	-	200,043
BAN	West Branch Library Renovation/Reconst.....	2.00%	06/04/21	-	71,089	-	71,089
BAN	DPW Vehicles and Equipment.....	2.00%	06/04/21	-	1,017,878	-	1,017,878
BAN	ADA Building Improvements.....	2.00%	06/04/21	-	316,852	-	316,852
BAN	West Branch Library Renovation/Reconst.....	2.00%	06/04/21	-	4,215,087	-	4,215,087
BAN	Public Safety Building Design/Construction.....	2.00%	06/04/21	-	30,467	-	30,467
BAN	Redevelopment Authority Acquisition.....	2.00%	06/04/21	-	8,914,509	-	8,914,509
BAN	DPW Vehicles.....	2.00%	06/04/21	-	1,122,235	-	1,122,235
BAN	Fire Department Vehicles.....	2.00%	06/04/21	-	175,772	-	175,772
BAN	Field & Playground Improvements.....	2.00%	06/04/21	-	531,184	-	531,184
BAN	Sacramento Street Underpass Reconst.....	2.00%	06/04/21	-	652,842	-	652,842
BAN	City Hall, High School & Edgerly School Design and Engineering...	2.00%	06/04/21	-	7,109	-	7,109
BAN	Fire Pumper.....	2.00%	06/04/21	-	319,857	-	319,857
BAN	90 Washington Street Demolition.....	2.00%	06/04/21	-	10,156	-	10,156
BAN	Conway Park Environmental Remediation Planning & Design.....	2.00%	06/04/21	-	230,642	-	230,642
BAN	Union Square Revitalization Plan.....	2.00%	06/04/21	-	2,706,966	-	2,706,966
BAN	Land Acquisition (217 Somerville Ave).....	2.00%	06/04/21	-	1,339,497	-	1,339,497
BAN	Central Hill Campus Improvements.....	2.00%	06/04/21	-	429,155	-	429,155
Total Governmental Funds Short-Term Debt.....				\$ 95,822,511	\$ 174,510,025	\$ (95,822,511)	\$ 174,510,025
General obligation bonds issued.....						(1) (115,000,000)	
Total.....							\$ 59,510,025

(1) Subsequent to year end \$115,000,000 of BAN's were redeemed by the issuance of general obligation bonds. See NOTE 8 for further information.

**Enterprise Activities**

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2019	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2020
<b>Water Enterprise Fund:</b>							
BAN	Water Main Rehab & Replacement	2.25%	06/05/20	\$ 1,700,000	\$ -	\$ (1,700,000)	\$ -
BAN	Cedar Street Water Repairs	2.25%	06/05/20	927,500	-	(927,500)	-
BAN	Somerville Ave Water Improvements	2.25%	06/05/20	2,805,000	-	(2,805,000)	-
BAN	Somerville Ave Water Improvements	2.00%	06/04/21	-	2,857,305	-	2,857,305
BAN	Water Vehicles and Equipment	2.00%	06/04/21	-	442,235	-	442,235
BAN	Water Distribution System Repairs	2.00%	06/04/21	-	116,170	-	116,170
Total Water Enterprise Fund				5,432,500	3,415,710	(5,432,500)	3,415,710
<b>Sewer Enterprise Fund:</b>							
BAN	Sewer Main Rehab & Replacement	2.25%	06/05/20	1,000,000	-	(1,000,000)	-
BAN	Cedar Street Sewer Repairs	2.25%	06/05/20	2,197,500	-	(2,197,500)	-
BAN	Somerville Ave Sewer Improvements	2.25%	06/05/20	13,497,000	-	(13,497,000)	-
BAN	Sewer Pump Station & Force Main	2.25%	06/05/20	15,000	-	(15,000)	-
BAN	Spring Hill Sewer Separation Project	2.25%	06/05/20	95,000	-	(95,000)	-
BAN	Sewer Main Rehab & Replacement	2.25%	06/05/20	91,000	-	(91,000)	-
BAN	Somerville Ave Sewer Improvements	2.00%	06/04/21	-	13,829,316	-	13,829,316
BAN	Sewer Pump Station & Force Main	2.00%	06/04/21	-	29,183	-	29,183
BAN	Spring Hill Sewer Separation Project	2.00%	06/04/21	-	949,292	-	949,292
BAN	Sewer Main Rehab & Replacement	2.00%	06/04/21	-	1,136,703	-	1,136,703
BAN	Sewer Cleaner Vehicle	2.00%	06/04/21	-	421,659	-	421,659
BAN	Sewer Improvements	2.00%	06/04/21	-	470,907	-	470,907
Total Sewer Enterprise Fund				16,895,500	16,837,060	(16,895,500)	16,837,060
Total Enterprise Funds				\$ 22,328,000	\$ 20,252,770	\$ (22,328,000)	\$ 20,252,770

**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".

The City issued \$13,140,000 of new general obligation bonds. The current year financial statements have recognized bond proceeds in the amount of \$6,835,930 in the governmental funds, \$3,300,000 in the water enterprise fund, and \$3,004,070 in the sewer enterprise fund.

ON October 22, 2020, the City issued \$115,000,000 of general obligation bonds that relates to BAN's outstanding as of June 30, 2020. Accordingly, the current year financial statements have recognized bond proceeds of \$115,000,000 for the High School capital project.

Details related to the general obligation bonds outstanding at June 30, 2020, and the debt service requirements are as follows:

**Bonds Payable Schedule – Governmental Funds**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
<b>General Obligation Bonds Payable:</b>				
MSBA - February 12, 2008.....	2033	\$ 7,282,102	7.1% - 8.0%	\$ 4,733,367
Municipal Purpose - April 1, 2010 (Refunding).....	2022	13,407,000	2.0% - 5.0%	3,065,000
Municipal Purpose - February 23, 2011.....	2025	5,020,000	2.0% - 5.0%	1,915,000
Municipal Purpose - May 17, 2013.....	2042	15,750,000	2.0% - 5.0%	13,535,000
Municipal Purpose - October 9, 2013.....	2033	13,940,000	2.0% - 5.0%	8,105,000
MSBA - September 25, 2013.....	2043	6,250,000	0.02	4,956,892
Municipal Purpose - October 15, 2015.....	2038	8,603,000	2.125% - 5.0%	7,195,000
Municipal Purpose - October 5, 2016.....	2039	17,771,000	2.0 - 4.0%	16,230,000
Municipal Purpose - June 1, 2017.....	2042	1,235,000	3.0 - 5.0%	10,555,000
Municipal Purpose - June 7, 2018.....	2023	500,000	2.125%	500,000
Municipal Purpose - June 7, 2018.....	2046	9,643,102	3.0 - 4.0%	8,020,000
Municipal Purpose - December 7, 2017 - Refunding	2029	7,810,975	4.0%	7,081,775
Municipal Purpose - June 6, 2019.....	2047	16,895,000	3.0 - 5.0%	16,115,000
Municipal Purpose - June 4, 2020.....	2045	6,835,930	2.0 - 5.0%	6,835,930
Municipal Purpose - October 22, 2020.....	2051	115,000,000	1.75 - 4.75%	115,000,000
Total Bonds Payable				223,842,964
Add: Unamortized premium on bonds.....				10,150,918
Total Bonds Payable, net.....				<u>\$ 233,993,882</u>

Debt service requirements for principal and interest for Governmental and Enterprise bonds payable in future years are as follows:

Year	Principal	Interest	Total
2021.....	\$ 8,180,552	\$ 3,436,254	\$ 11,616,806
2022.....	8,940,395	7,828,229	16,768,624
2023.....	9,084,100	5,897,184	14,981,284
2024.....	9,149,543	5,538,852	14,688,395
2025.....	9,219,224	4,865,626	14,084,850
2026.....	9,193,742	4,858,916	14,052,658
2027.....	9,322,901	4,497,768	13,820,669
2028.....	9,332,385	4,135,318	13,467,703
2029.....	8,869,409	3,788,703	12,658,112
2030.....	9,046,399	3,468,424	12,514,823
2031.....	8,724,834	3,134,146	11,858,980
2032.....	8,694,353	2,867,151	11,561,504
2033.....	7,962,488	2,619,747	10,582,235
2034.....	7,577,598	2,438,150	10,015,748
2035.....	6,992,177	2,278,630	9,270,807
2036.....	6,846,756	2,131,075	8,977,831
2037.....	6,990,973	1,976,639	8,967,612
2038.....	7,164,468	1,815,614	8,980,082
2039.....	6,917,240	1,654,209	8,571,449
2040.....	7,075,735	1,492,873	8,568,608
2041 & thereafter.....	58,557,692	6,630,178	65,187,870
Total.....	<u>\$ 223,842,964</u>	<u>\$ 77,353,684</u>	<u>\$ 301,196,648</u>

**Bonds Payable Schedule – Enterprise Funds**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
<b>General Obligation Bonds Payable:</b>				
Municipal Purpose - April 1, 2010 (Refunding).....	2022	262,000	2.0 - 5.0%	\$ 50,000
Municipal Purpose - June 7, 2018.....	2046	490,000	3.0 - 4.0%	480,000
Municipal Purpose - December 7, 2017 - Refunding.....	2030	844,925	4.0%	844,925
Municipal Purpose - June 6, 2019.....	2047	3,195,000	3.0 - 5.0%	3,130,000
Municipal Purpose - June 4, 2020.....	2045	2,400,000	2.0 - 5.0%	2,400,000
Subtotal General Obligation Bonds Payable.....				<u>6,904,925</u>
<b>Direct Borrowings Bonds Payable:</b>				
Massachusetts Water Resource Authority - MWRA.....	2022	1,336,000	0.0%	267,200
Massachusetts Water Resource Authority - MWRA.....	2025	875,000	0.0%	437,500
Massachusetts Water Resource Authority - MWRA.....	2023	1,242,340	0.0%	372,702
Massachusetts Water Resource Authority - MWRA.....	2021	138,000	0.0%	27,600
Massachusetts Water Resource Authority - MWRA.....	2027	1,660,000	0.0%	1,162,000
Massachusetts Water Resource Authority - MWRA.....	2029	2,543,000	0.0%	2,288,700
Massachusetts Water Resource Authority - MWRA.....	2030	900,000	0.0%	900,000
Subtotal Direct Borrowings Bonds Payable.....				<u>5,455,702</u>
Total Water Enterprise Bonds Payable.....				<u>\$ 12,360,627</u>

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
<b>General Obligation Bonds Payable:</b>				
Municipal Purpose - April 1, 2010 .....	2022	419,000	2.0 - 5.0%	\$ 80,000
Municipal Purpose - June 7, 2018.....	2046	680,000	3.0 - 4.0%	540,000
Municipal Purpose - December 7, 2017.....	2027	809,100	4.0%	598,300
Municipal Purpose - June 6, 2019.....	2047	4,240,000	3.0 - 5.0%	4,085,000
Municipal Purpose - June 4, 2020.....	2045	3,004,070	2.0 - 5.0%	3,004,070
Subtotal General Obligation Sewer Bonds Payable.....				<u>8,307,370</u>
<b>Direct Borrowings Bonds Payable</b>				
Massachusetts Water Resource Authority - MWRA.....	2029	499,775	0.0%	<u>449,797</u>
Total Sewer Enterprise Bonds Payable.....				<u>\$ 8,757,167</u>



Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
<b>Rink General Obligation Bonds Payable</b>				
Rink Enterprise Debt - October 9, 2013.....	2027	13,940,000	2.0% - 5.0%	\$ <u>1,505,000</u>

**Enterprise Funds**

Year	General Obligation Bonds Payable			Direct Borrowings Bonds Payable		
	Principal	Interest	Total	Principal	Interest	Total
2021.....	\$ 904,070	\$ 294,575	\$ 1,198,645	\$ 933,212	\$ -	\$ 933,212
2022.....	839,475	560,286	1,399,761	905,612	-	905,612
2023.....	705,000	520,607	1,225,607	772,012	-	772,012
2024.....	724,800	481,493	1,206,293	647,778	-	647,778
2025.....	755,000	447,422	1,202,422	647,778	-	647,778
2026.....	755,000	414,054	1,169,054	560,278	-	560,278
2027.....	785,000	381,959	1,166,959	560,278	-	560,278
2028.....	503,950	353,719	857,669	394,278	-	394,278
2029.....	535,000	330,466	865,466	394,273	-	394,273
2030.....	550,000	308,087	858,087	90,000	-	90,000
2031 & thereafter.....	9,660,000	2,627,085	12,287,085	-	-	-
Total.....	\$ <u>16,717,295</u>	\$ <u>6,719,750</u>	\$ <u>23,437,045</u>	\$ <u>5,905,499</u>	\$ <u>-</u>	\$ <u>5,905,499</u>

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the project, financial assistance received from the MWRA consists of a non-interest bearing loan. At June 30, 2020, the outstanding principal amount of these loans totaled \$5,905,499 million. The imputed interest on these loans is immaterial and has not been recognized by the City.

The Commonwealth has 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 2020, \$1,818,504 of such assistance was received. Approximately \$2,358,000 will be received in future years. Of this amount, approximately \$599,000 represents reimbursement of long-term interest costs, and approximately \$1,759,000 represents reimbursement of approved construction costs. Accordingly, a \$1,759,000 intergovernmental receivable and corresponding unavailable revenue have been reported in governmental fund financial statements. The unavailable revenue has been recognized as revenue in the conversion to the government-wide financial statements.

The Commonwealth changed the method for funding the school building assistance program. Under the new program, the assistance is paid to support construction costs and reduce the total debt service of the City. Through the end of 2020, the City has recorded capital grant proceeds totaling \$90.4 million related to the Somerville High School project from the MSBA, which is equal to 75.29% of approved construction costs submitted for reimbursement. The City anticipates receiving an additional \$33.5 million related to the Somerville High School project, which is based on reimbursement requests submitted. Accordingly, as of June 30, 2020, a \$3.1 million intergovernmental receivable and corresponding revenue has been reported in the governmental fund financial statements. This receivable relates to expenditures incurred during 2020 and submitted for reimbursement from the MSBA.

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, 2020, the City had the following authorized and unissued debt:

Purpose	Amount
Central Hill Memorial Park.....	\$ 450,000
Veterans Memorial Ice Rink.....	950
Street Resurfacing.....	15,979
Public Safety Building Repairs.....	56,200
Morse-Keley Park Renovations.....	2,445
Departmental Equipment (Radio).....	23,000
Park Construction.....	500,000
Departmental Equipment (Ladder Truck).....	1,000
Recreation Department Vehicle.....	15,000
Network Infrastructure Replacement.....	1,000
MWRA Infiltration & Inflow.....	90
DPW Salt Shed.....	19,000
DPW Snow Removal Equipment.....	9,425
LED Light Conversion.....	220,625
Lincoln Park Renovation.....	499,053
Sidewalks Improvements.....	1,850,000
East Broadway Streetscape.....	175,000
MBTA Green Line Extension.....	50,000,000
U8 Winter Hill Community School Soccer Field.....	54,945
High School Construction.....	60,112,032
Winter Hill Community Innovation School Repairs.....	1,578,259
Street, Sidewalks, and ADA Ramp Improvements.....	2,700,000
Somerville Ave Infrastructure Improvements- Water.....	4,000,000
Somerville Ave Infrastructure Improvements- Sewer.....	32,500,000
Somerville Ave Streetscape Improvements.....	13,500,000
Sewer Pump Station and Force Main (Poplar Street).....	2,100,000
Spring Hill Sewer Separation Project Design Phase.....	1,500,000
DPW Street Sweepers (Two) & Trackless Vehicles.....	1,004
Sewer Main Rehabilitation and Replacement.....	1,500,000
Bueno Vista Garage.....	2,000,000
West Branch Library Renovation.....	94,000
Paving and Sidewalk Improvements.....	2,700,000
DPW Vehicles and Equipment.....	1,002,294
ADA Building Improvements.....	500,000
West Branch Library Renovation.....	7,350,000
West Branch Library Construction.....	1,600,000
Sewer Cleaner Vactor.....	425,670
Water Department Vehicles.....	442,235
Public Safety Building Construction/Design.....	1,860,000
Redevelopment Authority Acquisition.....	8,778,000
Fire Vehicles.....	202,698
DPW Vehicles.....	1,105,050
Field Playground Improvement.....	752,000
Sacramento Street Underpass.....	729,000
Davis Square Improvements.....	600,000
Sewer Improvements.....	3,900,000
Union Square Streetscape & Plaza Design.....	1,000,000
City Hall, High School & Edergly School Design.....	2,000,000
Fire Pumper.....	550,000
90 Washington St. Demonstration Project.....	817,000
Conway Park Environmental Remediation Planning.....	537,000
Union Square Revitalization Plan.....	2,745,543
Sewer System Evaluation Study & Infiltration/Inflow Assessment..	1,660,000
Willow Street/Grove Street Sewer System Rehabilitation.....	2,740,000
Flint Street Sewer System Replacement & Rehabilitation.....	3,380,000
Street & Sidewalk Reconstruction.....	3,730,000
Water Distribution System Replacement & Rehabilitation.....	6,500,000
Land Acquisition (217 Somerville Ave).....	1,400,000
Central Hill Campus Improvements.....	4,351,000
Healey Schoolyard Improvements.....	6,000,000
<b>Total.....</b>	<b>\$ 244,836,497</b>

Changes in Long-term Liabilities

During the year ended June 30, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
Long-term bonds payable.....	\$ 109,532,657	\$ 121,835,930	(7,525,623)	\$ -	\$ -	\$ 223,842,964	\$ 8,180,552
Add: Unamortized premium on bonds..	9,145,447	-	-	1,970,136	(964,665)	10,150,918	1,046,852
Total bonds payable.....	118,678,104	121,835,930	(7,525,623)	1,970,136	(964,665)	233,993,882	9,227,404
Compensated absences.....	3,252,600	-	-	1,443,000	(148,600)	4,547,000	196,000
Workers' compensation.....	928,000	-	-	510,250	(327,250)	1,111,000	278,000
Net pension liability.....	173,371,108	-	-	-	(25,075,393)	148,295,715	-
Other postemployment benefits.....	276,597,774	-	-	16,682,785	(148,535,680)	144,744,879	-
Total governmental activity long-term liabilities.....	\$ 572,827,586	\$ 121,835,930	\$ (7,525,623)	\$ 20,606,171	\$ (175,051,588)	\$ 532,692,476	\$ 9,701,404
<b>Business-Type Activities:</b>							
Long-term bonds payable.....	\$ 17,975,936	\$ 6,304,070	(1,657,212)	\$ -	\$ -	\$ 22,622,794	\$ 1,837,282
Compensated absences.....	28,200	-	-	35,300	(1,700)	61,800	2,600
Net pension liability.....	2,244,453	-	-	2,544,546	(1,417,058)	3,371,941	-
Other postemployment benefits.....	1,921,785	-	-	3,899,316	(2,948,171)	2,872,930	-
Total business-type activity long-term liabilities.....	\$ 22,170,374	\$ 6,304,070	\$ (1,657,212)	\$ 6,479,162	\$ (4,366,929)	\$ 28,929,465	\$ 1,839,882

The long-term liabilities will be liquidated in the future by the general fund and enterprise funds.

**NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS**

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 Rainy Day Stabilization fund is \$4.3 million and reported as unassigned fund balance within the general fund. The City's remaining stabilization funds are for specific purposes and have been reported as committed within the general fund.

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

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

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose.

- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

As of June 30, 2020, the fund balances consisted of the following:

	General	Strategic Planning & Community Development	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 433,126	\$ 433,126
Restricted for:					
Strategic planning & community development.....	-	19,198,403	-	-	19,198,403
School special revenue funds.....	-	-	-	1,212,329	1,212,329
School federal grants.....	-	-	-	445,657	445,657
School state & private grants.....	-	-	-	2,182,724	2,182,724
City federal grant funds.....	-	-	-	34,610	34,610
City state grant funds.....	-	-	-	388,293	388,293
City revolving funds.....	-	-	-	138,172	138,172
City receipts reserved.....	-	-	-	3,115,951	3,115,951
City private grants.....	-	-	-	1,140,893	1,140,893
School lunch.....	-	-	-	703,001	703,001
Community preservation.....	-	-	-	14,685,569	14,685,569
Other special revenue funds.....	-	-	-	15,437,402	15,437,402
Other permanent funds.....	-	-	-	178,368	178,368
Committed to:					
Health claims.....	6,390,070	-	-	-	6,390,070
Max-Pak stabilization fund.....	20,882	-	-	-	20,882
East Somerville stabilization fund.....	106,606	-	-	-	106,606
Street Tree stabilization fund.....	24,596	-	-	-	24,596
Alpine Restaurant stabilization fund.....	2,608	-	-	-	2,608
Rockwell Restaurant stabilization fund.....	9,402	-	-	-	9,402
Capital Projects stabilization fund.....	5,740,844	-	-	-	5,740,844
Construction stabilization fund.....	907,148	-	-	-	907,148
Traffic Safety stabilization fund.....	351,657	-	-	-	351,657
Mitigation stabilization fund.....	101,002	-	-	-	101,002
270 Cedar Street LLC stabilization fund.....	1,042	-	-	-	1,042
Workforce Training stabilization fund.....	427	-	-	-	427
Bicycle stabilization fund.....	2,269	-	-	-	2,269
Linwood Street sidewalk improvement stabilization fund.....	12,209	-	-	-	12,209
Davis Square traffic and Sign stabilization fund.....	296	-	-	-	296
Trash transfer station stabilization fund.....	621	-	-	-	621
Salary and wage stabilization fund.....	5,745,545	-	-	-	5,745,545
Open space improvement stabilization fund.....	98,386	-	-	-	98,386
Union square revitalization stabilization fund.....	13,065	-	-	-	13,065
Facility construction & renovation stabilization fund.....	4,644,157	-	-	-	4,644,157
Street reconstruction & resurfacing stabilization fund.....	2,059,886	-	-	-	2,059,886
Elmwood stabilization.....	38,298	-	-	-	38,298
377 Broadway stabilization.....	4,456	-	-	-	4,456
Green Line extension stabilization.....	6,093,533	-	-	-	6,093,533
Highland Ave stabilization.....	10,130	-	-	-	10,130
Medical marijuana stabilization.....	654,723	-	-	-	654,723
Infiltration/ Inflow stabilization.....	1,034,793	-	-	-	1,034,793
Algonquin Mitigation stabilization fund.....	132,332	-	-	-	132,332
Boynton Yards stabilization fund.....	1,475	-	-	-	1,475
Washington stabilization.....	8,347	-	-	-	8,347
259 McGrath stabilization.....	3,502	-	-	-	3,502
378 Highland ave stabilization.....	3,002	-	-	-	3,002
Small business assistance stabilization.....	146,403	-	-	-	146,403
Water transportation public saf stabilization.....	150,055	-	-	-	150,055
Union square community benefit stabilization.....	214,000	-	-	-	214,000
Alpine street stabilization.....	10,004	-	-	-	10,004
Assigned to:					
General government.....	624,335	-	-	-	624,335
Public safety.....	255,794	-	-	-	255,794
Education.....	570,051	-	-	-	570,051
Public works.....	1,796,352	-	-	-	1,796,352
Culture and recreation.....	199,768	-	-	-	199,768
Unassigned.....	36,978,228	-	(8,317,055)	-	28,661,173
Total Fund Balances.....	\$ 75,162,299	\$ 19,198,403	\$ (8,317,055)	\$ 40,096,095	\$ 126,139,742

**NOTE 10 – RISK FINANCING**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance.

The City participates in premium-based health care plans for its active employees and retirees through the Group Insurance Commission. Claims have not exceeded insurance coverage for the last three years.

The City is self-insured for its workers’ compensation activities. These activities are accounted for in the General Fund. Workers’ compensation claims are administered in house and are funded on a pay-as-you-go basis from annual appropriations. The estimated future workers’ compensation liability is based on history and injury type. At June 30, 2020, the amount of the liability for workers’ compensation claims totaled \$1,111,000.

Changes in the reported liability since July 1, 2018, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2019.....	921,000	332,000	(325,000)	928,000	232,000
2020.....	928,000	617,883	(434,883)	1,111,000	278,000

**NOTE 11 - PENSION PLAN**

*Plan Descriptions*

The City is a member of the Somerville Contributory Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements. See Note 1 for more information.

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, 2019. The City’s portion of the collective pension expense, contributed by the

Commonwealth, of \$20,601,043 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 \$169,881,193 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, 2019.

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, 2019, the SCRS membership consists of the following:

Active members.....	1,186
Inactive members.....	499
Disabled members.....	124
Retirees and beneficiaries currently receiving benefits.....	<u>803</u>
Total.....	<u><u>2,612</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 SCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units’ contribution for the year ended December 31, 2019 was \$15,226,941, 18% 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 \$14,273,369 which equaled its actual contribution.

*Pension Liabilities*

The components of the net pension liability of the participating member units at June 30, 2020, were as follows:

Total pension liability.....	\$	478,449,370
Total pension plan's fiduciary net position.....		<u>(316,649,136)</u>
Total net pension liability.....	\$	<u>161,800,234</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....		66.18%

At June 30, 2020, the City reported a liability of \$151,667,656 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. 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, 2019, the City's proportion was 93.74% which changed from its proportion measured at December 31, 2018, of 94.33%.

*Pension Expense*

For the year ended June 30, 2020, the City recognized a pension expense of \$22,533,005. At June 30, 2020, the City reported deferred outflows of resources related to pensions of \$34,736,487, and deferred inflows of resources related to pensions of \$21,882,982.

The balances of deferred outflows and inflows at June 30, 2020 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 13,096,280	\$ (1,098,763)	\$ 11,997,517
Difference between projected and actual earnings, net.....	-	(20,020,931)	(20,020,931)
Changes in assumptions.....	21,042,177	-	21,042,177
Changes in proportion and proportionate share of contributions...	<u>598,030</u>	<u>(703,288)</u>	<u>(105,258)</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>34,736,487</u>	\$ <u>(21,822,982)</u>	\$ <u>12,913,505</u>

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

Year ended June 30:

2021.....	\$	5,663,498
2022.....		3,831,681
2023.....		7,982,120
2024.....		<u>(4,563,794)</u>
	\$	<u>12,913,505</u>

*Actuarial Assumptions*

The total pension liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions:

Valuation date.....	January 1, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Amortization method.....	Payments increasing at 4.0%
Remaining amortization period.....	Increasing amortization at 3.5% of unfunded actuarial accrued liability over 13 years completed by June 30, 2033.
Asset valuation method.....	The actuarial value of assets is determined using a five-year smoothing of asset returns greater than or less than the assumed rate of return, with a 20% corridor.
Inflation rate.....	4.00%
Projected salary increases.....	It is assumed that salaries including longevity will increase at a rate of 3.00% per year.
Cost of living adjustments.....	2.75% of the lesser of the pension amount or \$14,000.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.
Rates of disability.....	For general employees, it was assumed that 40% of all disabilities are ordinary (60% are service connected). For police and fire employees, 10% of all disabilities are assumed to be ordinary (90% are service connected).
Mortality Rates.....	It is assumed that mortality is represented by the various SOA Pub-2010 Public Retirement Plans Mortality Tables specific to the Group, Pre-retirement versus Post, Disabled and Beneficiaries, with Scale MP-2018 improvements until 2025.
Investment rate of return/Discount rate.....	7.75%, compounded annual rate



*Investment policy*

The pension plan’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 pension plan’s target asset allocation as of January 1, 2020, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Cash.....	0%-10%	2.75%
Large cap equities.....	45%-65%	9.00%
Small cap equities.....	0%-10%	9.00%
Multi cap equities.....	0%-5%	9.00%
Fixed income investment grade.....	35%-45%	5.50%
Fixed income below investment grade..	3%-7%	6.00%
Real estate.....	0%-15%	7.50%
Venture capital.....	0%-5%	9.00%
International.....	0%-15%	8.00%
Emerging markets.....	0%-3%	9.00%
Foreign bonds.....	0%-1%	5.00%

*Rate of return*

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 23.83%. 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 at December 31, 2019, was 7.75%, which did not change from the prior year. 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 pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*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 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount (7.75%)	1% Increase (8.75%)
	<u>December 31, 2019 Measurement Date</u>		
The City's proportionate share of the net pension liability.....	\$ 198,341,092	\$ 151,667,656	\$ 111,909,158
	<u>December 31, 2019 Measurement Date</u>		
System total net pension liability.....	\$ 211,591,819	\$ 161,800,234	\$ 119,385,560

*Noncontributory Retirement Allowance* – The City pays the entire retirement allowance for certain retirees who are eligible for noncontributory benefits and are not members of the System. The general fund expenditure for 2020 totaled \$85,603.

*Changes in Assumptions*

None.

*Changes in Plan Provisions*

None.

**NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

*Plan Description* – The City of Somerville administers a single-employer defined benefit healthcare plan (“Plan”). The Plan provides health, dental and life insurance for eligible retirees and their spouses through a single-employer defined Other Postemployment Benefit (OPEB) plan. The Plan is administered through the Group Insurance Commission (GIC) as of January 1, 2012. The Plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the City’s group health, life and GIC health plans which covers both active and retired members. Chapter 32b, Section 19, of the MGL, and an agreement between the City and the Public Employee Committee (PEC) which is subject to renegotiation at the end of each contract period provides the authority to establish and amend benefit provisions of the Plan. The Plan does not issue a publicly available financial report. The employers share is based on the type of plan the employee/retiree is enrolled in. For all HMO and PPO plans, the employer contributes 80% of the premium and for all indemnity plans, the employer contributes 75% of the premium.

*Funding Policy* – Contribution requirements are also negotiated between the City and the PEC. The required contribution is based on a pay-as-you-go financing requirement. The City contributes 80% of the premium for all HMO and PPO plans and 75% of the premium for all indemnity plans per the Chapter 32b, Section 19 PEC Agreement and the retiree’s will contribute the remaining 20% for all HMO and PPO plans and 25% for all indemnity plans. For 2020, the City’s benefit payments totaled \$7,793,272, and the City contributed another \$1.0 million to the OPEB Trust fund. For the year ended June 30, 2020, the City’s average contribution rate was 7.58% of covered-employee payroll. Plan members are not required to contribute to the Plan.

The Commonwealth of Massachusetts passed special legislation that has allowed the City to establish a postemployment benefit trust fund and to enable the City to raise taxes necessary to begin pre-funding its OPEB liabilities.

During 2020, the City pre-funded future OPEB liabilities by contributing \$1.0 million to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2020, the balance of this fund totaled \$10.4 million.

The annual money-weighted rate of return on OPEB plan investments was 5.53%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

*Plan Membership* – The following table represents the Plan’s membership at June 30, 2020:

Active members.....	1,644
Retirees and beneficiaries.....	<u>1,918</u>
Total.....	<u><u>3,562</u></u>

*Components of OPEB Liability* – The following table represents the components of the Plan’s OPEB liability as of June 30, 2020:

Total OPEB liability.....	\$ 158,014,496
Less: OPEB plan's fiduciary net position.....	<u>(10,396,687)</u>
Net OPEB liability.....	<u><u>\$ 147,617,809</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	6.58%

*Significant Actuarial Methods and Assumptions* – The total OPEB liability in the June 30, 2020, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods including the measurement date to be in accordance with GASB #74 and GASB #75.

Valuation date.....	June 30, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Market Value.
Discount rate.....	Full prefunding: 7.5% per year, net of investment expenses.
Healthcare cost trend rate.....	4.50%
Participation.....	95% of future retiree teachers are assumed to participate in the retiree medical plan, 95% of future non-teacher retirees are expected to participate in the retiree medical plan and 100% of future retirees are expected to elect life insurance.
Marital status.....	60% of male employees and 50% of female are assumed to have a covered spouse at retirement. Wives are assumed to be three years younger than their husbands.
Pre-retirement mortality.....	RP-2014 Blue Collar Mortality with MP-2015, fully generational.
Post-retirement mortality.....	Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward 5 years for males and 3 years for females, fully generational. Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward 3 years for males and 6 years for females.
Disabled mortality.....	Group 1 and 2 is represented by the RP-2000 Mortality Table set forward 6 years. Group 4 is represented by the RP-2000 Mortality Table set forward 2 years.

*Investment policy*

The City’s policy in regard to the allocation of invested assets is established and may be amended by the City Council by a majority vote of its members. The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The 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 a building-block method in which best-estimate ranges of expected future real of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. During the current year, the Plan invested available funds. The City is expected to develop a long-term investment policy in the future.

*Discount Rate* – The discount rate used to measure the total OPEB liability was 7.5% as of June 30, 2020, which increased from 3.75% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be sufficient to make all projected benefit payments to current plan members.

*Sensitivity of the net position 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 7.5%, 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 (6.5%) or 1-percentage-point higher (8.5%) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net OPEB liability.....	\$ 168,318,062	\$ 147,617,809	\$ 130,640,720

*Sensitivity of the net position 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 of 4.50%, 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 (3.50%) or 1-percentage-point higher (5.50%).

	1% Decrease (3.50%)	Current Trend (4.50%)	1% Increase (5.50%)
Net OPEB liability.....	\$ 129,275,444	\$ 147,617,809	\$ 170,282,221

*Changes in Assumptions and Plan Provisions*

The following assumptions were included in the June 30, 2020, actuarial valuation:

- The discount rate was increased from 3.75% to 7.5%
- The healthcare cost trend rate was reduced from 5.5% to 4.5%.

There were no changes in plan provisions in the June 30, 2020 actuarial valuation.

*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.

