

CITY OF SOMERVILLE

MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Year Ended June 30, 2021

Joseph A. Curtatone, Mayor
Edward Bean, Finance Director

Prepared by the City of Somerville Finance Department

On the Cover – Somerville High School

Photo by Rie Lowenstein.

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JUNE 30, 2021

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Introductory Section



Teele Square
Photo by Rie Lowenstein

Introductory Section



City of Somerville, Massachusetts

Joseph A. Curtatone

MAYOR

February 7, 2022

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

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the City of Somerville (City) for the year ended June 30, 2021. The ACFR 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, 2021, 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, 2021, 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, 2021, 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, 2021, 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. Somerville High School (SHS), 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 (88% overall in 2020, 92.5% SHS), while the drop-out rate has remained consistently low over the last several years. (2.0% overall in 2020, 1.6% at SHS). 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 extracurricular 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, Lesley STEAM, Teen Empowerment, Groundwork Somerville, Breakthrough Greater Boston, Enroot, Citizen Schools, Beautiful Stuff Project, The Calculus Project, and many 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.

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 included 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, this new plan was approved in the Fall of 2021, and will guide our city’s growth through 2040.

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 by 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 opened in 2021 at 455 Grand Union Blvd, including the North American Headquarters of Puma and two floors now being prepared for occupancy by Bluebird Bio. Adjacent to the MBTA transit station is Miscala, 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 is under construction. Alta Revolution, when complete, will be a 329-unit residential building with ground floor retail space. The remainder of the XMBLY site has been purchased by

Biomed Realty. Biomed is preparing to break ground on a new biotech lab building at the corner of Foley Street and Middlesex Avenue, in the XMBLY project.

Across Middlesex Avenue two additional biotech laboratory buildings are completing their permitting process. Meanwhile, the City is completing a new Assembly Square Neighborhood Plan to guide development in the remainder of the Assembly Square neighborhood, allowing for more residential and commercial development along with new parks and public amenities that will support the neighborhood.

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-use 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 the seven development parcels in 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 broke ground in 2021 with 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. 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. The project is reconstructing two major arterials through the square, while continuing the newly separated Somerville Avenue storm and sanitary sewer line. The city is now working on a design for a significant expansion of the public plaza.

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

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.

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 is in the final stages of completing a 290,000 sq. ft. lab building located at 101 South Street. They are soon to be breaking ground on a second lab building adjacent to 101 South Street. When completed this district will support over 3.4 million square feet of new mixed-use development.

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. A 205-unit residential building has broken ground at 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 it is beginning the process of planning for the remainder of the site, which is now available for transformative, transit-oriented development.

Across the railroad tracks, the Brickbottom district also has promise for new development. The OSPCD launched the Brickbottom Vision Plan in 2020 to develop strategies to further unlock the area’s potential. One new lab building has begun construction here, at 100 Chestnut Street. Additional development will likely follow after completion of the plan.

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 moved its North

American headquarters into 350,000 sq. ft. of space. A 483,000 sq. ft. building under construction at nearby Parcel E/F, located entirely within Somerville, will serve as the regional offices and laboratory space for Bristol Meyers Squibb.

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, 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 2022. Scape and Asana Partners have both made investments by purchasing properties in Davis Square and are interested in contextual redevelopment of these parcels that will serve to provide new office space and a daytime workforce that can patronize Davis Square businesses.

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 2022, 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 21st 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 2021 is \$24,949,530. The following table sets forth the recent trend in Free Cash for the City.

Free Cash (July 1)	
2021	\$24,949,530
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

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	
2021	\$64,905,242
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

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 \$401 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, 2021, totaled \$284.6 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
2021	\$284,639,760	\$19,297,891,798	\$3,512	1.47
2020	256,616,676	17,996,460,586	3,154	1.43
2019	136,854,040	15,656,512,018	1,678	0.87
2018	108,719,425	13,790,756,930	1,336	0.79
2017	111,374,056	12,660,529,500	1,370	0.88
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	97,619,394	8,595,335,050	1,275	1.14
2012	90,422,762	8,390,572,190	1,186	1.08

Property Valuations

Based on valuations of all real and personal property as of January 1, 2020, the total value of all property in the City is \$19.3 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 2026. 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		
2021	\$18,890,341,808	\$407,549,990	\$19,297,891,798	\$10.19	\$16.69	\$184,014,988	\$2,274
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

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, 2021.

The total unfunded pension benefit obligation applicable to the City's employees was \$104,134,217 at December 31, 2020.

Total pension benefit obligation	\$495,186,851
Net Position available for benefits, at market value	<u>(391,052,634)</u>
Unfunded pension benefit obligation	<u>\$104,134,217</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 2012 through 2021 fiscal years are as follows:

Year	Contributory	Non-Contributory
2021	\$14,854,185	\$122,643
2020	14,273,369	85,603
2019	14,364,292	108,112
2018	13,808,937	134,096
2017	13,711,675	121,197
2016	13,304,274	119,000
2015	12,324,940	255,023
2014	11,457,093	234,769
2013	11,084,135	231,999
2012	10,985,945	283,996

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:

Year	Amount
2021	\$8,143,969
2020	7,793,272
2019	8,485,245
2018	8,485,245
2017	9,258,566
2016	8,533,496
2015	9,645,790
2014	9,044,970
2013	10,402,192
2012	10,036,871

The City implemented GASB Statement #75 in 2018 and in FY21 recognized an unfunded OPEB liability of \$151,743,688.

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, 2021 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 annual comprehensive financial report since fiscal year 2012, nine years in a row that the City has achieved this prestigious award. Additionally, the City's FY14 through FY18 and FY20 through FY21 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 annual comprehensive 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 Annual Comprehensive 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Somerville
Massachusetts**

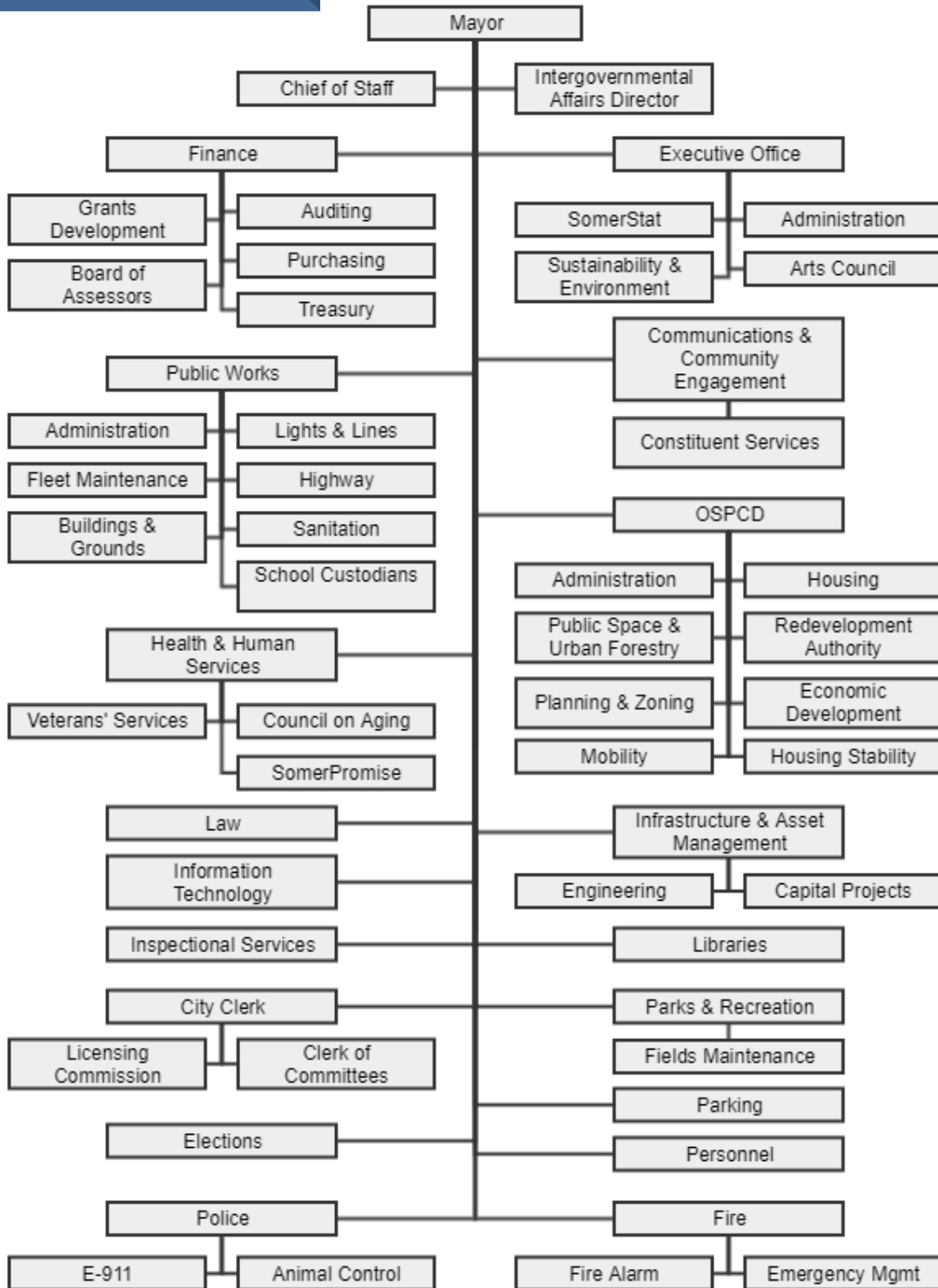
For the Fiscal Year Beginning

July 01, 2020

Christopher P. Morrill

Executive Director

Organizational Chart





As of June 30, 2021

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 – Open

Michael Mastrobuoni, Budget Manager – Indefinite

City Council – Term Expires 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



Art at Assemble Row
Photo by Rie Lowenstein.

Financial Section

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Independent Auditor's Report

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

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, 2021, (except for the Somerville Contributory Retirement System which is as of and for the year ended December 31, 2020), 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, 2021 (except for the Somerville Contributory Retirement System which is as of December 31, 2020), 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 statements, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining 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 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 7, 2022, 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 7, 2022

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, 2021. 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,

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 nineteen individual governmental funds. Information is presented separately for the general fund, the strategic planning and community development fund, American Rescue Plan Act (ARPA) 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 other 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.

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 \$13.3 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 \$120.9 million at the close of 2021, which was an increase of \$91.7 million from the prior year balances.

Net position of \$295.2 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, \$66.5 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 \$240.9 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 \$23.3 million and the business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$97.6 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 \$23.3 million at the close of 2021.

	2021	2020 (As Revised)
Assets:		
Current assets.....	\$ 270,689,088	\$ 224,682,864
Noncurrent assets (excluding capital).....	-	879,360
Capital assets, nondepreciable.....	316,151,387	280,488,413
Capital assets, net of accumulated depreciation....	179,055,661	166,925,403
Total assets.....	765,896,136	672,976,040
Deferred outflows of resources.....	26,752,019	34,229,981
Liabilities:		
Current liabilities (excluding debt).....	56,006,476	24,875,535
Noncurrent liabilities (excluding debt).....	249,639,512	298,224,594
Current debt.....	55,644,775	68,737,429
Noncurrent debt.....	250,501,472	224,766,478
Total liabilities.....	611,792,235	616,604,036
Deferred inflows of resources.....	157,544,227	152,651,084
Net position:		
Net investment in capital assets.....	224,503,253	235,101,623
Restricted.....	66,536,393	55,762,206
Unrestricted.....	(267,727,953)	(352,912,928)
Total net position.....	\$ 23,311,693	\$ (62,049,099)

The largest portion of the City of Somerville's net position \$224.5 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, \$66.5 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 \$108.4 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 \$267.7 million deficit of unrestricted net position at June 30, 2021. 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, 2021, has a balance of \$13.3 million and is reported within the Fiduciary Funds in the City's financial statements.

Long-term liabilities include \$263.1 million in general obligation bonds; \$4.8 million in compensated absence liabilities for unused vacation, special leave, and enhanced longevity benefits payable; \$944,000 in future year workers' compensation benefits payable; \$95.4 million in future pension benefits; and \$148.9 million in future other postemployment benefits.

Governmental activities net position increased by \$85.4 million in 2021.

	2021	2020
Program Revenues:		
Charges for services.....	\$ 31,705,357	\$ 30,898,660
Operating grants and contributions.....	84,413,765	67,167,559
Capital grants and contributions.....	17,842,610	43,675,360
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	182,102,385	166,234,093
Tax and other liens.....	847,056	121,868
Motor vehicle and other excise taxes.....	8,775,394	10,381,203
Community preservation tax.....	2,374,574	2,164,439
Penalties and interest on taxes.....	1,134,120	511,666
Payments in lieu of taxes.....	1,506,512	1,611,453
Grants and contributions not restricted to specific programs.....	28,447,539	28,548,164
Unrestricted investment income.....	901,578	3,176,974
Gain on sale of capital assets.....	12,007,693	7,140
Miscellaneous.....	544,795	649,557
Total revenues.....	372,603,378	355,148,136
Expenses:		
General government.....	45,787,511	41,941,228
Public safety.....	58,365,215	61,568,749
Education.....	128,235,260	132,572,764
Public works.....	29,042,535	31,358,498
Community development.....	5,387,639	4,243,725
Health and human services.....	1,753,478	882,548
Culture and recreation.....	5,644,695	4,515,562
Community preservation.....	3,278,789	2,338,365
Interest.....	6,596,003	4,439,863
Total expenses.....	284,091,125	283,861,302
Excess (Deficiency) before transfers.....	88,512,253	71,286,834
Transfers.....	(3,151,461)	(1,053,571)
Change in net position.....	85,360,792	70,233,263
Net position, beginning of year, as revised.....	(62,049,099)	(132,282,362)
Net position, end of year.....	\$ 23,311,693	\$ (62,049,099)

Beginning net position of the City's governmental activities was revised to reflect the implementation of GASB Statement #84, *Fiduciary Activities*. The previously reported deficit net position of \$62.2 million was revised to a deficit of \$62.0 million, see Note 18.

The primary reasons for the \$85.4 million increase in net position relates to a net decrease of \$27.8 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 \$7.8 million, the receipt of \$17.8 million of capital grants primarily related to the High School reimbursements from the Massachusetts School Business Authority (MSBA) and \$12.0 million gain on the sale of land related to the Union Square revitalization project and \$14.2 million operational surplus in the general fund.

The governmental expenses increased slightly due to an increase in COVID-19 related expenditures, these increases in expenditures were offset by decreases in the net other postemployment benefits liability and the net pension liability.

Business-type Activities

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

	<u>2021</u>	<u>2020</u>
Assets:		
Current assets.....	\$ 42,028,372	\$ 41,572,717
Capital assets, nondepreciable.....	39,221,400	31,453,524
Capital assets, net of accumulated depreciation....	79,126,851	73,347,891
Total assets.....	<u>160,376,623</u>	<u>146,374,132</u>
Deferred outflows of resources.....	<u>614,008</u>	<u>772,277</u>
Liabilities:		
Current liabilities (excluding debt).....	3,559,274	3,652,940
Noncurrent liabilities (excluding debt).....	5,168,372	6,304,071
Current debt.....	31,644,441	22,090,052
Noncurrent debt.....	19,770,425	20,785,512
Total liabilities.....	<u>60,142,512</u>	<u>52,832,575</u>
Deferred inflows of resources.....	<u>3,276,455</u>	<u>3,091,514</u>
Net position:		
Net investment in capital assets.....	70,703,535	73,641,808
Unrestricted.....	26,868,129	17,580,512
Total net position.....	<u>\$ 97,571,664</u>	<u>\$ 91,222,320</u>

Business-type net position of \$70.7 million represents investments in capital assets net of related debt. The remaining \$26.9 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 \$6.3 million in net position reported in connection with the enterprise funds.

	2021	2020
Program Revenues:		
Charges for services.....	\$ 39,662,012	\$ 38,212,468
Capital grants and contributions.....	-	5,456,391
General Revenues:		
Unrestricted investment income.....	239,152	371,675
Total revenues.....	39,901,164	44,040,534
Expenses:		
Water.....	12,286,441	16,730,705
Sewer.....	23,373,281	21,718,692
Veteran's Memorial Ice Rink.....	586,778	624,804
Dilboy Stadium.....	181,541	171,128
Kennedy School Pool.....	275,240	616,457
Total expenses.....	36,703,281	39,861,786
Excess (Deficiency) before transfers.....	3,197,883	4,178,748
Transfers.....	3,151,461	1,053,571
Change in net position.....	6,349,344	5,232,319
Net position, beginning of year.....	91,222,320	85,990,001
Net position, end of year.....	\$ 97,571,664	\$ 91,222,320

The water enterprise fund net position increased \$3.1 million. This is due to the decrease in the other post-employment benefits liability net of deferred inflows/outflows of \$693,000, a decrease in the net pension liability net of deferred inflows/outflows of \$106,000, and a decrease in operating costs and repairs and maintenance in the current year. The general fund also transferred \$704,000 to the water stabilization fund.

The sewer enterprise fund net position increased by \$2.4 million. This is primarily due to the general fund transferring \$1,500,000 into the sewer stabilization fund and the receipt of \$406,000 of unbudgeted sewer liens.

The Veterans Memorial Ice Rink enterprise fund net position increased by \$624,000. 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 \$72,000. User fees are designed to cover operational and capital related costs of operations. During 2021 the COVID-19 pandemic significantly impacted the revenues received as activities were restricted for portions of the fiscal year. This resulted in an operating loss that was offset by an operational subsidy from the general fund.

The Kennedy School Pool enterprise fund net position increased by \$206,000. This was the net result of a subsidy transfer from the general fund of \$461,000 offset by an operating loss of \$255,000.

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 \$156.1 million, of which positive balances of \$89.3 million was reported in the general fund, \$19.1 million in the Strategic Planning and Community Development fund, \$13,000 in the ARPA fund and \$56.9 million in the nonmajor governmental funds. The capital projects fund reported a deficit of \$9.2 million.

Cumulatively, there was an increase in the governmental funds of \$30 million from prior year. This is due to a \$14.2 million general fund surplus, and a \$20 million reimbursement from the MBTA. These increases were offset by deficits in the strategic planning & community development fund and the timing of the receipt of grant funds versus the expenditure of such 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 \$31.9 million and was comprised of two components: an unreserved fund balance of \$27.6 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 \$5.6 million. Committed fund balance, which represents the City's various use-specific stabilization funds and the health claims trust, totaled \$51.8 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 11.5% of total general fund expenditures, while total fund balance equaled 32.3% of the same amount. Please see Note 10 for further details.

The City's general fund increased \$14.2 million in the current year. The change was primarily due to better than expected collections and appropriation turnbacks, 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 \$1.0 million.

The City's Strategic Planning and Community Development fund balance decreased by \$126,000. 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 American Rescue Plan Act (ARPA) fund is used to account for the funds received through the Coronavirus State and Local Fiscal Recovery Fund established under the American Rescue Plan Act, and the related expenditures. The City received \$30.9 million and reported no corresponding expenditures in the current year. The City has reported the \$30.9 million received as unearned revenue and will recognize these funds as revenue when the qualifying expenditures are incurred. The remaining \$13,000 in fund balance represents investment income for which there is no restriction on use and therefore considered earned.

The City's capital projects funds decreased by \$893 thousand. The decrease is due to the net effect of \$82.5 million of capital expenditures on current and prior year's projects offset by an MBTA reimbursement, the issuance of \$37.0 million in bonds, the receipt of a \$8.6 bond premium, and school construction aid in the amount of \$13.6 from the Massachusetts School Building Authority (MSBA).