*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, 2019.....	\$ 287,423,818	\$ 8,904,259	\$ 278,519,559
Changes for the year:			
Service cost.....	10,481,135	492,428	9,988,707
Interest.....	10,593,394	-	10,593,394
Changes of benefit terms.....	-	-	-
Contributions - employer.....	-	8,793,272	(8,793,272)
Differences between expected and actual experience.....	(34,868,389)	-	(34,868,389)
Changes in assumptions and other inputs.....	(107,822,190)	-	(107,822,190)
Benefit payments.....	(7,793,272)	(7,793,272)	-
Net change.....	(129,409,322)	1,492,428	(130,901,750)
Balances at June 30, 2020.....	\$ <u>158,014,496</u>	\$ <u>10,396,687</u>	\$ <u>147,617,809</u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB* – For the year ended June 30, 2020, the City recognized an OPEB expense of (\$12,409,825). At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Inflows of Resources
Differences between expected and actual experience.....	\$ (45,219,630)
Difference between projected and actual earnings, net.....	(270,276)
Changes in assumptions.....	(88,429,710)
Total deferred outflows/(inflows) of resources.....	\$ <u>(133,919,616)</u>

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

Measurement date year ended June 30:

2021.....	\$	(33,575,805)
2022.....		(33,584,121)
2023.....		(26,692,501)
2024.....		(25,695,475)
2025.....		<u>(14,371,714)</u>
	\$	<u>(133,919,616)</u>

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

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

	Pension Trust Fund (as of December 31, 2019)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 12,961,317	\$ 239,026	\$ 13,200,343
Investments:			
Investments in Pension Reserve Investment Trust.....	1,056,392	-	1,056,392
U.S. treasuries.....	-	1,031,443	1,031,443
Real estate and alternative investment mutual funds.....	18,845,267	-	18,845,267
Bond mutual funds.....	67,056,866	-	67,056,866
Equity securities.....	192,039,956	3,213,770	195,253,726
Equity mutual funds.....	24,829,915	2,533,268	27,363,183
Fixed income mutual funds.....	-	1,425,536	1,425,536
Other investments.....	-	1,953,644	1,953,644
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	<u>65,043</u>	<u>-</u>	<u>65,043</u>
<b>TOTAL ASSETS.....</b>	<u>316,854,756</u>	<u>10,396,687</u>	<u>327,251,443</u>
<b>LIABILITIES</b>			
Warrants payable.....	<u>205,620</u>	<u>-</u>	<u>205,620</u>
<b>NET POSITION</b>			
Restricted for pensions.....	316,649,136	-	316,649,136
Restricted for other postemployment benefits.....	<u>-</u>	<u>10,396,687</u>	<u>10,396,687</u>
<b>TOTAL NET POSITION.....</b>	<u>\$ 316,649,136</u>	<u>\$ 10,396,687</u>	<u>\$ 327,045,823</u>

	Pension Trust Fund (as of December 31, 2019)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
<b>ADDITIONS:</b>			
Contributions:			
Employer contributions.....	\$ 15,226,941	\$ 1,000,000	\$ 16,226,941
Employer contributions for other postemployment benefit payments.....	-	7,793,272	7,793,272
Member contributions.....	8,433,864	-	8,433,864
Retirement benefits - transfers from other systems.....	457,609	-	457,609
Retirement benefits - 3(8)c contributions from other systems.....	562,466	-	562,466
Retirement benefits - workers compensation settlements.....	9,000	-	9,000
Retirement benefits - federal grant reimbursements.....	40,827	-	40,827
Retirement benefits - state COLA reimbursements.....	294,994	-	294,994
Retirement benefits - member makeup payments and redeposits.....	47,409	-	47,409
Retirement benefits - interest not refunded.....	25,151	-	25,151
Retirement benefits - reimbursement of 91A overearnings.....	20,755	-	20,755
<b>Total contributions.....</b>	<b>25,119,016</b>	<b>8,793,272</b>	<b>33,912,288</b>
Net investment income:			
Investment income.....	5,713,341	492,428	6,205,769
Net change in fair value of investments.....	56,986,141	-	56,986,141
Less: investment expense.....	(1,323,408)	-	(1,323,408)
<b>Net investment income (loss).....</b>	<b>61,376,074</b>	<b>492,428</b>	<b>61,868,502</b>
<b>TOTAL ADDITIONS.....</b>	<b>86,495,090</b>	<b>9,285,700</b>	<b>95,780,790</b>
<b>DEDUCTIONS:</b>			
Administration.....	553,970	-	553,970
Retirement benefits - transfers to other systems.....	722,149	-	722,149
Retirement benefits - 3(8)c transfer to other systems.....	1,242,349	-	1,242,349
Retirement benefits and refunds.....	29,952,649	-	29,952,649
Other postemployment benefit payments.....	-	7,793,272	7,793,272
<b>TOTAL DEDUCTIONS.....</b>	<b>32,471,117</b>	<b>7,793,272</b>	<b>40,264,389</b>
<b>NET INCREASE (DECREASE) IN NET POSITION.....</b>	<b>54,023,973</b>	<b>1,492,428</b>	<b>55,516,401</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>262,625,163</b>	<b>8,904,259</b>	<b>271,529,422</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 316,649,136</b>	<b>\$ 10,396,687</b>	<b>\$ 327,045,823</b>

**NOTE 14 - COMMITMENTS**

The City has entered into an agreement with Wheelabrator Saugus, Inc. to direct the acceptable waste it collects to a transfer station. The City is charged a flat rate per ton that is subject to increase annually equal to but not to exceed any average net increase in the Consumer Price Index for Urban Wage Earners. There are no minimum tonnage requirements that the City must comply with.

The School Department has entered into an agreement with NRT Bus, Inc. to provide for the transportation of its students. The contract bears an annual cost of approximately \$2.4 million and expires on June 30, 2022.



The City has entered into, or is planning to enter into, contracts totaling approximately \$244.8 million. The Union Square streetscape and utility improvements, Somerville High School reconstruction, MBTA Green Line extension, and various street and sidewalk projects throughout the City are some of the major projects that the City will be completing.

#### **NOTE 15 - CONTINGENCIES**

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2020, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2020, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2020.

#### **NOTE 16 – COVID-19**

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay at home orders that caused global economic shutdowns and substantial financial market impact. Starting in March 2020, the Governor continued to issue orders allowing governments to operate and carry out essential functions safely. These included modifying the state's Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses. The City is considered an essential business and although it was closed to the public for a period of time, departments remained operational and most employees continued to perform their daily duties.

A number of businesses have been forced to stop or significantly reduce operations decreasing, the City's portion of certain revenue. The City has also incurred unanticipated costs specifically related to the pandemic.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding. In addition to funding from the CARES Act, there are several other federal and state grants available.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

#### **NOTE 17 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through February 20, 2021, which is the date the financial statements were available to be issued.

**NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2020, the following GASB pronouncement was implemented:

- GASB *Statement #95, Postponement of the Effective Dates of Certain Authoritative Guidance*. This pronouncement postponed the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to be effective for periods beginning after June 15, 2018 or later.

The following GASB pronouncements will be implemented in the future:

- The GASB issued *Statement #84, Fiduciary Activities*, which is required to be implemented in 2021.
- The GASB issued *Statement #87, Leases*, which is required to be implemented in 2022.
- The GASB issued *Statement #89, Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2022.
- The GASB issued *Statement #90, Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2021.
- The GASB issued *Statement #91, Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued *Statement #92, Omnibus 2020*, which is required to be implemented in 2022.
- The GASB issued *Statement #93, Replacement of Interbank Offered Rates*, which is required to be implemented in 2022.
- The GASB issued *Statement #94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued *Statement #96, Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued *Statement #97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, in which certain paragraphs are required to be implemented in 2021 and 2022.

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, 2020

	Budgeted Amounts			Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward To Next Year	Original Budget	Final Budget			
<b>REVENUES:</b>						
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 165,825,697	\$ 166,105,653	\$ 163,619,277	\$ -	\$ (2,486,376)
Tax liens.....	-	-	-	278,585	-	278,585
Motor vehicle and other excise taxes.....	-	10,259,658	10,259,658	9,792,924	-	(466,734)
Penalties and interest on taxes.....	-	514,800	514,800	511,666	-	(3,134)
Payments in lieu of taxes.....	-	1,797,483	1,507,019	1,611,453	-	104,434
Intergovernmental - other.....	-	50,677,961	50,737,420	50,420,588	-	(316,832)
Departmental and other.....	-	17,988,045	17,870,083	19,111,667	-	1,241,584
Investment income.....	-	900,000	900,000	2,460,625	-	1,560,625
Miscellaneous.....	-	6,000	6,226	342,084	-	335,858
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>247,969,644</b>	<b>247,900,859</b>	<b>248,148,869</b>	<b>-</b>	<b>248,010</b>
<b>EXPENDITURES:</b>						
<b>GENERAL GOVERNMENT</b>						
City Council						
Salaries.....	-	458,500	458,500	458,500	-	-
Expenses.....	-	40,860	40,860	36,205	-	4,655
<b>TOTAL.....</b>	<b>-</b>	<b>499,360</b>	<b>499,360</b>	<b>494,705</b>	<b>-</b>	<b>4,655</b>
Clerk of Committees						
Salaries.....	-	79,104	83,004	81,032	-	1,972
Expenses.....	-	1,000	1,000	-	-	1,000
<b>TOTAL.....</b>	<b>-</b>	<b>80,104</b>	<b>84,004</b>	<b>81,032</b>	<b>-</b>	<b>2,972</b>
Executive Office						
Salaries.....	-	3,969,699	3,952,259	3,662,567	-	289,692
Expenses.....	13,168	1,008,951	1,025,488	702,594	18,229	304,665
Special Items.....	9,950	214,450	214,450	183,079	-	31,371
Capital.....	44,186	304,186	301,813	123,164	194,730	(16,081)
<b>TOTAL.....</b>	<b>67,304</b>	<b>5,497,286</b>	<b>5,494,010</b>	<b>4,671,404</b>	<b>212,959</b>	<b>609,647</b>
Auditor's Office						
Salaries.....	-	864,143	919,308	887,366	-	31,942
Expenses.....	-	104,412	104,412	93,158	4,497	6,757
<b>TOTAL.....</b>	<b>-</b>	<b>968,555</b>	<b>1,023,720</b>	<b>980,524</b>	<b>4,497</b>	<b>38,699</b>
Grants Management						
Salaries.....	-	166,013	166,013	166,012	-	1
Expenses.....	-	8,700	8,700	4,562	-	4,138
<b>TOTAL.....</b>	<b>-</b>	<b>174,713</b>	<b>174,713</b>	<b>170,574</b>	<b>-</b>	<b>4,139</b>
Purchasing						
Salaries.....	-	440,043	440,043	379,295	-	60,748
Expenses.....	-	29,600	29,600	20,814	-	8,786
<b>TOTAL.....</b>	<b>-</b>	<b>469,643</b>	<b>469,643</b>	<b>400,109</b>	<b>-</b>	<b>69,534</b>
Assessing						
Salaries.....	-	601,529	601,529	576,607	-	24,922
Expenses.....	-	100,300	100,300	78,804	10,225	11,271
<b>TOTAL.....</b>	<b>-</b>	<b>701,829</b>	<b>701,829</b>	<b>655,411</b>	<b>10,225</b>	<b>36,193</b>
Treasurer's/ Collector's Office						
Salaries.....	-	695,948	735,322	666,290	-	69,032
Expenses.....	-	248,450	248,450	143,798	12,009	92,643
<b>TOTAL.....</b>	<b>-</b>	<b>944,398</b>	<b>983,772</b>	<b>810,088</b>	<b>12,009</b>	<b>161,675</b>
Law Department						
Salaries.....	-	881,596	881,596	867,872	-	13,724
Expenses.....	237,814	823,689	723,947	674,690	47,414	1,843
<b>TOTAL.....</b>	<b>237,814</b>	<b>1,705,285</b>	<b>1,605,543</b>	<b>1,542,562</b>	<b>47,414</b>	<b>15,567</b>
Personnel Department						
Salaries.....	-	1,058,188	1,150,928	1,111,891	-	39,037
Expenses.....	82,957	331,341	315,852	217,258	27,598	70,996
Special Items.....	-	63,000	60,098	30,714	-	29,384
<b>TOTAL.....</b>	<b>82,957</b>	<b>1,452,529</b>	<b>1,526,878</b>	<b>1,359,863</b>	<b>27,598</b>	<b>139,417</b>

(Continued)

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward To Next Year	Original Budget	Final Budget			
<b>Information Technology</b>						
Salaries.....	-	855,609	941,782	848,299	-	93,483
Expenses.....	190,149	2,325,272	2,558,520	2,314,389	100,627	143,504
<b>TOTAL.....</b>	<b>190,149</b>	<b>3,180,881</b>	<b>3,500,302</b>	<b>3,162,688</b>	<b>100,627</b>	<b>236,987</b>
<b>Communications</b>						
Salaries.....	-	867,390	898,109	880,714	-	17,395
Expenses.....	-	234,291	234,291	139,575	2,080	92,636
<b>TOTAL.....</b>	<b>-</b>	<b>1,101,681</b>	<b>1,132,400</b>	<b>1,020,289</b>	<b>2,080</b>	<b>110,031</b>
<b>City Clerk</b>						
Salaries.....	-	552,873	552,873	520,889	-	31,984
Expenses.....	102,749	290,366	286,088	214,234	1,043	70,811
<b>TOTAL.....</b>	<b>102,749</b>	<b>843,239</b>	<b>838,961</b>	<b>735,123</b>	<b>1,043</b>	<b>102,795</b>
<b>Elections</b>						
Salaries.....	-	450,173	502,085	476,737	-	25,348
Expenses.....	-	135,590	135,590	104,625	51	30,914
<b>TOTAL.....</b>	<b>-</b>	<b>585,763</b>	<b>637,675</b>	<b>581,362</b>	<b>51</b>	<b>56,262</b>
<b>Licensing Committee</b>						
Salaries.....	-	11,628	11,628	10,674	-	954
<b>TOTAL.....</b>	<b>-</b>	<b>11,628</b>	<b>11,628</b>	<b>10,674</b>	<b>-</b>	<b>954</b>
<b>Community Development</b>						
Salaries.....	-	5,845,969	6,104,861	5,857,043	-	247,818
Expenses.....	96,715	1,985,229	2,028,411	1,313,770	205,510	509,131
Capital.....	-	-	-	-	-	-
<b>TOTAL.....</b>	<b>96,715</b>	<b>7,831,198</b>	<b>8,133,272</b>	<b>7,170,813</b>	<b>205,510</b>	<b>756,949</b>
<b>Veterans Benefits</b>						
Salaries.....	-	133,995	133,995	118,021	-	15,974
Expenses.....	18,200	654,335	639,335	429,882	-	209,453
<b>TOTAL.....</b>	<b>18,200</b>	<b>788,330</b>	<b>773,330</b>	<b>547,903</b>	<b>-</b>	<b>225,427</b>
<b>Building Insurance</b>						
Expenses.....	-	488,000	488,000	457,570	322	30,108
<b>TOTAL.....</b>	<b>-</b>	<b>488,000</b>	<b>488,000</b>	<b>457,570</b>	<b>322</b>	<b>30,108</b>
<b>Person and Property Insurance</b>						
Salaries.....	-	-	-	-	-	-
Expenses.....	-	175,000	1,675,000	1,662,709	-	12,291
<b>TOTAL.....</b>	<b>-</b>	<b>175,000</b>	<b>1,675,000</b>	<b>1,662,709</b>	<b>-</b>	<b>12,291</b>
<b>Contingency Account</b>						
Salaries.....	-	-	-	-	-	-
Expenses.....	-	2,600,000	174,666	23,028	-	151,638
<b>TOTAL.....</b>	<b>-</b>	<b>2,600,000</b>	<b>174,666</b>	<b>23,028</b>	<b>-</b>	<b>151,638</b>
<b>Total General Government.....</b>	<b>795,888</b>	<b>30,099,422</b>	<b>29,928,706</b>	<b>26,538,431</b>	<b>624,335</b>	<b>2,765,940</b>
<b>PUBLIC SAFETY</b>						
<b>Police Department</b>						
Salaries.....	-	17,157,329	17,130,619	15,785,759	-	1,344,860
Expenses.....	69,182	809,082	801,369	578,469	74,330	148,570
<b>TOTAL.....</b>	<b>69,182</b>	<b>17,966,411</b>	<b>17,931,988</b>	<b>16,364,228</b>	<b>74,330</b>	<b>1,493,430</b>
<b>Fire Department</b>						
Salaries.....	-	17,530,174	20,045,623	19,557,120	-	488,503
Expenses.....	50,095	559,495	534,993	401,705	40,546	92,742
Special items.....	-	2,500	2,500	-	-	2,500
<b>TOTAL.....</b>	<b>50,095</b>	<b>18,092,169</b>	<b>20,583,116</b>	<b>19,958,825</b>	<b>40,546</b>	<b>583,745</b>
<b>Emergency Management</b>						
Salaries.....	-	20,826	20,826	20,932	-	(106)
Expenses.....	1,500	12,190	12,190	5,034	1,018	6,138
<b>TOTAL.....</b>	<b>1,500</b>	<b>33,016</b>	<b>33,016</b>	<b>25,966</b>	<b>1,018</b>	<b>6,032</b>
<b>Animal Control</b>						
Salaries.....	-	110,001	109,637	107,645	-	1,992
Expenses.....	2,106	18,156	49,774	34,705	1,160	13,909
<b>TOTAL.....</b>	<b>2,106</b>	<b>128,157</b>	<b>159,411</b>	<b>142,350</b>	<b>1,160</b>	<b>15,901</b>
<b>Traffic and Parking</b>						
Salaries.....	-	2,827,339	2,939,999	2,766,959	-	173,040
Expenses.....	135,901	1,876,599	1,813,695	1,329,262	82,070	402,363
<b>TOTAL.....</b>	<b>135,901</b>	<b>4,703,938</b>	<b>4,753,694</b>	<b>4,096,221</b>	<b>82,070</b>	<b>575,403</b>

(Continued)