General Fund Budgetary Highlights

There was an \$33.3 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, 2021, amounts to \$495.2 million (net of accumulated depreciation) and its business-type activities amounted to \$118.3 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 \$47.8 million and business-type assets was \$13.5 million.

Major capital asset events during the year included the following:

- Investments made to improve and expand the buildings of the School department;
- Land improvements to various City parks;
- A variety of infrastructure investments in the street, sidewalk, water and sewer systems and;
- Sale of land;
- 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 \$263.1 million. Additionally, the City reported governmental short-term borrowing of \$43.1 million related to road reconstruction and improvement projects, the Green Line extension, Somerville Avenue streetscape improvements, and various other projects around the City.

During 2021, the City's governmental long-term debt increased \$29.1 million. This change is due to the net effect of the current year issuance of Municipal Purpose bonds, and the receipt of premiums for various governmental projects offset by principal payments during the year.

The sewer, water and rink enterprise funds have outstanding long-term debt totaling \$8.7 million, \$11.6 million, and \$1.3 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 2021, \$1,135,491 of such assistance was received. Approximately \$1,135,491 will be received in future years. Of this amount, approximately \$256,000 represents reimbursement of long-term interest costs, and approximately \$879,000 represents reimbursement of approved construction costs. Accordingly, a \$879,000 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 2021, the City has recorded capital grant proceeds totaling \$99,030,032 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 \$17.5 million related to the Somerville High School project, which is based on reimbursement requests submitted. Accordingly, as of June 30, 2021, a \$623,000 intergovernmental receivable and corresponding revenue has been reported in the governmental fund financial statements. This receivable relates to expenditures incurred during 2021 and submitted for reimbursement from the MSBA.

As required by IRS tax regulations, when land is sold that was originally financed with bond proceeds, the City is required to apply any proceeds received from the sale of the land to retire the outstanding debt. In 2021, the City sold land parcels related to the Union Square Revitalization project to an outside developer in the amount of \$18,869,818, for which the City had issued debt to acquire. As a result, the City established an irrevocable trust to provide for all future debt service payments on the related as advised by bond counsel. On March 31, 2021, the City made a payment to the defeasance escrow in the amount of \$9,013,030 to retire the related debt in the amount of \$8,040,000. These bonds are not callable until October 15, 2025, October 1, 2026 and June 1, 2027, respectively. The payment to the defeasance escrow exceeded the net carrying amount of the old debt by \$973,030, this amount is recorded as deferred charges on refunding and will be amortized over the period ending June 1, 2027 when the final portion of the debt is callable.

See Notes 8 & 9 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 2021 was 3.3%. This compares favorably to the state's average seasonally adjusted unemployment rate of 5.4% and the national average of 4.2%.
- According to the City's Board of Assessors, for 2021, the average single-family parcel in the City is valued at \$960,489; the average two-family home is valued at \$1,029,739; the average 2021 commercial and industrial property is valued at \$2,981,201. 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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 185,565,378	\$ 28,164,254	\$ 213,729,632
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	2,981,197	-	2,981,197
Tax liens.....	1,647,185	-	1,647,185
Community preservation fund surtax.....	85	-	85
Motor vehicle and other excise taxes.....	1,024,206	-	1,024,206
User charges.....	-	13,864,118	13,864,118
Departmental and other.....	2,364,809	-	2,364,809
Intergovernmental.....	14,882,874	-	14,882,874
Community preservation state share.....	636,760	-	636,760
Loans.....	31,586,594	-	31,586,594
Refundable advance.....	30,000,000	-	30,000,000
Total current assets.....	<u>270,689,088</u>	<u>42,028,372</u>	<u>312,717,460</u>
NONCURRENT:			
Capital assets, nondepreciable.....	316,151,387	39,221,400	355,372,787
Capital assets, net of accumulated depreciation.....	179,055,661	79,126,851	258,182,512
Total noncurrent assets.....	<u>495,207,048</u>	<u>118,348,251</u>	<u>613,555,299</u>
TOTAL ASSETS.....	765,896,136	160,376,623	926,272,759
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	1,039,443	-	1,039,443
Deferred outflows related to pensions.....	25,712,576	614,008	26,326,584
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	26,752,019	614,008	27,366,027
LIABILITIES			
CURRENT:			
Warrants payable.....	12,949,632	3,388,889	16,338,521
Accrued payroll.....	3,249,937	99,466	3,349,403
Unearned revenue.....	31,907,681	-	31,907,681
Tax refunds payable.....	1,603,000	-	1,603,000
Accrued interest.....	2,040,979	69,019	2,109,998
Other liabilities.....	3,810,447	-	3,810,447
Compensated absences.....	208,800	1,900	210,700
Workers' compensation.....	236,000	-	236,000
Notes payable.....	43,095,000	29,826,353	72,921,353
Bonds payable.....	12,549,775	1,818,088	14,367,863
Total current liabilities.....	<u>111,651,251</u>	<u>35,203,715</u>	<u>146,854,966</u>
NONCURRENT:			
Compensated absences.....	4,616,000	62,300	4,678,300
Workers' compensation.....	708,000	-	708,000
Net pension liability.....	95,399,780	2,278,116	97,677,896
Net other postemployment benefits liability.....	148,915,732	2,827,956	151,743,688
Bonds payable.....	250,501,472	19,770,425	270,271,897
Total noncurrent liabilities.....	<u>500,140,984</u>	<u>24,938,797</u>	<u>525,079,781</u>
TOTAL LIABILITIES.....	611,792,235	60,142,512	671,934,747
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	58,216,472	1,390,190	59,606,662
Deferred inflows related to other postemployment benefits.....	99,327,755	1,886,265	101,214,020
TOTAL DEFERRED INFLOWS OF RESOURCES.....	157,544,227	3,276,455	160,820,682
NET POSITION			
Net investment in capital assets.....	224,503,253	70,703,535	295,206,788
Restricted for:			
Streets.....	3,845,580	-	3,845,580
Community Development.....	5,352,044	-	5,352,044
Loans.....	31,586,594	-	31,586,594
Permanent funds:			
Expendable.....	179,100	-	179,100
Nonexpendable.....	433,126	-	433,126
Gifts and grants.....	8,479,624	-	8,479,624
Community preservation.....	16,660,325	-	16,660,325
Unrestricted.....	(267,727,953)	26,868,129	(240,859,824)
TOTAL NET POSITION.....	\$ 23,311,693	\$ 97,571,664	\$ 120,883,357

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 45,787,511	\$ 14,388,171	\$ 8,570,741	\$ -	\$ (22,828,599)
Public safety.....	58,365,215	14,491,168	1,737,346	25,600	(42,111,101)
Education.....	128,235,260	1,497,752	60,485,179	13,219,350	(53,032,979)
Public works.....	29,042,535	764,803	1,093,406	1,107,264	(26,077,062)
Community development.....	5,387,639	-	7,554,493	-	2,166,854
Health and human services.....	1,753,478	305,193	3,808,807	-	2,360,522
Culture and recreation.....	5,644,695	258,270	510,298	-	(4,876,127)
Community preservation.....	3,278,789	-	-	3,490,396	211,607
Interest.....	6,596,003	-	653,495	-	(5,942,508)
Total Governmental Activities.....	284,091,125	31,705,357	84,413,765	17,842,610	(150,129,393)
<i>Business-Type Activities:</i>					
Water.....	12,286,441	14,761,070	-	-	2,474,629
Sewer.....	23,373,281	24,361,609	-	-	988,328
Veteran's Memorial Ice Rink.....	586,778	467,827	-	-	(118,951)
Dilboy Stadium.....	181,541	51,031	-	-	(130,510)
Kennedy School Pool.....	275,240	20,475	-	-	(254,765)
Total Business-Type Activities.....	36,703,281	39,662,012	-	-	2,958,731
Total Primary Government.....	\$ 320,794,406	\$ 71,367,369	\$ 84,413,765	\$ 17,842,610	\$ (147,170,662)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(150,129,393)	\$ 2,958,731	\$ (147,170,662)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	182,102,385	-	182,102,385
Tax and utility liens.....	847,056	-	847,056
Motor vehicle and other excise taxes.....	8,775,394	-	8,775,394
Community preservation tax.....	2,374,574	-	2,374,574
Penalties and interest on taxes.....	1,134,120	-	1,134,120
Payments in lieu of taxes.....	1,506,512	-	1,506,512
Grants and contributions not restricted to specific programs.....	28,447,539	-	28,447,539
Unrestricted investment income.....	901,578	239,152	1,140,730
Gain on sale of capital assets.....	12,007,693	-	12,007,693
Miscellaneous.....	544,795	-	544,795
<i>Transfers, net</i>	<u>(3,151,461)</u>	<u>3,151,461</u>	<u>-</u>
Total general revenues and transfers.....	<u>235,490,185</u>	<u>3,390,613</u>	<u>238,880,798</u>
Change in net position.....	85,360,792	6,349,344	91,710,136
<i>Net position:</i>			
Beginning of year, as revised.....	<u>(62,049,099)</u>	<u>91,222,320</u>	<u>29,173,221</u>
End of year..... \$	<u><u>23,311,693</u></u>	<u><u>97,571,664</u></u>	<u><u>120,883,357</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2021