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward To Next Year	Original Budget	Final Budget			
<b>Board of Health</b>						
Salaries.....	-	2,320,719	3,156,068	2,971,150	-	184,918
Expenses.....	3,667	736,197	736,169	514,724	56,670	164,775
<b>TOTAL.....</b>	<b>3,667</b>	<b>3,056,916</b>	<b>3,892,237</b>	<b>3,485,874</b>	<b>56,670</b>	<b>349,693</b>
<b>Total Public Safety.....</b>	<b>262,451</b>	<b>43,980,607</b>	<b>47,353,462</b>	<b>44,073,464</b>	<b>255,794</b>	<b>3,024,204</b>
<b>EDUCATION</b>						
Operational.....	527,874	76,785,355	76,561,669	75,724,579	570,051	267,039
<b>PUBLIC WORKS</b>						
<b>Administration</b>						
Salaries.....	-	686,660	696,798	626,046	-	70,752
Expenses.....	138,766	1,050,166	1,079,251	660,888	87,424	330,939
<b>TOTAL.....</b>	<b>138,766</b>	<b>1,736,826</b>	<b>1,776,049</b>	<b>1,286,934</b>	<b>87,424</b>	<b>401,691</b>
<b>Electrical</b>						
Salaries.....	-	393,999	431,087	381,775	-	49,312
Expenses.....	28,374	309,874	309,874	261,043	43,496	5,335
<b>TOTAL.....</b>	<b>28,374</b>	<b>703,873</b>	<b>740,961</b>	<b>642,818</b>	<b>43,496</b>	<b>54,647</b>
<b>Engineering</b>						
Salaries.....	-	331,159	288,159	227,846	-	60,313
Expenses.....	231,362	555,662	576,021	305,251	234,278	36,492
<b>TOTAL.....</b>	<b>231,362</b>	<b>886,821</b>	<b>864,180</b>	<b>533,097</b>	<b>234,278</b>	<b>96,805</b>
<b>Snow Removal</b>						
Expenses.....	483	1,346,509	1,226,509	911,974	-	314,535
<b>Highway</b>						
Salaries.....	-	2,999,221	3,113,913	2,809,365	-	304,548
Expenses.....	48,805	1,406,389	1,404,624	778,100	130,555	495,969
<b>TOTAL.....</b>	<b>48,805</b>	<b>4,405,610</b>	<b>4,518,537</b>	<b>3,587,465</b>	<b>130,555</b>	<b>800,517</b>
<b>Sanitation</b>						
Expenses.....	156,650	5,742,948	5,862,947	5,194,257	601,132	67,558
<b>Building and Grounds</b>						
Salaries.....	-	2,580,162	2,666,054	2,423,668	-	242,386
Expenses.....	1,211,376	9,833,493	9,598,475	6,463,795	675,753	2,458,927
<b>TOTAL.....</b>	<b>1,211,376</b>	<b>12,413,655</b>	<b>12,264,529</b>	<b>8,887,463</b>	<b>675,753</b>	<b>2,701,313</b>
<b>Fleet</b>						
Expenses.....	18,506	619,506	603,246	307,960	23,714	271,572
<b>TOTAL.....</b>	<b>18,506</b>	<b>619,506</b>	<b>603,246</b>	<b>307,960</b>	<b>23,714</b>	<b>271,572</b>
<b>School Custodians</b>						
Salaries.....	-	2,159,245	2,280,780	2,105,251	-	175,529
Expenses.....	-	978,500	978,500	947,580	-	30,920
<b>TOTAL.....</b>	<b>-</b>	<b>3,137,745</b>	<b>3,259,280</b>	<b>3,052,831</b>	<b>-</b>	<b>206,449</b>
<b>Total Public Works.....</b>	<b>1,834,322</b>	<b>30,993,493</b>	<b>31,116,238</b>	<b>24,404,799</b>	<b>1,796,352</b>	<b>4,915,087</b>
<b>CULTURE AND RECREATION</b>						
<b>Library</b>						
Salaries.....	-	2,176,435	2,176,435	2,096,947	-	79,488
Expenses.....	973	441,828	441,530	394,391	211	46,928
<b>TOTAL.....</b>	<b>973</b>	<b>2,618,263</b>	<b>2,617,965</b>	<b>2,491,338</b>	<b>211</b>	<b>126,416</b>
<b>Recreation and Youth Programs</b>						
Salaries.....	-	1,197,025	1,235,158	1,096,138	-	139,020
Expenses.....	51,048	738,998	719,109	449,900	199,557	69,652
<b>TOTAL.....</b>	<b>51,048</b>	<b>1,936,023</b>	<b>1,954,267</b>	<b>1,546,038</b>	<b>199,557</b>	<b>208,672</b>
<b>Total Culture and Recreation.....</b>	<b>52,021</b>	<b>4,554,286</b>	<b>4,572,232</b>	<b>4,037,376</b>	<b>199,768</b>	<b>335,088</b>

(Continued)

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts			Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward To Next Year	Original Budget	Final Budget			
<b>OTHER</b>						
Pension Benefits						
Pension benefits.....	-	14,273,369	14,273,369	14,273,369	-	-
Non-contributory pension.....	-	99,706	99,706	85,603	-	14,103
<b>Total Pension Benefits.....</b>	<b>-</b>	<b>14,373,075</b>	<b>14,373,075</b>	<b>14,358,972</b>	<b>-</b>	<b>14,103</b>
Employee Benefits						
Health and life insurance.....	-	25,464,960	25,464,960	24,915,709	-	549,251
Worker's Compensation.....	-	955,794	955,794	854,640	-	101,154
Unemployment compensation.....	-	136,591	136,591	38,372	-	98,219
<b>Total Employee Benefits.....</b>	<b>-</b>	<b>26,557,345</b>	<b>26,557,345</b>	<b>25,808,721</b>	<b>-</b>	<b>748,624</b>
Debt and Interest						
Debt principal.....	-	7,415,624	7,415,624	7,415,623	-	1
Debt interest.....	-	5,095,516	5,095,516	5,085,514	-	10,002
TOTAL.....	-	12,511,140	12,511,140	12,501,137	-	10,003
State and County Charges						
State and county.....	-	14,619,485	14,608,938	13,531,432	-	1,077,506
<b>Total Other.....</b>	<b>-</b>	<b>68,061,045</b>	<b>68,050,498</b>	<b>66,200,262</b>	<b>-</b>	<b>1,850,236</b>
<b>TOTAL EXPENDITURES.....</b>	<b>3,472,556</b>	<b>254,474,208</b>	<b>257,582,805</b>	<b>240,978,911</b>	<b>3,446,300</b>	<b>13,157,594</b>
EXCESS (DEFICIENCY) OF REVENUES						
OVER (UNDER) EXPENDITURES.....	(3,472,556)	(6,504,564)	(9,681,946)	7,169,958	(3,446,300)	13,405,604
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from the sale of assets.....	-	-	7,140	7,140	-	-
Transfers in.....	-	3,787,397	5,847,852	5,859,670	-	11,818
Transfers out.....	-	(953,571)	(3,303,571)	(3,303,571)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>2,833,826</b>	<b>2,551,421</b>	<b>2,563,239</b>	<b>-</b>	<b>11,818</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(3,472,556)</b>	<b>(3,670,738)</b>	<b>(7,130,525)</b>	<b>9,733,197</b>	<b>(3,446,300)</b>	<b>13,417,422</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>-</b>	<b>26,815,302</b>	<b>26,815,302</b>	<b>26,815,302</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (3,472,556)</b>	<b>\$ 23,144,564</b>	<b>\$ 19,684,777</b>	<b>\$ 36,548,499</b>	<b>\$ (3,446,300)</b>	<b>\$ 13,417,422</b>

(Concluded)

# ***Pension Plan Schedules – Retirement System***

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

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

The Pension Plan's Schedule of Investment Return 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  
SOMERVILLE CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
<b>Total pension liability:</b>						
Service cost.....	\$ 7,699,763	\$ 8,007,754	\$ 8,007,754	\$ 8,025,850	\$ 8,961,771	\$ 8,721,918
Interest.....	29,232,338	31,265,848	30,159,556	30,905,512	31,673,364	35,348,968
Changes in benefit terms.....	-	-	-	-	1,387,482	-
Differences between expected and actual experience.....	-	-	(2,943,803)	-	(1,066,376)	17,499,297
Changes in assumptions.....	-	-	2,806,740	-	36,759,494	-
Benefit payments.....	(24,693,645)	(26,374,021)	(28,179,587)	(29,318,266)	(31,197,589)	(31,908,147)
Interest on benefit payments.....	-	(1,066,370)	-	-	-	-
Net change in total pension liability.....	12,238,456	11,833,211	9,850,660	9,613,096	46,518,146	29,662,036
Total pension liability - beginning.....	<u>358,733,765</u>	<u>370,972,221</u>	<u>382,805,432</u>	<u>392,656,092</u>	<u>402,269,188</u>	<u>448,787,334</u>
Total pension liability - ending (a).....	<u>\$ 370,972,221</u>	<u>\$ 382,805,432</u>	<u>\$ 392,656,092</u>	<u>\$ 402,269,188</u>	<u>\$ 448,787,334</u>	<u>\$ 478,449,370</u>
<b>Plan fiduciary net position:</b>						
Employer contributions.....	\$ 13,812,101	\$ 14,199,527	\$ 14,659,434	\$ 14,805,336	\$ 15,226,941	\$ 15,226,941
Member contributions.....	6,233,959	7,044,521	7,560,253	7,910,511	8,238,138	8,938,882
Net investment income (loss).....	12,996,452	454,830	8,831,845	42,779,686	(9,074,396)	61,477,538
Administrative expenses.....	(380,845)	(397,417)	(468,722)	(500,849)	(647,449)	(596,023)
Retirement benefits and refunds.....	(24,693,645)	(24,855,194)	(27,275,655)	(29,318,266)	(31,197,589)	(31,908,147)
Other receipts.....	-	-	-	739,557	862,254	884,782
Net increase (decrease) in fiduciary net position.....	7,968,022	(3,553,733)	3,307,155	36,415,975	(16,592,101)	54,023,973
Fiduciary net position - beginning of year.....	<u>235,079,845</u>	<u>243,047,867</u>	<u>239,494,134</u>	<u>242,801,289</u>	<u>279,217,264</u>	<u>262,625,163</u>
Fiduciary net position - end of year (b).....	<u>\$ 243,047,867</u>	<u>\$ 239,494,134</u>	<u>\$ 242,801,289</u>	<u>\$ 279,217,264</u>	<u>\$ 262,625,163</u>	<u>\$ 316,649,136</u>
<b>Net pension liability - ending (a)-(b).....</b>	<u>\$ 127,924,354</u>	<u>\$ 143,311,298</u>	<u>\$ 149,854,803</u>	<u>\$ 123,051,924</u>	<u>\$ 186,162,171</u>	<u>\$ 161,800,234</u>
Plan fiduciary net position as a percentage of the total pension liability.....	65.52%	62.56%	61.84%	69.41%	58.52%	66.18%
Covered payroll.....	\$ 66,506,738	\$ 69,167,008	\$ 71,454,475	\$ 72,883,565	\$ 75,529,665	\$ 84,595,873
Net pension liability as a percentage of covered payroll.....	192.35%	207.20%	209.72%	168.83%	246.48%	191.26%

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

See notes to required supplementary information.

**SCHEDULE OF CONTRIBUTIONS**  
**SOMERVILLE 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, 2019.....	\$ 15,226,941	\$ (15,226,941)	\$ -	\$ 84,595,873	18.00%
December 31, 2018.....	15,226,941	(15,226,941)	-	75,529,665	20.16%
December 31, 2017.....	14,805,336	(14,805,336)	-	72,883,565	20.31%
December 31, 2016.....	14,659,434	(14,659,434)	-	71,454,475	20.52%
December 31, 2015.....	14,199,527	(14,199,527)	-	69,167,008	20.53%
December 31, 2014.....	13,147,710	(13,147,710)	-	66,506,738	19.77%

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**  
**SOMERVILLE CONTRIBUTORY RETIREMENT SYSTEM**

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<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2019.....	23.83%
December 31, 2018.....	-3.94%
December 31, 2017.....	17.92%
December 31, 2016.....	3.73%
December 31, 2015.....	1.04%
December 31, 2014.....	5.63%

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 City 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 Contributory 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  
SOMERVILLE 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, 2019.....	93.74%	\$ 151,667,656	\$ 79,298,141	191.26%	66.18%
December 31, 2018.....	94.33%	175,615,561	71,250,697	246.48%	58.52%
December 31, 2017.....	93.61%	115,186,814	66,887,331	172.21%	69.41%
December 31, 2016.....	93.53%	140,166,391	66,834,814	209.72%	61.84%
December 31, 2015.....	93.70%	134,275,794	62,344,746	215.38%	62.56%
December 31, 2014.....	93.74%	119,918,981	62,344,746	192.35%	65.52%

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

See notes to required supplementary information.

**SCHEDULE OF THE CITY'S CONTRIBUTIONS**  
**SOMERVILLE CONTRIBUTORY RETIREMENT SYSTEM**

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Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2020.....	\$ 14,273,369	\$ (14,273,369)	-	\$ 80,884,104	17.65%
June 30, 2019.....	14,364,992	(14,364,992)	-	72,675,711	19.77%
June 30, 2018.....	13,808,937	(13,808,937)	-	68,225,078	20.24%
June 30, 2017.....	13,711,675	(13,711,675)	-	68,171,510	20.11%
June 30, 2016.....	13,304,274	(13,304,274)	-	63,591,641	20.92%
June 30, 2015.....	12,324,940	(12,324,940)	-	63,591,641	19.38%

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
2020.....	\$ 169,881,193	\$ 20,601,043	53.95%
2019.....	158,358,537	16,047,345	54.84%
2018.....	151,372,752	15,799,215	54.25%
2017.....	143,094,195	14,596,546	52.73%
2016.....	129,500,617	10,503,653	55.38%
2015.....	102,638,916	7,130,818	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 Return presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.



**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
<b>Total OPEB Liability</b>				
Service Cost.....	\$ 11,768,411	\$ 9,597,889	\$ 10,029,794	\$ 10,481,135
Interest.....	11,159,516	11,592,912	9,899,647	10,593,394
Differences between expected and actual experience....	-	(40,800,875)	-	(34,868,389)
Changes of assumptions.....	-	-	-	(107,822,190)
Benefit payments.....	(9,258,566)	(8,485,245)	(8,485,245)	(7,793,272)
Net change in total OPEB liability.....	13,669,361	(28,095,319)	11,444,196	(129,409,322)
Total OPEB liability - beginning.....	290,405,580	304,074,941	275,979,622	287,423,818
Total OPEB liability - ending (a).....	\$ 304,074,941	\$ 275,979,622	\$ 287,423,818	\$ 158,014,496
<b>Plan fiduciary net position</b>				
Employer contributions.....	\$ 10,258,566	\$ 13,985,245	\$ 9,485,245	\$ 8,793,272
Net investment income.....	7,508	26,801	556,183	492,428
Benefit payments.....	(9,258,566)	(8,485,245)	(8,485,245)	(7,793,272)
Net change in plan fiduciary net position.....	1,007,508	5,526,801	1,556,183	1,492,428
Plan fiduciary net position - beginning of year.....	813,767	1,821,275	7,348,076	8,904,259
Plan fiduciary net position - end of year (b).....	\$ 1,821,275	\$ 7,348,076	\$ 8,904,259	\$ 10,396,687
<b>Net OPEB liability - ending (a)-(b).....</b>	<b>\$ 302,253,666</b>	<b>\$ 268,631,546</b>	<b>\$ 278,519,559</b>	<b>\$ 147,617,809</b>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.60%	2.66%	3.10%	6.58%
Covered-employee payroll.....	\$ 104,221,637	\$ 107,444,987	\$ 111,205,562	\$ 116,071,422
Net OPEB liability as a percentage of covered-employee payroll.....	290.01%	250.02%	250.45%	127.18%

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

See notes to required supplementary information.

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

Year	Statutorially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered- employee payroll	Contributions as a percentage of covered- employee payroll
June 30, 2020.....	\$ 7,793,272	\$ (8,793,272)	\$ (1,000,000)	\$ 116,071,422	7.58%
June 30, 2019 (1).....	23,011,857	(9,485,245)	13,526,612	111,205,562	8.53%
June 30, 2018 (1).....	22,034,131	(13,985,245)	8,048,886	107,444,987	20.51%
June 30, 2017 (1).....	21,086,425	(10,258,566)	10,827,859	104,221,637	20.23%

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

(1) These contributions reported were actuarially determined.

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, 2020.....	5.53%
June 30, 2019.....	7.49%
June 30, 2018.....	1.18%
June 30, 2017.....	0.92%

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**

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Mayor and the Council. The Mayor 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 majority Council 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 governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2020 approved budget authorized \$255.4 million in appropriations and other amounts to be raised. During 2020, the Council also increased appropriations by approximately \$5.5 million. The City Auditor's Office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

B. 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, 2020, is depicted below:

Net change in fund balance - budgetary basis.....	\$ 9,733,197
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	772,430
Health insurance trust recorded in the general fund for GAAP.....	(4,288,666)
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	(151,000)
Net change in recording 60 day receipts.....	194,862
Recognition of revenue for on-behalf payments.....	20,601,043
Recognition of expenditures for on-behalf payments.....	<u>(20,601,043)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 6,260,823</u>

### C. Appropriation Deficits

During 2020, expenditures exceeded the budget for Executive Office Capital and Emergency Management Salaries, these deficits will be funded with available funds or tax levy.