	General	Strategic Planning & Community Development	ARPA Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents.....	\$ 96,109,653	\$ 896,060	\$ 30,863,320	\$ 13,040,222	\$ 44,656,123	\$ 185,565,378
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	2,981,197	-	-	-	-	2,981,197
Tax liens.....	1,631,484	-	-	-	15,701	1,647,185
Community preservation fund surtax.....	-	-	-	-	85	85
Motor vehicle and other excise taxes.....	1,024,206	-	-	-	-	1,024,206
Departmental and other.....	2,364,809	-	-	-	-	2,364,809
Intergovernmental.....	1,137,223	5,352,044	-	623,066	7,770,541	14,882,874
Community preservation state share.....	-	-	-	-	636,760	636,760
Loans.....	-	18,206,344	-	-	13,380,250	31,586,594
Due from other funds.....	1,985,600	-	-	-	-	1,985,600
Refundable advance.....	-	-	-	30,000,000	-	30,000,000
TOTAL ASSETS.....	\$ 107,234,172	\$ 24,454,448	\$ 30,863,320	\$ 43,663,288	\$ 66,459,460	\$ 272,674,688
LIABILITIES						
Warrants payable.....	\$ 3,175,196	\$ -	\$ -	\$ 9,774,436	\$ -	\$ 12,949,632
Accrued payroll.....	2,867,820	30,440	-	3,978	348,242	3,250,480
Unearned revenue.....	-	-	30,850,472	-	1,057,209	31,907,681
Tax refunds payable.....	1,603,000	-	-	-	-	1,603,000
Due to other funds.....	-	-	-	-	1,985,600	1,985,600
Other liabilities.....	2,096,406	-	-	-	1,713,498	3,809,904
Notes payable.....	-	-	-	43,095,000	-	43,095,000
TOTAL LIABILITIES.....	9,742,422	30,440	30,850,472	52,873,414	5,104,549	98,601,297
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue.....	8,161,857	5,352,044	-	-	4,498,126	18,012,027
FUND BALANCES						
Nonspendable.....	-	-	-	-	433,126	433,126
Restricted.....	-	19,071,964	12,848	-	56,423,659	75,508,471
Committed.....	51,823,557	-	-	-	-	51,823,557
Assigned.....	5,550,794	-	-	-	-	5,550,794
Unassigned.....	31,955,542	-	-	(9,210,126)	-	22,745,416
TOTAL FUND BALANCES.....	89,329,893	19,071,964	12,848	(9,210,126)	56,856,785	156,061,364
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 107,234,172	\$ 24,454,448	\$ 30,863,320	\$ 43,663,288	\$ 66,459,460	\$ 272,674,688

See notes to basic financial statements.

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

JUNE 30, 2021

Total governmental fund balances.....		\$ 156,061,364
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		495,207,048
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		18,012,027
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not reported.....		(130,792,208)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(2,040,979)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(263,051,247)	
Net pension liability.....	(95,399,780)	
Net other postemployment benefits liability.....	(148,915,732)	
Workers' compensation.....	(944,000)	
Compensated absences.....	<u>(4,824,800)</u>	
Net effect of reporting long-term liabilities.....		<u>(513,135,559)</u>
Net position of governmental activities.....		<u>\$ 23,311,693</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

	General	Strategic Planning & Community Development	ARPA Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ 183,154,974	\$ -	\$ -	\$ -	\$ -	\$ 183,154,974
Tax liens.....	356,770	-	-	-	-	356,770
Motor vehicle and other excise taxes.....	9,044,955	-	-	-	-	9,044,955
Penalties and interest on taxes.....	1,134,120	-	-	-	-	1,134,120
Payments in lieu of taxes.....	1,506,512	-	-	-	-	1,506,512
Intergovernmental - Teachers Retirement.....	24,198,743	-	-	-	-	24,198,743
Intergovernmental.....	49,807,996	5,349,191	-	13,616,714	26,929,647	95,703,548
Departmental and other.....	21,238,318	-	-	-	11,113,630	32,351,948
Community preservation taxes.....	-	-	-	-	5,049,564	5,049,564
Community preservation state match.....	-	-	-	-	616,084	616,084
Contributions and donations.....	2,284,093	-	-	-	1,867,544	4,151,637
Investment income.....	855,951	1,787	12,848	-	30,992	901,578
Miscellaneous.....	542,352	-	-	-	2,443	544,795
TOTAL REVENUES.....	294,124,784	5,350,978	12,848	13,616,714	45,609,904	358,715,228
EXPENDITURES:						
Current:						
General government.....	28,243,291	-	-	8,866,226	7,855,530	44,965,047
Public safety.....	47,725,873	-	-	237,496	7,856,442	55,819,811
Education.....	77,513,178	-	-	65,352,183	15,032,066	157,897,427
Public works.....	24,039,917	-	-	2,937,806	1,485,582	28,463,305
Community development.....	-	5,477,417	-	-	126,370	5,603,787
Health and human services.....	99,776	-	-	-	1,653,702	1,753,478
Culture and recreation.....	3,777,411	-	-	5,130,176	734,999	9,642,586
Community preservation.....	-	-	-	-	3,211,629	3,211,629
Pension benefits.....	14,831,874	-	-	-	-	14,831,874
Pension benefits - Teachers Retirement.....	24,198,743	-	-	-	-	24,198,743
Employee benefits.....	27,891,360	-	-	-	-	27,891,360
State and county charges.....	13,340,937	-	-	-	-	13,340,937
Debt service:						
Principal.....	7,970,553	-	-	-	170,000	8,140,553
Interest.....	7,040,748	-	-	-	272,778	7,313,526
TOTAL EXPENDITURES.....	276,673,861	5,477,417	-	82,523,887	38,399,098	403,074,063
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	17,451,123	(126,439)	12,848	(68,907,173)	7,210,806	(44,358,835)
OTHER FINANCING SOURCES (USES):						
Issuance of bonds.....	-	-	-	36,992,000	-	36,992,000
Premium from issuance of bonds.....	-	-	-	8,603,147	1,837,186	10,440,333
Payments to bond escrow agent.....	-	-	-	-	(9,013,030)	(9,013,030)
Proceeds from the sale of capital assets.....	-	-	-	-	18,869,818	18,869,818
Transfers in.....	2,242,794	-	-	3,330,243	2,621,421	8,194,458
Transfers out.....	(5,526,323)	-	-	(911,288)	(4,908,308)	(11,345,919)
TOTAL OTHER FINANCING SOURCES (USES).....	(3,283,529)	-	-	48,014,102	9,407,087	54,137,660
SPECIAL ITEM:						
MBTA reimbursement.....	-	-	-	20,000,000	-	20,000,000
NET CHANGE IN FUND BALANCES.....	14,167,594	(126,439)	12,848	(893,071)	16,617,893	29,778,825
FUND BALANCES AT BEGINNING OF YEAR, AS REVISED.....	75,162,299	19,198,403	-	(8,317,055)	40,238,892	126,282,539
FUND BALANCES AT END OF YEAR.....	\$ 89,329,893	\$ 19,071,964	\$ 12,848	\$ (9,210,126)	\$ 56,856,785	\$ 156,061,364

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, 2021

Net change in fund balances - total governmental funds.....		\$ 29,778,825
<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.....	85,149,657	
Capital asset deletions.....	(20,000,000)	
Depreciation expense.....	<u>(10,494,300)</u>	
Net effect of reporting capital assets.....		54,655,357
<p>The Statement of Activities reports the <i>gain</i> on the sale of capital assets whereas the governmental funds report the entire proceeds of the sale.....</p>		
		(6,862,125)
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		1,880,456
<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.....	(36,992,000)	
Premium from issuance of bonds.....	(10,440,333)	
Net amortization of premium from issuance of bonds.....	2,194,416	
Net change in deferred charge on refunding.....	(199,358)	
Debt service principal payments.....	8,140,553	
Payments to bond escrow agent.....	<u>9,013,030</u>	
Net effect of reporting long-term debt.....		(28,283,692)
<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.....	(277,800)	
Net change in accrued interest on long-term debt.....	(1,277,534)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(45,130,302)	
Net change in net pension liability.....	52,895,935	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	31,985,525	
Net change in net other postemployment benefits liability.....	(4,170,853)	
Net change in workers' compensation liability.....	<u>167,000</u>	
Net effect of recording long-term liabilities.....		<u>34,191,971</u>
Change in net position of governmental activities.....		\$ <u><u>85,360,792</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2021

Business-type Activities - Enterprise Funds						
	Water	Sewer	Veterans Memorial Ice Rink	Dilboy Stadium	Kennedy School Pool	Total
ASSETS						
CURRENT:						
Cash and cash equivalents.....	\$ 8,609,355	\$ 18,458,686	\$ 495,662	\$ 138,664	\$ 461,887	\$ 28,164,254
Receivables, net of allowance for uncollectibles:						
User charges.....	4,953,377	8,910,741	-	-	-	13,864,118
Total current assets.....	<u>13,562,732</u>	<u>27,369,427</u>	<u>495,662</u>	<u>138,664</u>	<u>461,887</u>	<u>42,028,372</u>
NONCURRENT:						
Capital assets, nondepreciable.....	7,709,524	31,511,876	-	-	-	39,221,400
Capital assets, net of accumulated depreciation.....	40,667,438	35,753,613	2,705,800	-	-	79,126,851
Total noncurrent assets.....	<u>48,376,962</u>	<u>67,265,489</u>	<u>2,705,800</u>	<u>-</u>	<u>-</u>	<u>118,348,251</u>
TOTAL ASSETS.....	<u>61,939,694</u>	<u>94,634,916</u>	<u>3,201,462</u>	<u>138,664</u>	<u>461,887</u>	<u>160,376,623</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions.....	250,412	363,596	-	-	-	614,008
LIABILITIES						
CURRENT:						
Warrants payable.....	768,829	2,620,060	-	-	-	3,388,889
Accrued payroll.....	42,464	38,870	3,462	-	14,670	99,466
Accrued interest.....	26,164	28,858	13,997	-	-	69,019
Compensated absences.....	100	1,800	-	-	-	1,900
Notes payable.....	2,921,170	26,905,183	-	-	-	29,826,353
Bonds payable.....	1,148,009	480,079	190,000	-	-	1,818,088
Total current liabilities.....	<u>4,906,736</u>	<u>30,074,850</u>	<u>207,459</u>	<u>-</u>	<u>14,670</u>	<u>35,203,715</u>
NONCURRENT:						
Compensated absences.....	27,500	34,800	-	-	-	62,300
Net pension liability.....	929,087	1,349,029	-	-	-	2,278,116
Net other postemployment benefits liability.....	2,564,674	263,282	-	-	-	2,827,956
Bonds payable.....	10,459,384	8,211,041	1,100,000	-	-	19,770,425
Total noncurrent liabilities.....	<u>13,980,645</u>	<u>9,858,152</u>	<u>1,100,000</u>	<u>-</u>	<u>-</u>	<u>24,938,797</u>
TOTAL LIABILITIES.....	<u>18,887,381</u>	<u>39,933,002</u>	<u>1,307,459</u>	<u>-</u>	<u>14,670</u>	<u>60,142,512</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions.....	566,963	823,227	-	-	-	1,390,190
Deferred inflows related to other postemployment benefits.....	1,710,654	175,611	-	-	-	1,886,265
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>2,277,617</u>	<u>998,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,276,455</u>
NET POSITION						
Net investment in capital assets.....	35,430,692	33,857,043	1,415,800	-	-	70,703,535
Unrestricted.....	5,594,416	20,209,629	478,203	138,664	447,217	26,868,129
TOTAL NET POSITION.....	<u>\$ 41,025,108</u>	<u>\$ 54,066,672</u>	<u>\$ 1,894,003</u>	<u>\$ 138,664</u>	<u>\$ 447,217</u>	<u>\$ 97,571,664</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