## **NOTE B – PENSION PLAN**

### ***Pension Plan Schedules – Retirement System***

#### A. 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.

#### B. 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.

#### C. Schedule of Investment Return

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***

#### A. 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.

#### B. Schedule of City 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.

#### C. Schedule of the Special Funding Amounts of the Net Pension Liability

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.

#### D. Changes in Assumptions

None.

#### E. Changes in Plan Provisions

None.

### **NOTE C - OTHER POSTEMPLOYMENT BENEFITS**

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

#### **The Other Postemployment Benefit Plan**

##### A. 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.

##### B. 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 payroll.

The total OPEB liability in the June 30, 2020, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods including the measurement date.

Valuation date.....	June 30, 2020
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Market Value.
Discount rate.....	Full prefunding: 7.5% per year, net of investment expenses.
Healthcare cost trend rate.....	4.50%
Participation.....	95% of future retiree teachers are assumed to participate in the retiree medical plan, 95% of future non-teacher retirees are expected to participate in the retiree medical plan and 100% of future retirees are expected to elect life insurance.
Marital status.....	60% of male employees and 50% of female are assumed to have a covered spouse at retirement. Wives are assumed to be three years younger than their husbands.
Pre-retirement mortality.....	RP-2014 Blue Collar Mortality with MP-2015, fully generational.
Post-retirement mortality.....	Group 1 and 2 is represented by the RP-2014 Blue Collar Mortality Table set forward 5 years for males and 3 years for females, fully generational. Group 4 is represented by the RP-2014 Blue Collar Mortality Table set forward 3 years for males and 6 years for females.
Disabled mortality.....	Group 1 and 2 is represented by the RP-2000 Mortality Table set forward 6 years. Group 4 is represented by the RP-2000 Mortality Table set forward 2 years.

**C. Schedule of Investment Return**

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

**D. Changes in Assumptions and Plan Provisions**

The following assumptions were included in the June 30, 2020 actuarial valuation:

- The Discount rate was increased from 3.75% to 7.5%.
- The healthcare cost trend rate was reduced from 5.5% to 4.5%.

There were no changes in plan provisions in the June 30, 2020 actuarial valuation.

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## ***Combining and Individual Fund Statements***

# ***Nonmajor Governmental Funds***

## ***Special Revenue Funds***

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

*School Special Revenue Funds* – accounts for the activity of the school department’s revolving funds established in accordance with MGL Chapter 44, Section 53E ½.

*School Federal Grants* – accounts for grant funds received from the federal government that are designated for specific education programs.

*School State & Private Grants* – This fund is used to account for receipts from a specific revenue source that by law is accounted for separately from the general fund and must be spent by appropriation.

*City Federal Grants* – accounts for grant funds received from the federal government that are designated for specific programs, excluding school education grants which are accounted for in the School Federal Grants Special Revenue Fund.

*City State Grants* – accounts for grant funds received from the Commonwealth that are designated for specific programs, excluding school education grants which are accounted for in the School State Grants Special Revenue Fund.

*Highway Improvement Funds* – accounts for construction, reconstruction and improvements to roadways, streets, and sidewalks. Funding is provided primarily by grants.

*City Revolving Funds* – excluding the school department, accounts for the activity of revolving funds established in accordance with MGL Chapter 44, Section 53E ½.

*Receipts Reserved* – accounts for receipts that are designated to fund and supplement specific operating budgets of departments.

*City Private Grants* – accounts for non-school related activity financed by private grants designated for specific programs.

*School Lunch* – accounts for the activity of the school lunch program. Revenues include State and Federal reimbursements for meals served.

*Other Special Revenue Funds* – accounts for the activity of gifts received and miscellaneous departmental special revenue funds.

*Community Preservation Fund* – accounts for funds held for uses restricted by law for community preservation purposes. These funds are attributable to the City’s acceptance of the Community Preservation Act, which allows the City to impose up to a 3% surcharge on property taxes and to receive matching state grant funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing.

*COVID-19* – accounts for all grant activity related to the COVID-19 pandemic.

***Permanent Funds***

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

*Permanent Funds Principal* – This fund is used to account for the non-expendable portion of gifts, bequests and contributions for which only earnings may be expended to benefit the City.

*Expendable Permanent Funds* – This fund is used to account for the spendable portion of gifts, bequests and contributions held for which only earnings may be expended for purposes specified by the donor.

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2020

	Special Revenue Funds				
	School Special Revenue Funds	School Federal Grants	School State & Private Grants	City Federal Grant Funds	City State Grant Funds
<b>ASSETS</b>					
Cash and cash equivalents.....	\$ 1,260,076	\$ 458,823	\$ 2,221,607	\$ -	\$ 397,245
Receivables, net of uncollectibles:					
Tax liens.....	-	-	-	-	-
Community preservation fund surtax.....	-	-	-	-	-
Intergovernmental - other.....	-	-	-	337,855	-
Community preservation state share.....	-	-	-	-	-
Loans.....	-	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 1,260,076</b>	<b>\$ 458,823</b>	<b>\$ 2,221,607</b>	<b>\$ 337,855</b>	<b>\$ 397,245</b>
<b>LIABILITIES</b>					
Warrants payable.....	\$ 1,338	\$ -	\$ -	\$ -	\$ -
Accrued payroll.....	46,409	13,166	38,883	1,784	8,952
Unearned revenue.....	-	-	-	-	-
Due to other funds.....	-	-	-	301,461	-
<b>TOTAL LIABILITIES.....</b>	<b>47,747</b>	<b>13,166</b>	<b>38,883</b>	<b>303,245</b>	<b>8,952</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue.....	-	-	-	-	-
<b>FUND BALANCES</b>					
Nonspendable.....	-	-	-	-	-
Restricted.....	1,212,329	445,657	2,182,724	34,610	388,293
<b>TOTAL FUND BALANCES.....</b>	<b>1,212,329</b>	<b>445,657</b>	<b>2,182,724</b>	<b>34,610</b>	<b>388,293</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 1,260,076</b>	<b>\$ 458,823</b>	<b>\$ 2,221,607</b>	<b>\$ 337,855</b>	<b>\$ 397,245</b>

(Continued)

Special Revenue Funds

Highway Improvement Funds	City Revolving Funds	Receipts Reserved	City Private Grants	School Lunch Funds	Other Special Revenue Funds	Community Preservation	COVID-19	Subtotal
\$ -	\$ 138,172	\$ 3,115,951	\$ 1,148,774	\$ 716,327	\$ 13,060,787	\$ 6,726,912	\$ 42,098	\$ 29,286,772
-	-	-	-	-	-	10,064	-	10,064
-	-	-	-	-	-	7,329	-	7,329
3,398,228	-	-	-	-	-	-	1,028,514	4,764,597
-	-	-	-	-	-	437,438	-	437,438
-	-	-	-	-	2,608,538	7,960,597	-	10,569,135
<u>\$ 3,398,228</u>	<u>\$ 138,172</u>	<u>\$ 3,115,951</u>	<u>\$ 1,148,774</u>	<u>\$ 716,327</u>	<u>\$ 15,669,325</u>	<u>\$ 15,142,340</u>	<u>\$ 1,070,612</u>	<u>\$ 45,075,335</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 122,160	\$ -	\$ 45,896	\$ 169,394
-	-	-	7,881	13,326	109,763	1,941	6,475	248,580
-	-	-	-	-	-	-	96,636	96,636
<u>613,936</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>921,605</u>	<u>1,837,002</u>
<u>613,936</u>	<u>-</u>	<u>-</u>	<u>7,881</u>	<u>13,326</u>	<u>231,923</u>	<u>1,941</u>	<u>1,070,612</u>	<u>2,351,612</u>
<u>2,784,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>454,830</u>	<u>-</u>	<u>3,239,122</u>
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>138,172</u>	<u>3,115,951</u>	<u>1,140,893</u>	<u>703,001</u>	<u>15,437,402</u>	<u>14,685,569</u>	<u>-</u>	<u>39,484,601</u>
<u>-</u>	<u>138,172</u>	<u>3,115,951</u>	<u>1,140,893</u>	<u>703,001</u>	<u>15,437,402</u>	<u>14,685,569</u>	<u>-</u>	<u>39,484,601</u>
<u>\$ 3,398,228</u>	<u>\$ 138,172</u>	<u>\$ 3,115,951</u>	<u>\$ 1,148,774</u>	<u>\$ 716,327</u>	<u>\$ 15,669,325</u>	<u>\$ 15,142,340</u>	<u>\$ 1,070,612</u>	<u>\$ 45,075,335</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2020

	Permanent Funds			Total Nonmajor Governmental Funds
	Permanent Funds Principal	Expendable Permanent Funds	Subtotal	
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 433,126	\$ 178,368	\$ 611,494	\$ 29,898,266
Receivables, net of uncollectibles:				
Tax liens.....	-	-	-	10,064
Community preservation fund surtax.....	-	-	-	7,329
Intergovernmental - other.....	-	-	-	4,764,597
Community preservation state share.....	-	-	-	437,438
Loans.....	-	-	-	10,569,135
<b>TOTAL ASSETS.....</b>	<b><u>\$ 433,126</u></b>	<b><u>\$ 178,368</u></b>	<b><u>\$ 611,494</u></b>	<b><u>\$ 45,686,829</u></b>
<b>LIABILITIES</b>				
Warrants payable.....	-	-	-	169,394
Accrued payroll.....	-	-	-	248,580
Unearned revenue.....	-	-	-	96,636
Due to other funds.....	-	-	-	1,837,002
<b>TOTAL LIABILITIES.....</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,351,612</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue.....	-	-	-	3,239,122
<b>FUND BALANCES</b>				
Nonspendable.....	433,126	-	433,126	433,126
Restricted.....	-	178,368	178,368	39,662,969
<b>TOTAL FUND BALANCES.....</b>	<b><u>433,126</u></b>	<b><u>178,368</u></b>	<b><u>611,494</u></b>	<b><u>40,096,095</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b><u>\$ 433,126</u></b>	<b><u>\$ 178,368</u></b>	<b><u>\$ 611,494</u></b>	<b><u>\$ 45,686,829</u></b>

(Concluded)

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

YEAR ENDED JUNE 30, 2020

	Special Revenue Funds				
	School Special Revenue Funds	School Federal Grants	School State & Private Grants	City Federal Grant Funds	City State Grant Funds
<b>REVENUES:</b>					
Intergovernmental - other.....	\$ -	\$ 3,225,197	\$ 5,208,455	\$ 737,268	\$ 1,513,452
Intergovernmental - COVID-19 relief.....	-	-	-	-	-
Departmental and other.....	2,758,316	-	-	-	78,463
Community preservation taxes.....	-	-	-	-	-
Community preservation state match.....	-	-	-	-	-
Contributions and donations.....	49,597	-	190,205	-	3,000
Investment income.....	-	-	-	-	33
Miscellaneous.....	-	-	-	-	-
<b>TOTAL REVENUES.....</b>	<b>2,807,913</b>	<b>3,225,197</b>	<b>5,398,660</b>	<b>737,268</b>	<b>1,594,948</b>
<b>EXPENDITURES:</b>					
Current:					
General government.....	-	-	-	10,913	964,097
Public safety.....	-	-	-	591,025	2,378,523
Education.....	3,062,858	2,836,909	6,193,995	-	2,727,950
Public works.....	-	-	-	-	351,480
Health and human services.....	-	-	-	103,441	126,230
Culture and recreation.....	-	-	-	-	239,983
Community preservation.....	-	-	-	-	-
COVID-19.....	-	-	-	-	-
Debt service:					
Principal.....	-	-	-	-	-
Interest.....	-	-	-	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>3,062,858</b>	<b>2,836,909</b>	<b>6,193,995</b>	<b>705,379</b>	<b>6,788,263</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>(254,945)</b>	<b>388,288</b>	<b>(795,335)</b>	<b>31,889</b>	<b>(5,193,315)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Premium from issuance of bonds.....	-	-	-	-	-
Transfers in.....	-	-	-	-	-
Transfers out.....	-	-	-	(2,054)	(8,140)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,054)</b>	<b>(8,140)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>(254,945)</b>	<b>388,288</b>	<b>(795,335)</b>	<b>29,835</b>	<b>(5,201,455)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>1,467,274</b>	<b>57,369</b>	<b>2,978,059</b>	<b>4,775</b>	<b>5,589,748</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 1,212,329</b>	<b>\$ 445,657</b>	<b>\$ 2,182,724</b>	<b>\$ 34,610</b>	<b>\$ 388,293</b>

(Continued)



Special Revenue Funds

Highway Improvement Funds	City Revolving Funds	Receipts Reserved	City Private Grants	School Lunch Funds	Other Special Revenue Funds	Community Preservation	COVID-19	Subtotal
\$ -	\$ -	\$ 331,028	\$ 442,591	\$ 2,068,372	\$ 480,517	\$ -	\$ -	\$ 14,006,880
-	-	-	-	-	-	-	1,149,689	1,149,689
-	286,376	3,126,282	-	364,201	6,056,332	-	-	12,669,970
-	-	-	-	-	-	2,153,246	-	2,153,246
-	-	-	-	-	-	492,059	-	492,059
-	-	325,250	856,618	-	216,292	-	-	1,640,962
-	-	7,072	-	35	85,090	13,042	-	105,272
-	-	-	-	-	6,281	-	-	6,281
-	286,376	3,789,632	1,299,209	2,432,608	6,844,512	2,658,347	1,149,689	32,224,359
-	160,057	265,595	32,092	-	1,433,161	-	-	2,865,915
-	-	-	533,305	-	3,151,562	-	-	6,654,415
-	-	-	572,704	2,657,011	-	-	-	18,051,427
2,226,926	-	500	-	-	27,907	-	-	2,606,813
-	591	3,800	-	-	440,071	-	-	674,133
-	118,907	15,993	-	-	50,446	-	-	425,329
-	-	-	-	-	-	2,293,185	-	2,293,185
-	-	-	-	-	-	-	1,149,689	1,149,689
-	-	-	-	-	-	110,000	-	110,000
-	-	-	-	-	-	202,153	-	202,153
2,226,926	279,555	285,888	1,138,101	2,657,011	5,103,147	2,605,338	1,149,689	35,033,059
(2,226,926)	6,821	3,503,744	161,108	(224,403)	1,741,365	53,009	-	(2,808,700)
-	-	-	-	-	1,248,232	-	-	1,248,232
-	-	-	-	-	250,000	-	-	250,000
-	(13)	(2,464,278)	-	-	-	-	-	(2,474,485)
-	(13)	(2,464,278)	-	-	1,498,232	-	-	(976,253)
(2,226,926)	6,808	1,039,466	161,108	(224,403)	3,239,597	53,009	-	(3,784,953)
2,226,926	131,364	2,076,485	979,785	927,404	12,197,805	14,632,560	-	43,269,554
\$ -	\$ 138,172	\$ 3,115,951	\$ 1,140,893	\$ 703,001	\$ 15,437,402	\$ 14,685,569	\$ -	\$ 39,484,601

(Continued)

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

YEAR ENDED JUNE 30, 2020

	Permanent Funds			Total Nonmajor Governmental Funds
	Permanent Funds Principal	Expendable Permanent Funds	Subtotal	
<b>REVENUES:</b>				
Intergovernmental - other.....	\$ -	\$ -	\$ -	\$ 14,006,880
Intergovernmental - COVID-19 relief.....	-	-	-	1,149,689
Departmental and other.....	-	-	-	12,669,970
Community preservation taxes.....	-	-	-	2,153,246
Community preservation state match.....	-	-	-	492,059
Contributions and donations.....	-	-	-	1,640,962
Investment income.....	-	9,462	9,462	114,734
Miscellaneous.....	-	-	-	6,281
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>9,462</b>	<b>9,462</b>	<b>32,233,821</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	-	-	-	2,865,915
Public safety.....	-	-	-	6,654,415
Education.....	-	-	-	18,051,427
Public works.....	-	-	-	2,606,813
Health and human services.....	-	-	-	674,133
Culture and recreation.....	-	-	-	425,329
Community preservation.....	-	-	-	2,293,185
COVID-19.....	-	-	-	1,149,689
Debt service:				
Principal.....	-	-	-	110,000
Interest.....	-	-	-	202,153
<b>TOTAL EXPENDITURES.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,033,059</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>-</b>	<b>9,462</b>	<b>9,462</b>	<b>(2,799,238)</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Premium from issuance of bonds.....	-	-	-	1,248,232
Transfers in.....	-	-	-	250,000
Transfers out.....	-	-	-	(2,474,485)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(976,253)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>-</b>	<b>9,462</b>	<b>9,462</b>	<b>(3,775,491)</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>433,126</b>	<b>168,906</b>	<b>602,032</b>	<b>43,871,586</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 433,126</b>	<b>\$ 178,368</b>	<b>\$ 611,494</b>	<b>\$ 40,096,095</b>

(Concluded)

# ***Agency Fund***

This fund is segregated from the general fund to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, etc.