Business-type Activities - Enterprise Funds						
	Water	Sewer	Veterans Memorial Ice Rink	Dilboy Stadium	Kennedy School Pool	Total
OPERATING REVENUES:						
Charges for services.....	\$ 14,584,910	\$ 23,955,260	\$ 467,827	\$ 51,031	\$ 20,475	\$ 39,079,503
Liens - charges for services.....	176,160	406,349	-	-	-	582,509
TOTAL OPERATING REVENUES	14,761,070	24,361,609	467,827	51,031	20,475	39,662,012
OPERATING EXPENSES:						
Cost of services and administration.....	10,604,243	22,217,268	442,205	181,541	275,240	33,720,497
Depreciation.....	1,506,561	876,624	85,898	-	-	2,469,083
TOTAL OPERATING EXPENSES	12,110,804	23,093,892	528,103	181,541	275,240	36,189,580
OPERATING INCOME (LOSS)	2,650,266	1,267,717	(60,276)	(130,510)	(254,765)	3,472,432
NONOPERATING REVENUES (EXPENSES):						
Investment income.....	18,123	220,841	94	94	-	239,152
Interest expense.....	(175,637)	(279,389)	(58,675)	-	-	(513,701)
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(157,514)	(58,548)	(58,581)	94	-	(274,549)
INCOME (LOSS) BEFORE TRANSFERS	2,492,752	1,209,169	(118,857)	(130,416)	(254,765)	3,197,883
TRANSFERS:						
Transfers in.....	704,000	1,496,000	742,774	58,192	460,628	3,461,594
Transfers out.....	(52,305)	(257,828)	-	-	-	(310,133)
TOTAL TRANSFERS	651,695	1,238,172	742,774	58,192	460,628	3,151,461
CHANGE IN NET POSITION	3,144,447	2,447,341	623,917	(72,224)	205,863	6,349,344
NET POSITION AT BEGINNING OF YEAR	37,880,661	51,619,331	1,270,086	210,888	241,354	91,222,320
NET POSITION AT END OF YEAR	\$ 41,025,108	\$ 54,066,672	\$ 1,894,003	\$ 138,664	\$ 447,217	\$ 97,571,664

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

Business-type Activities - Enterprise Funds						
	Water	Sewer	Veterans Memorial Ice Rink	Dilboy Stadium	Kennedy School Pool	Total
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users.....	\$ 14,513,108	\$ 24,038,331	\$ 467,827	\$ 51,031	\$ 20,475	\$ 39,090,772
Payments to vendors.....	(10,342,826)	(21,248,934)	(283,707)	(115,287)	(170,114)	(32,160,868)
Payments to employees.....	(1,012,795)	(1,296,482)	(157,394)	(67,654)	(218,947)	(2,753,272)
NET CASH FROM OPERATING ACTIVITIES.....	3,157,487	1,492,915	26,726	(131,910)	(368,586)	4,176,632
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Transfers in.....	704,000	1,496,000	742,774	58,192	460,628	3,461,594
Transfers out.....	(52,305)	(257,828)	-	-	-	(310,133)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	651,695	1,238,172	742,774	58,192	460,628	3,151,461
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Proceeds from the issuance of bonds and notes.....	3,291,170	27,338,183	-	-	-	30,629,353
Acquisition and construction of capital assets.....	(3,836,826)	(11,867,356)	-	-	-	(15,704,182)
Principal payments on bonds and notes.....	(4,538,944)	(17,336,107)	(215,000)	-	-	(22,090,051)
Interest expense.....	(175,956)	(280,632)	(61,362)	-	-	(517,950)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(5,260,556)	(2,145,912)	(276,362)	-	-	(7,682,830)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Investment income.....	18,123	220,841	94	94	-	239,152
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(1,433,251)	806,016	493,232	(73,624)	92,042	(115,585)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	10,042,606	17,652,670	2,430	212,288	369,845	28,279,839
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 8,609,355	\$ 18,458,686	\$ 495,662	\$ 138,664	\$ 461,887	\$ 28,164,254
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:						
Operating income (loss).....	\$ 2,650,266	\$ 1,267,717	\$ (60,276)	\$ (130,510)	\$ (254,765)	\$ 3,472,432
Adjustments to reconcile operating income to net cash from operating activities:						
Depreciation.....	1,506,561	876,624	85,898	-	-	2,469,083
Deferred (outflows)/inflows related to pensions.....	442,347	620,934	-	-	-	1,063,281
Deferred (outflows)/inflows related to other postemployment benefits.....	(653,033)	(67,038)	-	-	-	(720,071)
Changes in assets and liabilities:						
User charges.....	(247,962)	(323,278)	-	-	-	(571,240)
Warrants payable.....	31,865	(341,036)	(57)	-	(120,824)	(430,052)
Accrued payroll.....	18,203	4,631	1,161	(1,400)	7,003	29,598
Compensated absences.....	(1,600)	4,000	-	-	-	2,400
Net pension liability.....	(548,373)	(545,452)	-	-	-	(1,093,825)
Other postemployment benefits.....	(40,787)	(4,187)	-	-	-	(44,974)
Total adjustments.....	507,221	225,198	87,002	(1,400)	(113,821)	704,200
NET CASH FROM OPERATING ACTIVITIES.....	\$ 3,157,487	\$ 1,492,915	\$ 26,726	\$ (131,910)	\$ (368,586)	\$ 4,176,632

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2021

	Total Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
ASSETS		
Cash and cash equivalents.....	\$ 5,739,164	\$ 95,340
Investments:		
Investments in Pension Reserve Investment Trust.....	3,110,697	-
U.S. treasury notes.....	1,465,300	-
Real estate and alternative investment mutual funds.....	17,939,599	-
Bond mutual funds.....	64,270,230	-
Equity securities.....	269,164,925	-
Equity mutual funds.....	31,113,258	-
Fixed income mutual funds.....	1,827,268	-
Fixed income.....	2,438,447	-
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	7,500,244	-
TOTAL ASSETS.....	404,569,132	95,340
LIABILITIES		
Warrants payable.....	246,049	-
NET POSITION		
Restricted for pensions.....	391,052,634	-
Restricted for other postemployment benefits.....	13,270,449	-
Held in trust for other purposes.....	-	95,340
TOTAL NET POSITION.....	\$ 404,323,083	\$ 95,340

(1) The Pension Trust Fund is as of December 31, 2020.

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2021

	Total Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 16,836,018	\$ -
Employer contributions for other postemployment benefit payments...	8,143,969	-
Member contributions.....	8,616,887	-
Retirement benefits - transfers from other systems.....	499,767	-
Retirement benefits - 3(8)c contributions from other systems.....	600,551	-
Retirement benefits - workers compensation settlements.....	9,000	-
Retirement benefits - federal grant reimbursements.....	46,475	-
Retirement benefits - state COLA reimbursements.....	414,767	-
Retirement benefits - member makeup payments and redeposits.....	23,424	-
Retirement benefits - interest not refunded.....	9,713	-
Private donations.....	-	1,341
	<u>35,200,571</u>	<u>1,341</u>
Total contributions.....		
	35,200,571	1,341
Net investment income:		
Investment income.....	8,604,249	236
Net change in fair value of investments.....	76,271,647	-
Less: investment expense.....	<u>(1,459,411)</u>	<u>-</u>
	83,416,485	236
Net investment income (loss).....	<u>83,416,485</u>	<u>236</u>
	83,416,485	236
TOTAL ADDITIONS.....		
	<u>118,617,056</u>	<u>1,577</u>
DEDUCTIONS:		
Administration.....	555,328	-
Retirement benefits - transfers to other systems.....	393,859	-
Retirement benefits - 3(8)c transfer to other systems.....	1,176,361	-
Retirement benefits and refunds.....	31,070,279	-
OPEB Benefits.....	<u>8,143,969</u>	<u>-</u>
	41,339,796	-
TOTAL DEDUCTIONS.....	<u>41,339,796</u>	<u>-</u>
	41,339,796	-
NET INCREASE (DECREASE) IN NET POSITION.....		
	77,277,260	1,577
NET POSITION AT BEGINNING OF YEAR.....		
	<u>327,045,823</u>	<u>93,763</u>
	327,045,823	93,763
NET POSITION AT END OF YEAR.....		
	<u>\$ 404,323,083</u>	<u>\$ 95,340</u>
	404,323,083	95,340

(1) The Pension Trust Fund is as of December 31, 2020.

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 activities) 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 American Rescue Plan Act (*ARPA*) *fund* is used to account for the funds received through the Coronavirus State and Local Fiscal Recovery Fund established under the ARPA, and the related expenditures.

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.

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 1st 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 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed 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, 2021, 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, 2021, \$13,270,449 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 \$198,040,260 and the bank balance totaled \$212,767,088. Of the bank balance, \$23,830,792 was covered by Federal Depository Insurance, \$188,173,970 was collateralized, and \$762,326 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2020, carrying amount of deposits for the System totaled \$2,250,890, and the bank balance totaled \$2,647,225. The entire bank balance of the System was covered by Federal Depository Insurance and is collateralized.

Investments

As of June 30, 2021, the City of Somerville had the following investments:

Investment Type	Fair value	Maturities			Ratings
		Under 1 Year	1-5 Years	6-10 Years	
Debt securities:					
U.S. treasury notes.....	\$ 1,465,300	\$ 252,945	\$ 1,047,288	\$ 165,067	AAA
Government sponsored enterprises.....	995,320	101,369	837,112	56,839	AA+
Corporate bonds.....	1,443,127	50,868	1,151,561	240,698	BBB+ to AAA
Total debt securities.....	\$ 3,903,747	\$ 405,182	\$ 3,035,961	\$ 462,604	
Other investments:					
Equity securities.....	4,056,056				
Equity mutual funds.....	3,243,583				
Fixed income mutual funds.....	1,827,268				
Money market mutual funds.....	239,795				
MMDT - Cash portfolio.....	15,784,712				
Total investments.....	\$ 29,055,161				

As of December 31, 2020, the System had the following investments:

Investment Type	Fair value	Maturities				Rating
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years	
Debt securities:						
Fixed income fund.....	\$ 64,270,269	\$ 15,039,282	\$ 22,751,675	\$ 14,203,729	\$ 12,275,621	AAA/NR
Other investments:						
Equity securities.....	265,108,869					
Equity mutual funds.....	27,869,637					
Real estate investment trust.....	17,939,599					
Money market mutual funds.....	3,248,479					
Pension Reserve Investment Trust (PRIT)....	3,110,696					
Total investments.....	\$ 381,547,549					

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the City will not be able to recover the value of its investments or collateral security that are in the possession of an outside party.

Of the City’s U.S. treasury bonds of \$1,465,300, government sponsored enterprises of \$995,320, corporate bonds of \$1,443,127, and equity securities of \$4,056,056, the City has custodial credit risk exposure of \$7,959,803, because the related securities are uninsured, unregistered and held by the counterparty.

Of the System’s \$265,108,869 in equity securities, the System has custodial credit risk exposure of \$265,108,869, 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 manages interest rate risk by managing the durations in the account.

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 will manage credit risk several ways. There will be no limit to the amount of United States Treasury and agency obligations which both of these types of investments carry an AAA rating. The City will only purchase investment grade securities with a high concentration in securities rated A and above. The City may invest in the Massachusetts Municipal Depository Trust (MMDT) with no more than 50% of the City's cash invested in the fund.

The System has not adopted a formal policy related to credit risk. The System's investment in fixed income mutual funds and their money market mutual funds are not rated.

Concentration of Credit Risk

The City will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

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, 2021:

Investment Type	June 30, 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 1,465,300	\$ 1,465,300	\$ -	\$ -
Government sponsored enterprises.....	995,320	995,320	-	-
Corporate bonds.....	1,443,127	-	1,443,127	-
Total debt securities.....	<u>3,903,747</u>	<u>2,460,620</u>	<u>1,443,127</u>	<u>-</u>
<u>Other investments:</u>				
Equity securities.....	4,056,056	4,056,056	-	-
Equity mutual funds.....	3,243,583	3,243,583	-	-
Fixed income mutual funds.....	1,827,268	1,827,268	-	-
Money market mutual funds.....	239,795	239,795	-	-
Total other investments.....	<u>9,366,702</u>	<u>9,366,702</u>	<u>-</u>	<u>-</u>
Total investments measured at fair value.....	<u>13,270,449</u>	<u>\$ 11,827,322</u>	<u>\$ 1,443,127</u>	<u>\$ -</u>
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	<u>15,784,712</u>			
Total investments.....	<u>\$ 29,055,161</u>			

U.S. Treasury notes, government sponsored enterprises, equity securities, equity mutual funds, fixed income mutual funds, and money marker 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, 2020:

Investment Type	December 31, 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)
Investments measured at fair value:				
<u>Debt securities:</u>				
Fixed income mutual funds.....	\$ 64,270,269	\$ 64,270,269	\$ -	\$ -
<u>Other investments:</u>				
Equity securities.....	265,108,869	265,108,869	-	-
Equity mutual funds.....	27,869,637	27,869,637	-	-
Real estate investment trust.....	17,939,599	-	-	17,939,599
Money market mutual funds.....	3,248,479	3,248,479	-	-
Total other investments.....	314,166,584	296,226,985	-	17,939,599
Total investments measured at fair value.....	378,436,853	\$ 360,497,254	\$ -	\$ 17,939,599
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	3,110,696			
Total investments.....	\$ 381,547,549			

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, 2021, 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.....	\$ 3,117,053	\$ (135,856)	\$ 2,981,197
Tax liens.....	1,647,185	-	1,647,185
Community preservation fund surtax.....	85	-	85
Motor vehicle and other excise taxes.....	2,240,368	(1,216,162)	1,024,206
Departmental and other.....	8,561,758	(6,196,949)	2,364,809
Intergovernmental.....	14,882,874	-	14,882,874
Community preservation state share.....	636,760	-	636,760
Loans.....	31,586,594	-	31,586,594
Total.....	<u>\$ 62,672,677</u>	<u>\$ (7,548,967)</u>	<u>\$ 55,123,710</u>

At June 30, 2021, 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.....	\$ 4,953,377	-	\$ 4,953,377
Sewer user charges.....	8,910,741	-	8,910,741
Total.....	<u>\$ 13,864,118</u>	<u>\$ -</u>	<u>\$ 13,864,118</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.....	\$ 2,261,998	-	-	\$ 2,261,998
Tax liens.....	1,631,484	-	15,701	1,647,185
Community preservation fund surtax.....	-	-	85	85
Motor vehicle and other excise taxes.....	1,024,206	-	-	1,024,206
Departmental and other.....	2,364,809	-	-	2,364,809
Intergovernmental - highway improvements.....	-	-	3,845,580	3,845,580
Intergovernmental - School Building Authority....	879,360	-	-	879,360
Community development block grants.....	-	5,352,044	-	5,352,044
Community preservation state share.....	-	-	636,760	636,760
Total.....	<u>\$ 8,161,857</u>	<u>\$ 5,352,044</u>	<u>\$ 4,498,126</u>	<u>\$ 18,012,027</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 55,732,448	\$ -	\$ (6,862,125)	\$ 48,870,323
Construction in progress.....	224,755,965	77,512,722	(34,987,623)	267,281,064
Total capital assets not being depreciated....	<u>280,488,413</u>	<u>77,512,722</u>	<u>(41,849,748)</u>	<u>316,151,387</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	45,920,315	1,683,686	(2,779,313)	44,824,688
Books and periodicals.....	2,626,489	-	-	2,626,489
Buildings and improvements.....	203,013,209	11,775,374	(7,751,870)	207,036,713
Machinery and equipment.....	12,182,948	-	(4,336,617)	7,846,331
Vehicles.....	18,340,246	1,490,561	(3,969,278)	15,861,529
Infrastructure.....	53,773,441	7,674,937	(11,063,637)	50,384,741
Total capital assets being depreciated.....	<u>335,856,648</u>	<u>22,624,558</u>	<u>(29,900,715)</u>	<u>328,580,491</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(20,976,440)	(1,694,577)	2,779,313	(19,891,704)
Books and periodicals.....	(2,623,103)	(3,387)	-	(2,626,490)
Buildings and improvements.....	(91,365,621)	(5,456,483)	7,751,870	(89,070,234)
Machinery and equipment.....	(9,887,674)	(412,877)	4,336,617	(5,963,934)
Vehicles.....	(12,124,875)	(1,410,455)	3,969,278	(9,566,052)
Infrastructure.....	(31,953,532)	(1,516,521)	11,063,637	(22,406,416)
Total accumulated depreciation.....	<u>(168,931,245)</u>	<u>(10,494,300)</u>	<u>29,900,715</u>	<u>(149,524,830)</u>
Total capital assets being depreciated, net.....	<u>166,925,403</u>	<u>12,130,258</u>	<u>-</u>	<u>179,055,661</u>
Total governmental activities capital assets, net.....	<u>\$ 447,413,816</u>	<u>\$ 89,642,980</u>	<u>\$ (41,849,748)</u>	<u>\$ 495,207,048</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 7,042,362	\$ 667,162	\$ -	\$ 7,709,524
<u>Capital assets being depreciated:</u>				
Buildings.....	16,087	-	-	16,087
Machinery and equipment.....	5,267,964	-	(40,243)	5,227,721
Vehicles.....	806,397	98,486	(335,883)	569,000
Infrastructure.....	49,732,253	3,382,915	(717,291)	52,397,877
Total capital assets being depreciated....	<u>55,822,701</u>	<u>3,481,401</u>	<u>(1,093,417)</u>	<u>58,210,685</u>
<u>Less accumulated depreciation for:</u>				
Buildings.....	(12,467)	(804)	-	(13,271)
Machinery and equipment.....	(3,813,322)	(320,486)	40,243	(4,093,565)
Vehicles.....	(497,266)	(78,544)	335,883	(239,927)
Infrastructure.....	(12,807,048)	(1,106,727)	717,291	(13,196,484)
Total accumulated depreciation.....	<u>(17,130,103)</u>	<u>(1,506,561)</u>	<u>1,093,417</u>	<u>(17,543,247)</u>
Total capital assets being depreciated, net.....	<u>38,692,598</u>	<u>1,974,840</u>	<u>-</u>	<u>40,667,438</u>
Total water activities capital assets, net.....	<u>\$ 45,734,960</u>	<u>\$ 2,642,002</u>	<u>\$ -</u>	<u>\$ 48,376,962</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 24,411,162	\$ 7,100,714	-	\$ 31,511,876
<u>Capital assets being depreciated:</u>				
Vehicles.....	855,751	-	(139,785)	715,966
Infrastructure.....	47,338,236	4,766,642	(863,543)	51,241,335
Total capital assets being depreciated.....	48,193,987	4,766,642	(1,003,328)	51,957,301
<u>Less accumulated depreciation for:</u>				
Vehicles.....	(402,680)	(113,762)	139,785	(376,657)
Infrastructure.....	(15,927,712)	(762,862)	863,543	(15,827,031)
Total accumulated depreciation.....	(16,330,392)	(876,624)	1,003,328	(16,203,688)
Total capital assets being depreciated, net.....	31,863,595	3,890,018	-	35,753,613
Total sewer activities capital assets, net.....	\$ 56,274,757	\$ 10,990,732	\$ -	\$ 67,265,489
Veterans Memorial Ice Rink:				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 3,435,934	-	-	\$ 3,435,934
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(644,236)	(85,898)	-	(730,134)
Total rink activities capital assets, net.....	\$ 2,791,698	\$ (85,898)	\$ -	\$ 2,705,800