**AGENCY FUND**  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2020

	June 30, 2019	Additions	Deletions	June 30, 2020
<b>ASSETS</b>				
CURRENT:				
Cash and cash equivalents.....	\$ 3,584,142	\$ 8,830,987	\$ (10,345,749)	\$ 2,069,380
<b>LIABILITIES</b>				
Liabilities due depositors.....	\$ 3,581,279	\$ 8,773,099	\$ (10,342,886)	\$ 2,011,492
Accrued liabilities.....	2,863	57,888	(2,863)	57,888
TOTAL LIABILITIES.....	\$ 3,584,142	\$ 8,830,987	\$ (10,345,749)	\$ 2,069,380

# ***Statistical Section***



Union Square Mural  
Photo by Rie Lowenstein

# ***Statistical Section***

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

## ***Financial Trends***

- These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

## ***Revenue Capacity***

- These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

## ***Debt Capacity***

- These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

## ***Demographic and Economic Information***

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

## ***Operating Information***

- These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the City provided services and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**Net Position By Component**

**Last Ten Years**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014 (1)</u>	<u>2015</u>	<u>2016</u>	<u>2017 (2)</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 117,701,275	\$ 126,834,901	\$ 136,813,615	\$ 135,597,852	\$ 132,766,621	\$ 130,183,221	\$ 128,346,108	\$ 138,950,212	\$ 157,254,898	\$ 235,101,623
Restricted.....	25,126,498	22,775,093	24,157,523	23,001,973	25,063,900	26,765,034	26,765,236	43,189,284	56,924,125	55,762,206
Unrestricted.....	(1,130,225)	(18,721,004)	(23,786,300)	(145,351,160)	(149,966,003)	(156,698,433)	(339,726,313)	(343,484,682)	(346,604,182)	(353,055,725)
<b>Total governmental activities net assets.....</b>	<b>\$ 141,697,548</b>	<b>\$ 130,888,990</b>	<b>\$ 137,184,838</b>	<b>\$ 13,248,665</b>	<b>\$ 7,864,518</b>	<b>\$ 249,822</b>	<b>\$ (184,614,969)</b>	<b>\$ (161,345,186)</b>	<b>\$ (132,425,159)</b>	<b>\$ (62,191,896)</b>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 20,025,113	\$ 24,078,204	\$ 29,794,495	\$ 35,084,760	\$ 39,855,221	\$ 43,810,782	\$ 46,081,442	\$ 45,635,475	\$ 64,130,762	\$ 73,641,808
Unrestricted.....	21,059,957	23,647,858	21,220,544	19,069,553	17,231,368	17,715,352	20,250,359	26,284,738	21,859,239	17,580,512
<b>Total business-type activities net assets.....</b>	<b>\$ 41,085,070</b>	<b>\$ 47,726,062</b>	<b>\$ 51,015,039</b>	<b>\$ 54,154,313</b>	<b>\$ 57,086,589</b>	<b>\$ 61,526,134</b>	<b>\$ 66,331,801</b>	<b>\$ 71,920,213</b>	<b>\$ 85,990,001</b>	<b>\$ 91,222,320</b>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 137,726,388	\$ 150,913,105	\$ 166,608,110	\$ 170,682,612	\$ 172,621,842	\$ 173,994,003	\$ 174,427,550	\$ 184,585,687	\$ 221,385,660	\$ 308,743,431
Restricted.....	25,126,498	22,775,093	24,157,523	23,001,973	25,063,900	26,765,034	26,765,236	43,189,284	56,924,125	55,762,206
Unrestricted.....	19,929,732	4,926,854	(2,565,756)	(126,281,607)	(132,734,635)	(138,983,081)	(319,475,954)	(317,199,944)	(324,744,943)	(335,475,213)
<b>Total primary government net position.....</b>	<b>\$ 182,782,618</b>	<b>\$ 178,615,052</b>	<b>\$ 188,199,877</b>	<b>\$ 67,402,978</b>	<b>\$ 64,951,107</b>	<b>\$ 61,775,956</b>	<b>\$ (118,283,168)</b>	<b>\$ (89,424,973)</b>	<b>\$ (46,435,158)</b>	<b>\$ 29,030,424</b>

(1) = Unrestricted net position has been revised to reflect the implementation of GASB Statements #67, #68, and #71.

(2) = Unrestricted net position has been revised to reflect the implementation of GASB Statement #75.

Changes in Net Position

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government.....	\$ 21,655,742	\$ 22,124,384	\$ 25,892,120	\$ 27,028,141	\$ 30,201,124	\$ 32,270,976	\$ 34,076,945	\$ 39,372,354	\$ 45,798,151	\$ 41,175,825
Public safety.....	45,903,858	52,391,661	51,377,022	52,091,080	52,579,803	54,345,466	58,162,944	54,307,624	65,598,846	61,568,749
Education.....	108,813,913	113,396,259	113,753,374	121,176,505	114,802,360	124,740,381	132,958,254	128,921,395	136,314,822	152,437,055
Public works.....	23,346,672	23,631,860	25,203,877	26,974,196	33,520,992	28,957,827	31,017,581	30,766,736	35,201,167	31,306,976
Community development.....	7,491,176	5,225,117	5,092,521	5,399,251	5,730,544	5,177,605	9,696,020	4,556,946	5,623,403	4,243,725
Human services.....	9,560	316,137	288,766	227,030	229,633	178,570	244,417	279,442	468,398	753,228
Community preservation.....	-	-	-	56,770	77,672	347,016	1,522,282	4,207,687	1,848,792	2,338,365
Culture and recreation.....	3,880,264	4,160,530	4,695,015	3,868,022	4,948,901	4,787,187	5,245,975	5,843,577	5,780,260	4,447,827
COVID-19.....	-	-	-	-	-	-	-	-	-	1,149,689
Interest.....	2,282,434	2,306,520	2,858,173	3,178,533	2,913,723	2,956,192	3,563,654	3,727,244	8,746,700	4,439,863
<b>Total government activities expenses.....</b>	<b>213,383,619</b>	<b>223,552,468</b>	<b>229,160,868</b>	<b>239,999,528</b>	<b>245,004,752</b>	<b>253,761,220</b>	<b>276,488,072</b>	<b>271,983,205</b>	<b>305,380,539</b>	<b>283,861,302</b>
<b>Business-type activities:</b>										
Water.....	9,034,024	8,366,003	9,222,840	9,120,695	9,779,632	10,211,295	11,166,299	11,417,358	12,091,409	16,730,705
Sewer.....	14,185,999	14,803,664	15,303,668	15,811,901	16,312,337	17,099,159	18,106,483	18,610,157	19,328,306	21,718,692
Veteran's memorial ice rink.....	-	337,456	522,392	584,995	750,644	721,990	679,098	713,303	693,015	624,804
Dilboy stadium.....	-	132,312	147,794	217,761	160,855	136,199	154,881	143,967	144,238	171,128
Kennedy School Pool.....	-	-	-	-	-	-	-	-	-	616,457
<b>Total business-type activities expenses.....</b>	<b>23,220,023</b>	<b>23,639,435</b>	<b>25,196,794</b>	<b>25,735,352</b>	<b>27,003,468</b>	<b>28,168,643</b>	<b>30,106,761</b>	<b>30,884,785</b>	<b>32,256,968</b>	<b>39,861,786</b>
<b>Total primary government expenses.....</b>	<b>\$ 236,603,642</b>	<b>\$ 247,191,903</b>	<b>\$ 254,357,662</b>	<b>\$ 265,734,880</b>	<b>\$ 272,008,220</b>	<b>\$ 281,929,863</b>	<b>\$ 306,594,833</b>	<b>\$ 302,867,990</b>	<b>\$ 337,637,507</b>	<b>\$ 323,723,088</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
General government charges for services.....	\$ 5,111,948	\$ 5,645,000	\$ 4,716,640	\$ 6,078,676	\$ 14,874,314	\$ 9,341,536	\$ 10,828,065	\$ 17,374,072	\$ 16,052,363	\$ 12,995,489
Public safety charges for services.....	11,168,627	10,402,613	10,743,269	9,504,549	9,701,430	9,726,266	11,648,005	10,833,048	12,128,811	12,306,646
Education charges for services.....	2,773,301	2,898,195	2,620,430	2,744,125	2,854,034	3,025,441	3,251,770	3,689,821	4,258,865	3,120,517
Other charges for services.....	2,464,581	2,318,514	2,009,294	1,234,865	1,200,251	1,280,431	1,231,044	1,417,770	1,591,500	2,476,008
General government operating grants and contributions.....	2,190,637	2,241,945	2,208,949	2,275,935	3,306,728	2,318,143	3,611,794	6,351,895	4,483,922	2,218,332
Public safety operating grants and contributions.....	984,665	583,597	733,021	1,035,751	787,168	734,344	567,768	700,100	1,504,557	1,977,424
Education operating grants and contributions.....	46,517,454	46,478,286	47,121,192	49,332,811	38,046,566	41,967,740	46,466,462	46,045,675	47,632,509	53,530,987
Public works operating grants and contributions.....	20,000	149,243	1,201,182	1,030,318	1,151,440	932,462	2,059,979	389,071	1,799,897	268,617
Community development operating grants and contributions.....	6,754,407	5,677,368	6,544,448	5,331,152	7,445,487	5,244,967	6,297,670	7,619,395	7,252,605	6,074,708
Other operating grants and contributions.....	1,375,021	1,012,441	991,642	1,028,356	957,692	861,352	888,955	900,158	1,834,924	3,097,493
Education capital grants and contributions.....	-	-	12,653,757	1,686,711	9,685	2,212,282	1,598,709	12,072,086	10,995,107	40,330,199
Other capital grants and contributions.....	1,300,151	1,014,340	951,439	365,429	991,751	2,090,371	440,747	2,152,819	5,592,603	3,345,161
<b>Total government activities program revenues.....</b>	<b>80,660,792</b>	<b>78,411,569</b>	<b>92,495,263</b>	<b>81,648,678</b>	<b>81,326,496</b>	<b>79,735,335</b>	<b>88,890,968</b>	<b>109,725,810</b>	<b>135,127,693</b>	<b>141,741,579</b>
<b>Business-type activities:</b>										
Water charges for services.....	11,499,958	11,972,625	11,878,296	11,952,132	11,923,024	13,249,816	13,945,725	14,027,720	13,771,306	13,748,243
Sewer charges for services.....	15,631,262	17,139,421	17,012,055	17,055,541	17,304,880	19,298,052	21,673,233	22,396,044	23,414,555	23,846,465
Veteran's memorial ice rink charges for services.....	-	270,626	377,422	530,583	579,538	638,822	587,035	634,804	570,342	464,286
Dilboy stadium charges for services.....	-	90,527	147,000	110,200	181,942	227,234	200,074	232,101	160,379	66,338
Kennedy School Pool charges for services.....	-	-	-	-	-	-	-	-	-	87,138
Other capital grant and contributions.....	-	1,322,550	-	654,755	-	-	-	-	7,891,015	5,456,391
<b>Total business-type activities program revenues.....</b>	<b>27,131,220</b>	<b>30,795,749</b>	<b>29,414,773</b>	<b>30,303,391</b>	<b>29,989,384</b>	<b>33,413,924</b>	<b>36,406,067</b>	<b>37,290,669</b>	<b>45,807,597</b>	<b>43,668,859</b>
<b>Total primary government program revenues.....</b>	<b>\$ 107,792,012</b>	<b>\$ 109,207,318</b>	<b>\$ 121,910,036</b>	<b>\$ 111,952,069</b>	<b>\$ 111,315,880</b>	<b>\$ 113,149,259</b>	<b>\$ 125,297,035</b>	<b>\$ 147,016,479</b>	<b>\$ 180,935,290</b>	<b>\$ 185,410,438</b>
<b>Net (Expense)/Program Revenue</b>										
Governmental activities.....	\$ (132,722,827)	\$ (145,140,899)	\$ (136,665,605)	\$ (158,350,850)	\$ (163,678,256)	\$ (174,025,885)	\$ (187,597,104)	\$ (162,257,995)	\$ (170,252,846)	\$ (142,119,723)
Business-type activities.....	3,911,197	7,156,314	4,217,979	4,568,039	6,299,366	5,245,281	6,299,366	6,255,384	10,506,629	3,807,073
<b>Total primary government net (expense)/program revenue.....</b>	<b>\$ (128,811,630)</b>	<b>\$ (137,984,585)</b>	<b>\$ (132,447,626)</b>	<b>\$ (153,782,811)</b>	<b>\$ (160,692,340)</b>	<b>\$ (168,780,604)</b>	<b>\$ (181,297,738)</b>	<b>\$ (155,851,511)</b>	<b>\$ (159,746,217)</b>	<b>\$ (138,312,650)</b>
<b>General Revenues and other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Real estate and personal property taxes.....	\$ 100,266,040	\$ 102,516,625	\$ 109,373,661	\$ 113,520,645	\$ 120,408,453	\$ 127,658,573	\$ 135,251,425	\$ 141,935,979	\$ 153,006,112	\$ 166,234,093
Tax and utility liens.....	-	-	465,853	968,105	416,809	297,772	201,283	159,603	771,316	121,868
Motor vehicle and other excise taxes.....	5,067,456	6,773,737	7,299,012	7,639,442	8,609,432	9,288,744	9,316,095	10,032,977	10,470,518	10,381,203
Penalties and interest on taxes.....	1,266,600	860,457	1,070,330	1,121,504	858,956	801,173	729,944	869,868	1,955,547	2,164,439
Payments in lieu of taxes.....	398,281	192,334	162,347	285,596	304,688	829,780	1,248,682	1,327,790	673,359	511,666
Community Preservation surtax.....	-	-	-	1,323,320	1,430,721	1,545,198	1,664,815	1,794,508	1,507,020	1,611,453
Grants and contributions not restricted.....	24,479,415	22,936,689	23,120,989	23,374,357	25,642,432	24,429,136	25,455,469	26,368,477	27,049,919	28,548,164
Unrestricted investment income.....	419,721	320,878	258,370	238,031	292,212	303,517	496,273	1,407,965	3,545,866	3,176,974
Gain on sale of assets.....	9,355	-	-	-	2,031,564	2,031,564	3,911	6,870	6,870	7,140
Miscellaneous.....	884,039	61,023	115,049	278,074	113,230	308,206	184,008	537,703	282,746	649,557
Transfers, net.....	-	(670,598)	1,075,842	526,840	217,176	949,090	(345,056)	1,088,397	(158,000)	(1,053,571)
<b>Total governmental activities.....</b>	<b>132,790,907</b>	<b>134,332,341</b>	<b>142,961,453</b>	<b>149,275,914</b>	<b>160,325,673</b>	<b>168,442,753</b>	<b>176,234,502</b>	<b>185,527,178</b>	<b>199,172,873</b>	<b>212,352,986</b>
<b>Business-type activities:</b>										
Tax and utility liens.....	1,562,666	-	-	-	-	-	-	-	-	-
Unrestricted investment income.....	162,484	155,276	146,840	152,624	163,536	142,354	160,353	270,925	361,159	371,675
Transfers.....	-	(670,598)	(1,075,842)	(526,840)	(217,176)	(948,090)	345,056	(1,088,397)	158,000	1,053,571
<b>Total business-type activities.....</b>	<b>1,725,150</b>	<b>(515,322)</b>	<b>(929,002)</b>	<b>(374,216)</b>	<b>(53,640)</b>	<b>(805,736)</b>	<b>505,409</b>	<b>(817,472)</b>	<b>519,159</b>	<b>1,425,246</b>
<b>Total primary government general revenues and other changes in net position.....</b>	<b>\$ 134,516,057</b>	<b>\$ 133,817,019</b>	<b>\$ 142,032,451</b>	<b>\$ 148,901,698</b>	<b>\$ 160,272,033</b>	<b>\$ 167,637,017</b>	<b>\$ 176,739,911</b>	<b>\$ 184,709,706</b>	<b>\$ 199,692,032</b>	<b>\$ 213,778,232</b>
<b>Changes in Net Position</b>										
Governmental activities.....	\$ 68,080	\$ (10,808,558)	\$ 6,295,848	\$ (9,074,936)	\$ (3,352,583)	\$ (5,583,132)	\$ (11,362,602)	\$ 23,269,783	\$ 28,920,027	\$ 70,233,263
Business-type activities.....	5,636,347	6,640,992	3,288,977	4,193,823	2,932,276	4,439,545	6,804,715	5,589,412	14,069,788	5,232,319
<b>Total primary government changes in net position.....</b>	<b>\$ 5,704,427</b>	<b>\$ (4,167,566)</b>	<b>\$ 9,584,825</b>	<b>\$ (4,881,113)</b>	<b>\$ (420,307)</b>	<b>\$ (1,143,587)</b>	<b>\$ (4,557,887)</b>	<b>\$ 28,858,195</b>	<b>\$ 42,989,815</b>	<b>\$ 75,465,582</b>

Note: Prior to 2012, Veteran's Memorial Ice Rink and Dilboy Stadium activity was accounted for in a special revenue fund. Prior to 2019, the Business-Type activities reported transfers out for their indirect charges, in 2019 these costs are accounted for in the fund the costs relate to. In 2020, the City established the Kennedy School Pool enterprise fund.