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

Governmental Activities:	
General government.....	\$ 1,177,242
Public safety.....	730,093
Education.....	4,913,641
Public works.....	2,403,043
Culture and recreation.....	1,270,281
Total depreciation expense - governmental activities.....	\$ 10,494,300
Business-Type Activities:	
Water.....	\$ 1,506,561
Sewer.....	876,624
Veterans Memorial Ice Rink.....	85,898
Total depreciation expense - business-type activities.....	\$ 2,469,083

NOTE 5 – SPECIAL ITEM

The City entered into an agreement with the Massachusetts Bay Transit Authority (MBTA) to pay a total of \$50 million over a period of 5 years at \$10 million per year starting in FY19, towards the green line extension project. The agreement provided for the reimbursement of amounts paid to the MBTA depending on the total project costs to be determined at close out of the project.

The City has been notified that they do not have to make the FY22 and FY23 payments, and will receive reimbursement by June 30, 2022, of the \$30 million paid to the MBTA. The \$30 million reimbursement has been recorded as a refundable advance in the City’s financial statements.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The City’s interfund balances at June 30, 2021, consisted of \$2.0 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, 2021, are summarized as follows:

Transfers Out:	Transfers In:								
	General fund	Capital Projects fund	Nonmajor governmental funds	Sewer Enterprise fund	Water Enterprise fund	Rink Enterprise fund	Dilboy Stadium Enterprise fund	Kennedy School Pool Enterprise fund	Total
General fund.....	\$ -	\$ 664,729	\$ 1,400,000	\$ 1,496,000	\$ 704,000	\$ 742,774	\$ 58,192	\$ 460,628	\$ 5,526,323 (1)
Capital Projects fund.....	-	-	911,288	-	-	-	-	-	911,288 (2)
Nonmajor governmental funds....	2,242,794	2,665,514	-	-	-	-	-	-	4,908,308 (3)
Sewer enterprise fund.....	-	-	257,828	-	-	-	-	-	257,828 (4)
Water enterprise fund.....	-	-	52,305	-	-	-	-	-	52,305 (5)
Total.....	\$ 2,242,794	\$ 3,330,243	\$ 2,621,421	\$ 1,496,000	\$ 704,000	\$ 742,774	\$ 58,192	\$ 460,628	\$ 11,656,052

- (1) Represents budgeted transfers out of the general fund to various capital projects and nonmajor funds, a budgeted transfer to the sewer and water stabilization funds, and a subsidy transfer to the Veteran’s Memorial Ice Rink, Dilboy Stadium, and the Kennedy School Pool funds.
- (2) Represents a transfer of prior year bond premiums from the capital projects to the nonmajor funds.
- (3) Represents transfers from various nonmajor funds to the general fund to fund the operating budget and to the capital projects fund to fund the Union Square project.
- (4) Represents a transfer of prior year bond premiums from the sewer fund to the nonmajor funds.
- (5) Represents a transfer of prior year bond premiums from the water fund to the nonmajor funds.

NOTE 7 – 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, 2021, was approximately \$56,000 and is reported as public safety expenditures in the basic financial statements. The Police substation leases were renewed through February of 2022 and June of 2022, respectfully.

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

NOTE 8 – 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, 2021, is as follows:

Governmental Activities

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2020	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2021
Governmental Funds:							
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)	-
BAN	Public Safety Building Construction/Design	2.00%	06/03/22	-	891,000	-	891,000
BAN	Somerville Ave Streetscape Improvements	2.00%	06/03/22	-	8,380,000	-	8,380,000
BAN	Union Square Streetscape Plaza and Design	2.00%	06/03/22	-	320,000	-	320,000
BAN	City Hall, High School & Edgerly School Design	2.00%	06/03/22	-	771,000	-	771,000
BAN	90 Washington Street Demolition	2.00%	06/03/22	-	410,000	-	410,000
BAN	Central Hill Campus Improvements	2.00%	06/03/22	-	673,000	-	673,000
BAN	Conway Park Remediation & Renovation	2.00%	06/03/22	-	900,000	-	900,000
BAN	Dilboy Stadium Improvements	2.00%	06/03/22	-	750,000	-	750,000
BAN	Green Line Extension	2.00%	06/03/22	-	30,000,000	-	30,000,000
Total Governmental Funds Short-Term Debt				\$ 59,510,025	\$ 43,095,000	\$(59,510,025)	\$ 43,095,000

Enterprise Activities

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2020	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2021
Water Enterprise Fund:							
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)	-
BAN	Somerville Ave Water Improvements	2.00%	06/03/22	-	2,805,000	-	2,805,000
BAN	Water Distribution System Repairs	2.00%	06/03/22	-	116,170	-	116,170
Total Water Enterprise Fund				<u>3,415,710</u>	<u>2,921,170</u>	<u>(3,415,710)</u>	<u>2,921,170</u>
Sewer Enterprise Fund:							
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)	-
BAN	Sewer Main Rehabilitation and Replacement	2.00%	06/03/22	-	1,277,000	-	1,277,000
BAN	Somerville Ave Sewer Improvements	2.00%	06/03/22	-	20,018,000	-	20,018,000
BAN	Sewer Pump Station and Force Main (Poplar Street)	2.00%	06/03/22	-	884,183	-	884,183
BAN	Spring Hill Sewer Separation Project Design Phase	2.00%	06/03/22	-	1,406,000	-	1,406,000
BAN	Sewer Improvements	2.00%	06/03/22	-	3,260,000	-	3,260,000
BAN	Sewer System Evaluation Study	2.00%	06/03/22	-	60,000	-	60,000
Total Sewer Enterprise Fund				<u>16,837,060</u>	<u>26,905,183</u>	<u>(16,837,060)</u>	<u>26,905,183</u>
Total Enterprise Funds				<u>\$ 20,252,770</u>	<u>\$ 29,826,353</u>	<u>\$ (20,252,770)</u>	<u>\$ 29,826,353</u>

NOTE 9 – 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 \$37,795,000 of new general obligation bonds. The current year financial statements have recognized bond proceeds in the amount of \$36,992,000 in the governmental funds, \$370,000 in the water enterprise fund, and \$433,000 in the sewer enterprise fund.

Details related to the general obligation bonds outstanding at June 30, 2021, 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, 2021
General Obligation Bonds Payable:				
MSBA - February 12, 2008.....	2033	\$ 7,282,102	7.1 - 8.0%	\$ 4,369,262
Municipal Purpose - April 1, 2010 - Refunding.....	2022	13,407,000	2.0 - 5.0%	1,560,000
Municipal Purpose - February 23, 2011.....	2025	5,020,000	2.0 - 5.0%	1,535,000
Municipal Purpose - May 17, 2013.....	2042	15,750,000	2.0 - 5.0%	13,130,000
Municipal Purpose - October 9, 2013.....	2033	13,940,000	2.0 - 5.0%	7,555,000
MSBA - September 25, 2013.....	2043	6,250,000	2.0%	4,741,375
Municipal Purpose - October 15, 2015.....	2038	8,603,000	2.125 - 5.0%	1,730,000
Municipal Purpose - October 5, 2016.....	2039	17,771,000	2.0 - 4.0%	13,865,000
Municipal Purpose - June 1, 2017.....	2042	1,235,000	3.0 - 5.0%	8,600,000
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%	7,160,000
Municipal Purpose - December 7, 2017 - Refunding...	2029	7,810,975	4.0%	6,026,775
Municipal Purpose - June 6, 2019.....	2047	16,095,000	3.0 - 5.0%	15,310,000
Municipal Purpose - June 4, 2020.....	2045	2,350,000	2.0 - 5.0%	6,580,000
Municipal Purpose - October 22, 2020.....	2051	123,960,000	1.75 - 4.75%	123,960,000
Municipal Purpose - June 3, 2021.....	2051	28,032,000	2.0 - 5.0%	28,032,000
Total Bonds Payable				244,654,412
Add: Unamortized premium on bonds.....				18,396,835
Total Bonds Payable, net.....				\$ 263,051,247