**Fund Balances, Governmental Funds**

**Last Ten Years**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<b>General Fund</b>										
Committed.....	\$ 18,712,499	\$ 21,929,103	\$ 24,171,167	\$ 25,038,098	\$ 30,065,350	\$ 33,354,136	\$ 34,533,997	\$ 38,756,437	\$ 38,314,287	\$ 34,737,771
Assigned.....	10,242,471	5,948,451	5,890,549	5,976,724	6,460,233	5,823,265	5,907,817	5,831,550	4,572,556	3,446,300
Unassigned.....	<u>11,745,190</u>	<u>13,735,197</u>	<u>17,005,198</u>	<u>15,520,425</u>	<u>13,692,118</u>	<u>15,507,488</u>	<u>20,194,053</u>	<u>19,666,376</u>	<u>26,014,633</u>	<u>36,978,228</u>
<b>Total general fund.....</b>	<b>\$ <u>40,700,160</u></b>	<b>\$ <u>41,612,751</u></b>	<b>\$ <u>47,066,914</u></b>	<b>\$ <u>46,535,247</u></b>	<b>\$ <u>50,217,701</u></b>	<b>\$ <u>54,684,889</u></b>	<b>\$ <u>60,635,867</u></b>	<b>\$ <u>64,254,363</u></b>	<b>\$ <u>68,901,476</u></b>	<b>\$ <u>75,162,299</u></b>
<b>All Other Governmental Funds</b>										
Nonspendable.....	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126
Restricted.....	32,172,936	23,955,913	24,039,762	29,105,031	32,953,447	36,444,641	40,328,168	46,918,568	60,684,336	58,861,372
Unassigned.....	<u>(42,349)</u>	<u>(7,897,251)</u>	<u>(8,830,687)</u>	<u>(11,138,192)</u>	<u>(15,052,796)</u>	<u>(14,895,671)</u>	<u>(11,385,014)</u>	<u>(31,035,675)</u>	<u>(38,927,012)</u>	<u>(8,317,055)</u>
<b>Total all other governmental funds..</b>	<b>\$ <u>32,563,713</u></b>	<b>\$ <u>16,491,788</u></b>	<b>\$ <u>15,642,201</u></b>	<b>\$ <u>18,399,965</u></b>	<b>\$ <u>18,333,777</u></b>	<b>\$ <u>21,982,096</u></b>	<b>\$ <u>29,376,280</u></b>	<b>\$ <u>16,316,019</u></b>	<b>\$ <u>22,190,450</u></b>	<b>\$ <u>50,977,443</u></b>

Changes in Fund Balances, Governmental Funds

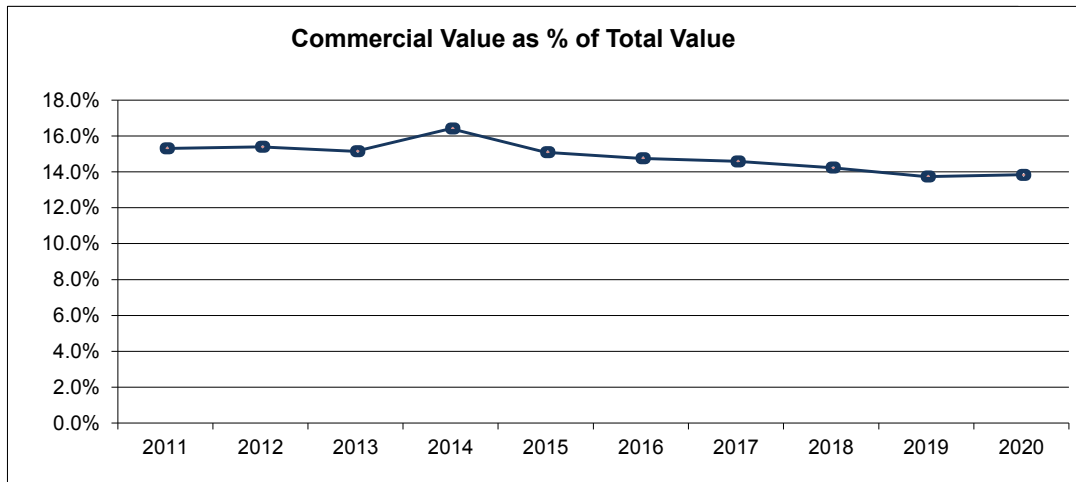
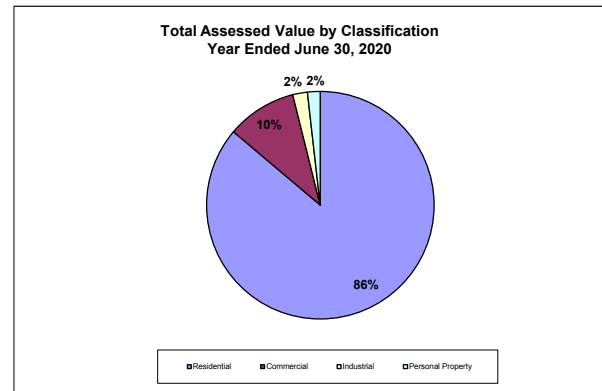
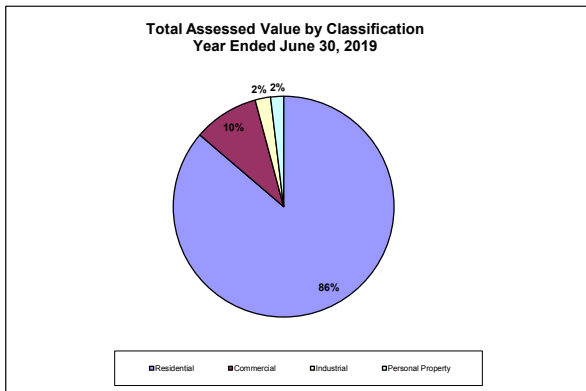
Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues:</b>										
Real estate and personal property taxes.....	\$ 98,921,096	\$ 102,575,530	\$ 109,391,564	\$ 113,427,599	\$ 120,742,247	\$ 127,359,478	\$ 134,759,721	\$ 142,059,305	\$ 153,512,695	\$ 163,664,577
Tax liens.....	1,161,723	1,297,050	1,118,479	847,582	654,405	606,130	392,962	192,533	291,986	278,585
Motor vehicle and other excise taxes.....	4,894,601	6,762,048	7,206,904	7,759,040	8,596,756	9,345,084	9,297,090	9,484,191	10,490,716	9,792,924
Payments in lieu of taxes.....	398,281	192,334	182,347	285,596	304,688	829,780	1,248,682	1,327,790	1,507,020	1,611,453
Intergovernmental.....	85,293,814	83,228,489	95,364,763	88,757,484	75,012,124	77,436,920	91,261,649	103,603,155	130,978,149	133,302,258
Departmental and other.....	23,946,046	23,732,924	22,579,819	22,368,780	31,314,092	26,795,775	29,238,662	34,761,282	35,546,737	32,291,865
Community preservation taxes.....	-	-	-	1,323,320	2,335,638	2,375,654	2,085,496	2,164,973	2,387,889	2,645,305
Contributions.....	1,354,249	1,361,020	1,126,151	256,094	3,044,440	757,874	621,388	644,117	855,434	3,014,993
Investment income.....	419,721	320,878	238,620	238,031	292,212	308,289	500,910	1,415,231	3,535,215	3,176,974
Miscellaneous.....	229,144	71,679	102,500	268,687	113,209	205,935	134,582	537,703	282,746	649,557
<b>Total Revenue.....</b>	<b>216,618,675</b>	<b>219,541,952</b>	<b>237,311,147</b>	<b>235,532,213</b>	<b>242,409,811</b>	<b>246,020,919</b>	<b>269,541,142</b>	<b>296,190,280</b>	<b>339,388,587</b>	<b>350,428,491</b>
<b>Expenditures:</b>										
General government.....	12,623,157	12,679,343	16,705,382	17,643,136	19,760,973	21,121,725	22,099,097	26,581,937	31,844,419	29,557,586
Public safety.....	30,938,872	36,463,494	37,408,954	37,020,112	38,187,360	38,861,329	41,113,649	40,521,432	48,610,806	50,706,399
Education.....	63,007,532	63,303,388	65,203,861	68,950,650	71,696,093	76,278,689	78,217,082	82,088,771	83,620,583	93,492,736
Public works.....	19,461,296	19,831,102	21,203,002	23,213,680	30,173,419	24,285,794	26,189,372	26,404,859	29,827,378	26,699,174
Community development.....	5,142,819	5,225,117	5,092,521	5,399,251	6,731,292	4,752,888	8,904,122	4,556,946	5,584,239	4,243,725
Health and human services.....	7,095	312,548	288,766	224,330	229,633	178,570	244,417	276,304	430,234	753,228
Culture and recreation.....	2,397,542	2,413,694	2,853,452	1,792,055	716,322	2,624,181	3,004,178	3,499,569	3,165,517	2,294,947
COVID-19.....	-	-	-	-	-	-	-	-	-	1,149,689
Pension benefits.....	25,986,011	27,154,941	28,472,130	29,482,862	19,710,963	23,927,384	28,429,418	29,742,248	30,383,725	34,823,991
Employee benefits.....	28,783,865	27,555,222	20,642,529	23,240,442	23,167,986	23,240,346	24,274,992	30,438,102	25,610,600	29,938,317
Claims and judgments.....	-	124,666	87,190	149,138	237,987	99,590	53,800	-	-	-
Community preservation.....	-	-	-	56,770	77,672	771,733	2,314,179	4,207,687	1,848,792	2,293,185
State and county charges.....	10,990,847	10,922,689	11,189,172	11,854,949	12,569,633	12,740,178	13,532,201	13,634,548	12,993,749	13,531,432
Capital outlay.....	9,937,843	35,537,453	28,892,038	12,164,916	14,038,651	18,695,120	13,805,058	45,762,086	61,385,051	135,842,611
Debt service:										
Principal.....	6,799,951	7,473,552	6,921,187	6,971,599	7,968,384	7,110,623	7,455,123	7,101,623	6,812,925	7,525,623
Interest.....	2,404,731	2,494,542	2,871,080	2,890,706	3,016,183	2,866,743	3,639,566	4,112,187	6,505,047	5,287,667
<b>Total Expenditures.....</b>	<b>218,481,561</b>	<b>251,491,751</b>	<b>247,831,264</b>	<b>241,054,596</b>	<b>248,282,551</b>	<b>257,554,893</b>	<b>273,276,254</b>	<b>318,928,299</b>	<b>348,623,065</b>	<b>438,140,310</b>
Excess of revenues over (under) expenditures.....	(1,862,886)	(31,949,799)	(10,520,117)	(5,522,383)	(5,872,740)	(11,533,974)	(3,735,112)	(22,738,019)	(9,234,478)	(87,711,819)
<b>Other Financing Sources (Uses)</b>										
Issuance of bonds and notes.....	6,305,000	15,750,000	13,940,000	6,250,000	8,603,000	17,771,000	12,335,000	10,143,102	16,895,000	121,835,930
Issuance of refunding bonds.....	-	-	-	-	-	-	-	7,810,975	-	-
Premium from issuance of bonds.....	422,348	353,483	96,302	962,253	-	930,391	2,970,178	2,119,409	2,950,552	1,970,136
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	-	578,540	-	-
Payments to refunded bond escrow agent.....	-	-	-	-	-	-	-	(8,448,080)	-	-
Proceeds from the sale of assets.....	9,355	16,384	12,549	9,387	-	-	2,120,152	3,911	68,470	7,140
Transfers in.....	5,278,835	12,298,802	4,599,007	5,578,902	4,828,239	3,753,592	5,536,920	5,556,671	6,561,257	2,724,839
Transfers out.....	(5,278,835)	(11,628,204)	(3,523,165)	(5,052,062)	(3,942,233)	(2,805,502)	(5,881,976)	(4,468,274)	(6,719,257)	(3,778,410)
<b>Total other financing sources (uses).....</b>	<b>6,736,703</b>	<b>16,790,465</b>	<b>15,124,693</b>	<b>7,748,480</b>	<b>9,489,006</b>	<b>19,649,481</b>	<b>17,080,274</b>	<b>13,296,254</b>	<b>19,756,022</b>	<b>122,759,635</b>
<b>Net change in fund balance.....</b>	<b>\$ 4,873,817</b>	<b>\$ (15,159,334)</b>	<b>\$ 4,604,576</b>	<b>\$ 2,226,097</b>	<b>\$ 3,616,266</b>	<b>\$ 8,115,507</b>	<b>\$ 13,345,162</b>	<b>\$ (9,441,765)</b>	<b>\$ 10,521,544</b>	<b>\$ 35,047,816</b>
Debt service as a percentage of noncapital expenditures.....	4.41%	4.62%	4.47%	4.31%	4.69%	4.18%	4.28%	4.11%	4.64%	4.24%

**Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates**

Last Ten Years

Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate (2)	Total City Value
2011	\$ 7,027,712,955	\$ 12.71	\$ 831,013,262	\$ 273,718,283	\$ 165,431,820	\$ 1,270,163,365	\$ 21.21	\$ 14.01	\$ 8,297,876,320
2012	\$ 7,099,067,112	\$ 13.09	\$ 836,954,788	\$ 276,018,500	\$ 178,531,790	\$ 1,291,505,078	\$ 21.85	\$ 14.44	\$ 8,390,572,190
2013	\$ 7,293,246,502	\$ 13.42	\$ 843,242,898	\$ 273,007,500	\$ 185,838,150	\$ 1,302,088,548	\$ 22.38	\$ 14.78	\$ 8,595,335,050
2014 (1)	\$ 7,894,327,349	\$ 12.66	\$ 1,020,307,151	\$ 331,988,000	\$ 199,049,900	\$ 1,551,345,051	\$ 21.51	\$ 14.11	\$ 9,445,672,400
2015	\$ 8,909,186,864	\$ 12.61	\$ 1,055,713,836	\$ 311,627,700	\$ 215,696,880	\$ 1,583,038,416	\$ 20.38	\$ 13.78	\$ 10,492,225,280
2016	\$ 9,546,993,086	\$ 12.53	\$ 1,108,832,814	\$ 318,967,000	\$ 223,981,370	\$ 1,651,781,184	\$ 20.18	\$ 13.66	\$ 11,198,774,270
2017	\$ 10,814,213,402	\$ 11.67	\$ 1,255,256,698	\$ 339,856,200	\$ 251,203,200	\$ 1,846,316,098	\$ 18.81	\$ 12.71	\$ 12,660,529,500
2018	\$ 11,826,529,847	\$ 11.31	\$ 1,349,824,853	\$ 348,231,400	\$ 266,170,830	\$ 1,964,227,083	\$ 18.21	\$ 12.29	\$ 13,790,756,930
2019 (1)	\$ 13,505,275,940	\$ 10.76	\$ 1,503,833,168	\$ 354,134,400	\$ 293,268,510	\$ 2,151,236,078	\$ 17.33	\$ 11.66	\$ 15,656,512,018
2020	\$ 15,506,235,043	\$ 10.09	\$ 1,788,763,853	\$ 374,474,600	\$ 326,987,090	\$ 2,490,225,543	\$ 16.32	\$ 10.95	\$ 17,996,460,586



(1) Revaluation year.

(2) The direct rate is the weighted average of the residential and commercial tax rates.

Source: Assessor's Department, City of Somerville

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the City. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

**Principal Taxpayers**  
**Current Year and Nine Years Ago**

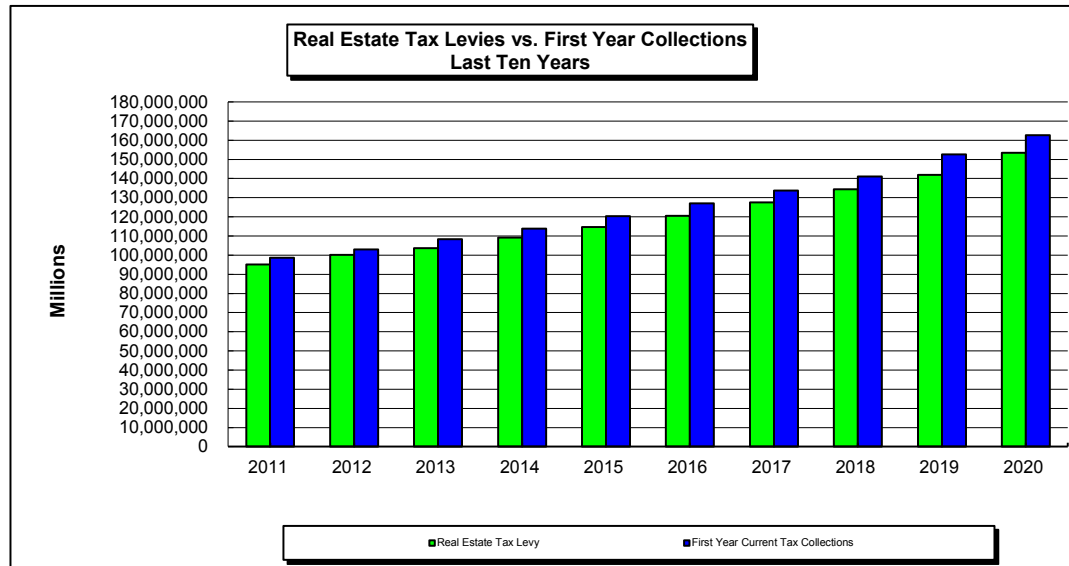
Name	Nature of Business	2020			2011		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Street Retail Inc	Commercial/Residential	\$ 673,169,400	1	7.13%	\$ -	-	-
DW NP Property LLC	Office Building	\$ 108,500,000	2	1.15%	\$ -	-	-
FR Assembly Square LLC	Shopping Mall	\$ 81,952,100	3	0.87%	\$ 62,624,000	1	0.73%
NSTAR Electric Co	Electric Company	\$ 78,808,220	4	0.83%	\$ 57,253,290	2	0.67%
Twin City Plaza LLC	Retail Mall	\$ 57,724,600	5	0.61%	\$ 54,806,600	3	0.64%
NSTAR Gas Co	Electric Company	\$ 57,147,620	6	0.61%	\$ 19,716,200	9	0.23%
I-93 Somerville LLC	Retail	\$ 43,479,000	7	0.46%	\$ 36,000,000	4	0.42%
CRP 70 Inner Belt LLC	Telecom	\$ 42,389,700	8	0.45%	\$ 33,776,000	6	0.39%
IMP Maxwell's Green LLC	Residential	\$ 65,844,100	9	0.70%	\$ -	-	-
GAHC3 Somerville MOB LLC	Professional Building	\$ 39,387,500	10	0.42%	\$ -	-	-
FR Sturtevant Street LLC	Retail	\$ -		0.00%	\$ 35,891,700	5	0.42%
Kadima Medical Properties LLC	Professional Building	\$ -		0.00%	\$ 32,087,800	7	0.37%
National Tax Search LLC Trustee	Office Building	\$ -		0.00%	\$ 24,770,300	8	0.29%
Davis Square Real Estate LLC	Bank/Offices	\$ -		0.00%	\$ 19,251,000	10	0.22%
<b>Totals</b>		<u>\$1,248,402,240</u>		<u>13.22%</u>	<u>\$376,176,890</u>		<u>4.38%</u>

Source: Official Statement for Sale of Bonds

**Property Tax Levies and Collections**

**Last Ten Years**

Year	(2) Total Tax Levy	Less Abatements & Exemptions	(2) Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	(3) Percent of Total Tax Collections to Net Tax Levy
2011	\$ 100,548,992	\$ 463,464	\$ 100,085,528	\$ 98,703,495	98.62%	\$ 1,377,979	\$ 100,081,474	100.00%
2012	\$ 104,765,287	\$ 1,088,607	\$ 103,676,680	\$ 102,975,339	99.32%	\$ 696,871	\$ 103,672,210	100.00%
2013	\$ 109,923,036	\$ 799,886	\$ 109,123,150	\$ 108,407,664	99.34%	\$ 711,174	\$ 109,118,838	100.00%
2014	(1) \$ 116,112,597	\$ 1,416,537	\$ 114,696,060	\$ 113,841,400	99.25%	\$ 860,377	\$ 114,701,777	100.00%
2015	\$ 122,165,461	\$ 1,697,496	\$ 120,467,965	\$ 120,376,618	99.92%	\$ 814,136	\$ 121,190,754	100.60%
2016	\$ 129,147,863	\$ 1,680,095	\$ 127,467,768	\$ 126,959,692	99.60%	\$ 874,099	\$ 127,833,791	100.29%
2017	\$ 136,071,683	\$ 1,709,004	\$ 134,362,679	\$ 133,730,789	99.53%	\$ 948,287	\$ 134,679,076	100.24%
2018	\$ 143,491,095	\$ 1,528,746	\$ 141,962,349	\$ 141,091,495	99.39%	\$ 863,847	\$ 141,955,342	100.00%
2019	(1) \$ 155,031,240	\$ 1,647,702	\$ 153,383,538	\$ 152,583,237	99.48%	\$ 810,060	\$ 153,393,297	100.01%
2020	\$ 167,812,263	\$ 1,706,610	\$ 166,105,653	\$ 162,661,800	97.93%	\$ -	\$ 162,661,800	97.93%



(1) Revaluation year.

(2) Includes tax liens.

(3) If the actual abatements and exemptions are lower than the estimate the actual collections can exceed the net levy.

Source: Assessor's Department, City of Somerville

**Ratios of Outstanding Debt and General Bonded Debt**

**Last Ten Years**

Year	U. S. Census Population	Personal Income	Assessed Value	Governmental Activities				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2011	75,965	\$ 2,519,556,983	\$ 8,297,876,320	\$ 68,627,852	\$ -	\$ 903	2.72%	0.83%
2012	76,267	\$ 2,580,164,990	\$ 8,390,572,190	\$ 76,177,493	\$ -	\$ 999	2.95%	0.91%
2013	76,589	\$ 2,642,879,641	\$ 8,595,335,050	\$ 84,360,426	\$ -	\$ 1,101	3.19%	0.98%
2014	78,804	\$ 2,773,699,578	\$ 9,445,672,400	\$ 84,481,455	\$ -	\$ 1,072	3.05%	0.89%
2015	78,901	\$ 2,832,656,005	\$ 10,492,225,280	\$ 82,313,356	\$ -	\$ 1,043	2.91%	0.78%
2016	80,318	\$ 2,941,198,848	\$ 11,198,774,270	\$ 93,750,365	\$ -	\$ 1,167	3.19%	0.84%
2017	81,322	\$ 3,037,524,044	\$ 12,660,529,500	\$ 101,423,345	\$ -	\$ 1,247	3.34%	0.80%
2018	81,360	\$ 3,283,364,160	\$ 13,790,756,930	\$ 99,450,581	\$ -	\$ 1,222	3.03%	0.72%
2019	81,562	\$ 3,621,271,238	\$ 15,656,512,018	\$ 118,878,104	\$ -	\$ 1,458	3.28%	0.76%
2020	81,360	\$ 3,846,375,360	\$ 17,996,460,586	\$ 233,993,882	\$ -	\$ 2,876	6.08%	1.30%

Year	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
2011	\$ 13,343,849	\$ -	\$ 81,971,701	\$ 1,079	3.25%	0.99%
2012	\$ 14,245,269	\$ -	\$ 90,422,762	\$ 1,186	3.50%	1.08%
2013	\$ 13,258,968	\$ -	\$ 97,619,394	\$ 1,275	3.69%	1.14%
2014	\$ 11,801,568	\$ -	\$ 96,283,023	\$ 1,222	3.47%	1.02%
2015	\$ 12,838,188	\$ -	\$ 95,151,544	\$ 1,206	3.36%	0.91%
2016	\$ 10,494,094	\$ -	\$ 104,244,459	\$ 1,298	3.54%	0.93%
2017	\$ 9,950,711	\$ -	\$ 111,374,056	\$ 1,370	3.67%	0.88%
2018	\$ 9,268,844	\$ -	\$ 108,719,425	\$ 1,336	3.31%	0.79%
2019	\$ 17,975,936	\$ -	\$ 136,854,040	\$ 1,678	3.78%	0.87%
2020	\$ 22,622,794	\$ -	\$ 256,616,676	\$ 3,154	6.67%	1.43%

Source: Audited Financial Statements, U. S. Census, Division of Local Services

**Computation of Legal Debt Margin**

**Last Ten Years**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Equalized Valuation.....	\$ 9,139,060,000	\$ 9,139,060,000	\$ 9,237,328,000	\$ 9,237,328,000	\$ 10,446,575,400	\$ 10,446,575,400	\$ 12,444,120,102	\$ 12,444,120,102	\$ 15,170,069,800	\$ 15,170,069,800
Debt Limit -5% of Equalized Valuation	\$ 456,953,000	\$ 456,953,000	\$ 461,866,400	\$ 461,866,400	\$ 522,328,770	\$ 522,328,770	\$ 622,206,005	\$ 622,206,005	\$ 758,503,490	\$ 758,503,490
Less:										
Outstanding debt applicable to limit.	41,567,791	37,839,168	34,360,463	44,912,764	40,816,987	45,884,806	53,465,081	59,559,553	72,113,521	58,358,989
Authorized and unissued debt.....	<u>18,828,465</u>	<u>21,688,655</u>	<u>16,399,828</u>	<u>18,467,952</u>	<u>31,140,652</u>	<u>53,584,828</u>	<u>94,436,450</u>	<u>158,894,669</u>	<u>155,911,994</u>	<u>188,357,575</u>
Legal debt margin.....	<u>\$ 396,556,744</u>	<u>\$ 397,425,177</u>	<u>\$ 411,106,109</u>	<u>\$ 398,485,684</u>	<u>\$ 450,371,131</u>	<u>\$ 422,859,136</u>	<u>\$ 474,304,474</u>	<u>\$ 403,751,783</u>	<u>\$ 530,477,975</u>	<u>\$ 511,786,926</u>
Total debt applicable to the limit as a percentage of debt limit.....	13.22%	13.03%	10.99%	13.72%	13.78%	19.04%	23.77%	35.11%	30.06%	32.53%

Source: Official Statement for Sale of Bonds

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2020**

<u>City of Somerville, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
MWRA Water.....	\$ 1,982,967,000	3.25%	\$ 64,446,428
MWRA Sewer.....	3,227,492,000	3.44%	111,025,725
Massachusetts Bay Transportation Authority.....	5,475,549,153	3.08%	<u>168,646,914</u>
Subtotal, overlapping debt.....			<u>344,119,066</u>
City direct debt.....			<u>233,993,882</u>
Total direct and overlapping debt.....			<u>\$ 578,112,948</u>

Source: City of Somerville, Auditing Department and related organizations.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.



## Demographic and Economic Statistics

### Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	Unemployment Rate
2011	75,965	\$ 2,519,556,983	\$ 33,167	31.4	5.2%
2012	76,267	\$ 2,580,164,990	\$ 33,831	31.4	4.9%
2013	76,589	\$ 2,642,879,641	\$ 34,507	31.4	5.2%
2014	78,804	\$ 2,773,699,578	\$ 35,197	31.3	3.7%
2015	78,901	\$ 2,832,656,005	\$ 35,901	31.3	3.3%
2016	80,318	\$ 2,941,198,848	\$ 36,619	31.3	2.4%
2017	81,322	\$ 3,037,524,044	\$ 37,352	31.3	3.3%
2018	81,360	\$ 3,283,364,160	\$ 40,356	31.6	3.5%
2019	81,562	\$ 3,621,271,238	\$ 44,399	31.5	2.0%
2020	81,360	\$ 3,846,375,360	\$ 47,276	32.6	7.3%

Source: U. S. Census, Division of Local Services, Executive Office of Labor and Workforce Development  
 Median age is based on most recent census data.

**Principal Employers (Excluding City)**

**Current Year and Nine Years Ago**

Employer	Nature of Business	2020			2011		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Partners Healthcare	Health Care	4,053	1	14.6%	-	-	-
ABM Industries	Janitorial Services	2,000	2	7.2%	2,000	1	-
Cambridge Health Alliance	Health Care	1,014	3	3.7%	1,014	2	4.6%
J&S Electric Company	Building Equipment	525	4	1.9%	-	-	-
Angelica Corp.	Laundry	412	5	1.5%	546	3	2.5%
Royal Hospital Services Incorporated	Office Supplies	380	6	1.4%	-	-	-
Market Basket	Grocery Store	372	7	1.3%	-	-	-
FormLabs	Scientific Research	350	8	1.3%	-	-	-
Rogers Foam Corp.	Foam Products	300	9	1.1%	-	-	-
Stop & Shop	Grocery Store	300	10	-	-	-	-
Van der Weil	Engineering/Consulting	-	-	-	300	4	1.4%
Gentle Giant	Local Trucking	-	-	-	250	5	1.1%
Visiting Nurses	Healthcare	-	-	-	250	6	1.1%
Harvard Vanguard	Healthcare	-	-	-	225	7	1.0%
FISEVR	Data Processing	-	-	-	220	8	1.0%
STAR Market	Grocery Store	-	-	-	217	9	-
Home Depot	Retail	-	-	-	215	10	1.0%
	<b>Totals</b>	<u>9,706</u>		<u>33.9%</u>	<u>5,237</u>		<u>13.8%</u>

Source: Massachusetts Department of Workforce Development

**Full-Time Equivalent City Employees**

**Last Ten Years**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018*</u>	<u>2019</u>	<u>2020</u>
<u>Full-Time Equivalents</u>										
City.....	670	675	696	714	729	736	755	762	780	774
School.....	<u>843</u>	<u>845</u>	<u>892</u>	<u>908</u>	<u>923</u>	<u>929</u>	<u>937</u>	<u>1107</u>	<u>1139</u>	<u>1074</u>
Total .....	<u>1,513</u>	<u>1,520</u>	<u>1,587</u>	<u>1,622</u>	<u>1,652</u>	<u>1,665</u>	<u>1,692</u>	<u>1,869</u>	<u>1,919</u>	<u>1,848</u>

Source: City of Somerville Budget

\*Please note that in FY18 the school department changed how employees are counted, resulting in a change in reporting.

**Operating Indicators by Function/Program**

**Last Ten Years**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Government:</b>										
Registered Voters.....	43,633	45,987	47,484	47,454	45,655	51,319	51,362	54,672	54,351	58,173
Births.....	922	962	957	974	863	838	854	798	772	723
Marriages.....	553	503	591	548	513	590	606	557	511	294
Deaths.....	441	420	410	517	589	561	427	415	405	492
Dogs licensed.....	1,595	1,967	1,790	2,127	1,780	2,053	1,831	1,759	1,870	1,899
Business Certificates.....	445	451	425	483	318	307	274	290	229	192
<b>Fire:</b>										
Total Fires.....	156	279	476	377	431	429	462	442	389	452
Structure Fires.....	44	60	107	56	258	321	354	360	321	365
Vehicle Fires.....	16	15	24	14	24	14	21	17	14	13
Other Fires.....	96	204	345	307	149	94	87	65	54	71
<b>Civilian</b>										
Deaths.....	3	1	0	0	0	0	0	0	0	0
Injuries.....	41	22	5	1	0	8	5	3	2	5
<b>Fire Service</b>										
Deaths.....	0	0	0	0	0	0	0	0	0	0
Injuries.....	81	44	71	38	17	29	23	75	102	56
Dollar Loss.....	\$ 3,019,600	\$ 2,438,000	\$ 5,850,000	\$ 1,559,364	\$ 663,875	\$ 3,601,500	\$ 3,666,101	\$ 1,703,650	\$ 2,715,100	\$ 2,694,950*
<b>Police:</b>										
Violent crime total.....	259	258	178	206	183	198	172	184	167	135*
Murder and nonnegligent manslaughter.....	1	0	0	1	0	0	2	0	0	1*
Forcible rape.....	17	22	17	10	8	15	19	26	17	17*
Robbery.....	90	84	51	58	40	48	39	44	38	17*
Aggravated assault.....	151	152	110	137	135	135	112	114	112	100*
Property crime total.....	1,760	1,752	1,552	1,253	1,695	1,239	1,104	1,062	1,053	997*
Burglary.....	416	349	430	192	305	207	171	161	140	120*
Larceny-theft.....	1,193	1,270	1,021	949	1,257	931	834	789	825	784*
Motor vehicle theft.....	151	133	101	112	133	101	99	112	88	93*
<b>Traffic and Parking:</b>										
Tickets Issued.....	152,381	149,844	144,919	128,449	140,974	137,973	125,472	124,855	127,424	97,843
<b>Inspectional:</b>										
Building Permit Count.....	1,627	1,682	1,775	1,775*	2,166	2,034	2,186	2,194	2,033	1589
<b>Education:</b>										
Total enrollment.....	4,855	4,877	4,922	4,940	4,987	4,931	4,950	4,956	4,909	4,755
<b>Library:+</b>										
Total Circulation.....	466,304	448,579	415,666	411,566	387,222	396,812	378,929	381,074	394,531	358,169
Total Holdings.....	185,930	192,229	194,451	200,522	205,045	211,941	215,289	217,865	221,390	223,095
Registered users.....	27,826	27,934	28,017	29,611	29,351	33,500	34,395	28,626	36,746	37,011

NA - Information not available

+ Denotes fiscal year reporting schedule, \* Denotes estimates based on prior year data

Source: Elections Dept, City Clerk, Fire Dept, Police Dept, T&P Dept, ISD, Mass DoE, MBoLC

**Capital Asset Statistics by Function/Program**

**Last Ten Years**

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Fire:										
Fire stations.....	5	5	5	5	5	5	5	5	5	5
Emergency vehicles.....	8	8	8	8	8	8	8	8	8	8
Police:										
Stations.....	2	2	3	3	3	3	3	3	3	3
Public works:										
Streets (miles).....	106.17	106.17	108.97	115.11	119.7	119.7	119.7	119.7	119.7	119.7
Electric:										
Streetlights.....	4,006	4,032	4,032	4,032	4,056	4,056	4,056	4,056	4,056	4,056
Sewer:										
Sanitary sewers (miles).....	68	68	68	68	68	68	68	68	68	68
Storm sewers (miles).....	35	35	35	35	35	35	35	35	35	35
Library:										
Main library.....	1	1	1	1	1	1	1	1	1	1
Number of branches.....	2	2	2	2	2	2	2	2	2	2
Parks and recreation:										
City Parks										
Number of Parks.....	41	43	43	43	43	69	69	69	69	69
Acreage.....	49.27	51.35	51.35	51.35	51.35	58.3	58.3	58.3	57.6	57.6
DCR Parks in Somerville										
Number of Parks.....	6	6	6	6	6	8	8	8	8	8
Acreage.....	77.5	77.5	77.5	77.5	77.5	81.3	81.3	81.3	81.3	81.3
Other Open and Public Space										
Number of Spaces.....	28	28	28	28	28	10	11	11	13	13
Acreage.....	50.34	50.34	50.34	50.34	50.34	19.3	25.0	25.0	32.1	32.1
Water:										
Water mains (miles).....	125	125	125	125	125	125	125	125	125	125
Fire hydrants.....	1,523	1,523	1,523	1,550	1,555	1,555	1,555	1,555	1,555	1,555
Education:										
Elementary schools.....	9	9	10	10	10	10	10	10	10	10
High school.....	1	1	1	1	1	1	1	1	1	1

NA - Information not available  
Source: Various City Departments