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

Year	Principal	Interest	Total
2022.....	\$ 9,417,147	\$ 8,829,263	\$ 18,246,410
2023.....	9,699,622	6,754,350	16,453,972
2024.....	9,794,822	6,364,049	16,158,871
2025.....	9,904,622	5,658,232	15,562,854
2026.....	9,924,622	5,685,739	15,610,361
2027.....	10,074,622	5,347,351	15,421,973
2028.....	10,140,672	4,963,143	15,103,815
2029.....	9,724,622	4,553,701	14,278,323
2030.....	9,939,622	4,167,410	14,107,032
2031.....	9,584,622	3,776,748	13,361,370
2032.....	9,529,622	3,456,628	12,986,250
2033.....	8,824,624	3,170,801	11,995,425
2034.....	8,445,517	2,951,466	11,396,983
2035.....	7,945,517	2,753,510	10,699,027
2036.....	7,770,517	2,566,624	10,337,141
2037.....	7,710,517	2,375,257	10,085,774
2038.....	7,890,517	2,191,179	10,081,696
2039.....	8,035,517	2,006,081	10,041,598
2040.....	8,230,517	1,820,498	10,051,015
2041.....	8,420,517	1,626,756	10,047,273
2042.....	8,610,517	1,428,341	10,038,858
2043.....	6,985,518	1,230,703	8,216,221
2044.....	6,925,000	1,067,992	7,992,992
2045.....	7,080,000	905,718	7,985,718
2046.....	7,005,000	739,470	7,744,470
2047.....	6,915,000	574,498	7,489,498
2048.....	6,755,000	406,356	7,161,356
2049.....	6,900,000	245,684	7,145,684
2050.....	5,385,000	95,649	5,480,649
2051.....	1,085,000	16,769	1,101,769
Total.....	\$ <u>244,654,412</u>	\$ <u>87,729,962</u>	\$ <u>332,384,374</u>

Bonds Payable Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021
General Obligation Bonds Payable:				
Municipal Purpose - April 1, 2010 - Refunding.....	2022	\$ 262,000	2.0 - 5.0%	\$ 25,000
Municipal Purpose - June 7, 2018.....	2046	490,000	3.0 - 4.0%	470,000
Municipal Purpose - December 7, 2017 - Refunding.....	2030	844,925	4.0%	759,925
Municipal Purpose - June 6, 2019.....	2047	3,195,000	3.0 - 5.0%	3,065,000
Municipal Purpose - June 4, 2020.....	2045	2,400,000	2.0 - 5.0%	2,345,000
Municipal Purpose - June 3, 2021.....	2030	370,000	4.0 - 5.0%	370,000
Subtotal General Obligation Bonds Payable.....				<u>7,034,925</u>
Direct Borrowings Bonds Payable:				
Massachusetts Water Resource Authority - MWRA.....	2022	1,336,000	0.0%	133,600
Massachusetts Water Resource Authority - MWRA.....	2025	875,000	0.0%	350,000
Massachusetts Water Resource Authority - MWRA.....	2023	1,242,340	0.0%	248,468
Massachusetts Water Resource Authority - MWRA.....	2027	1,660,000	0.0%	996,000
Massachusetts Water Resource Authority - MWRA.....	2029	2,543,000	0.0%	2,034,400
Massachusetts Water Resource Authority - MWRA.....	2030	900,000	0.0%	810,000
Subtotal Direct Borrowings Bonds Payable.....				<u>4,572,468</u>
Total Water Enterprise Bonds Payable.....				<u>\$ 11,607,393</u>

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021
General Obligation Bonds Payable:				
Municipal Purpose - April 1, 2010	2022	\$ 419,000	2.0 - 5.0%	\$ 40,000
Municipal Purpose - June 7, 2018.....	2046	680,000	3.0 - 4.0%	470,000
Municipal Purpose - December 7, 2017.....	2027	809,100	4.0%	493,300
Municipal Purpose - June 6, 2019.....	2047	4,240,000	3.0 - 5.0%	3,925,000
Municipal Purpose - June 4, 2020.....	2045	3,004,070	2.0 - 5.0%	2,930,000
Municipal Purpose - June 3, 2021.....	2030	433,000	2.0 - 5.0%	433,000
Subtotal General Obligation Sewer Bonds Payable.....				<u>8,291,300</u>
Direct Borrowings Bonds Payable				
Massachusetts Water Resource Authority - MWRA.....	2029	499,775	0.0%	<u>399,820</u>
Total Sewer Enterprise Bonds Payable.....				<u>\$ 8,691,120</u>

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021
General Obligation Bonds Payable				
Rink Enterprise Debt - October 9, 2013.....	2027	\$ 13,940,000	2.0 - 5.0%	<u>\$ 1,290,000</u>

Enterprise Funds

Year	General Obligation Bonds Payable			Direct Borrowings Bonds Payable		
	Principal	Interest	Total	Principal	Interest	Total
2022.....	\$ 912,475	\$ 580,068	\$ 1,492,543	\$ 905,612	\$ -	\$ 905,612
2023.....	775,000	536,690	1,311,690	772,012	-	772,012
2024.....	799,800	499,944	1,299,744	647,778	-	647,778
2025.....	835,000	461,448	1,296,448	647,778	-	647,778
2026.....	840,000	424,254	1,264,254	560,278	-	560,278
2027.....	875,000	388,109	1,263,109	560,278	-	560,278
2028.....	593,950	356,167	950,117	394,278	-	394,278
2029.....	630,000	328,868	958,868	394,274	-	394,274
2030.....	650,000	302,687	952,687	90,000	-	90,000
2031 & thereafter.....	9,705,000	2,475,629	12,180,629	-	-	-
Total.....	\$ 16,616,225	\$ 6,353,862	\$ 22,970,087	\$ 4,972,288	\$ -	\$ 4,972,288

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, 2021, the outstanding principal amount of these loans totaled \$5.0 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 2021, \$1,135,491 of such assistance was received. Approximately \$1,135,491 will be received in future years. Of this amount, approximately \$256,000 represents reimbursement of long-term interest costs, and approximately \$879,000 represents reimbursement of approved construction costs. Accordingly, a \$879,000 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 2021, the City has recorded capital grant proceeds totaling \$99.0 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 \$17.5 million related to the Somerville High School project, which is based on reimbursement requests submitted. Accordingly, as of June 30, 2021, a \$623,000 intergovernmental receivable and corresponding revenue has been reported in the governmental fund financial statements. This receivable relates to expenditures incurred during 2021 and submitted for reimbursement from the MSBA.

As required by IRS tax regulations, when land is sold that was originally financed with bond proceeds, the City is required to apply any proceeds received from the sale of the land to retire the outstanding debt. In 2021, the City sold land parcels related to the Union Square Revitalization project to an outside developer in the amount of \$18,869,818, for which the City had issued debt to acquire. As a result, the City established an irrevocable trust to provide for all future debt service payments on the related as advised by bond counsel. On March 31, 2021, the City made a payment to the defeasance escrow in the amount of \$9,013,030 to retire the related debt in the amount of \$8,040,000. These bonds are not callable until October 15, 2025, October 1, 2026 and June 1, 2027, respectively. The payment to the defeasance escrow exceeded the net carrying amount of the old debt by \$973,030, this amount is recorded as deferred charges of refunding and will be amortized over the period ending June 1, 2027 when the final portion of the debt is callable.

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, 2021, the City had the following authorized and unissued debt:

Purpose	Amount
Veterans Memorial Ice Rink.....	\$ 950
Street Resurfacing.....	15,979
Public Safety Building Repairs.....	56,200
Morse-Kelley 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
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.....	28,844,675
Winter Hill Community Innovation School Repairs.....	1,468,259
Street, Sidewalks, and ADA Ramp Improvements.....	2,553,000
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.....	1,003
Sewer Main Rehabilitation and Replacement.....	1,409,000
Paving and Sidewalk Improvements.....	600,000
ADA Building Improvements.....	188,000
West Branch Library Renovation.....	1,000
West Branch Library Construction.....	62,000
Sewer Cleaner Vactor.....	4,011
Public Safety Building Construction/Design.....	1,830,000
Fire Vehicles.....	29,618
Sacramento Street Underpass.....	86,155
Davis Square Improvements.....	600,000
Union Square Streetscape & Plaza Design.....	1,000,000
City Hall, High School & Edgerly School Design.....	2,000,000
COVID 19 School Municipal HVAC Improvement.....	2,500,000
90 Washington St. Demonstration Project.....	817,000
Conway Park Environmental Remediation Planning.....	6,086,250
Union Square Revitalization Plan.....	80,029
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).....	81,014
Central Hill Campus Improvements.....	4,351,000
Healey Schoolyard Improvements.....	6,000,000
Dilboy Stadium Improvements.....	1,591,206
Somerville Armory.....	5,000,575
Building Improvements.....	2,520,000
Spring Hill Sewer Improvement Streetscape.....	8,002,417
Spring Hill Sewer Separation - Water.....	9,415,818
Sewer & Drain Pipes.....	3,900,000
Spring Hill Sewer-Drainage Improvements.....	11,318,094
Total.....	\$ 227,173,211

Changes in Long-term Liabilities

During the year ended June 30, 2021, 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
Governmental Activities:							
Long-term bonds payable.....	\$ 223,842,964	\$ 36,992,000	\$ (16,180,552)	\$ -	\$ -	\$ 244,654,412	\$ 9,417,147
Add: Unamortized premium on bonds..	10,150,918	-	-	10,440,333	(2,194,416)	18,396,835	3,132,628
Total bonds payable.....	233,993,882	36,992,000	(16,180,552)	10,440,333	(2,194,416)	263,051,247	12,549,775
Compensated absences.....	4,547,000	-	-	473,800	(196,000)	4,824,800	208,800
Workers' compensation.....	1,111,000	-	-	111,000	(278,000)	944,000	236,000
Net pension liability.....	148,295,715	-	-	16,347,117	(69,243,052)	95,399,780	-
Other postemployment benefits.....	144,744,879	-	-	12,139,400	(7,968,547)	148,915,732	-
Total governmental activity long-term liabilities.....	\$ 532,692,476	\$ 36,992,000	\$ (16,180,552)	\$ 39,511,650	\$ (79,880,015)	\$ 513,135,559	\$ 12,994,575
Business-Type Activities:							
Long-term bonds payable.....	\$ 22,622,794	\$ 803,000	\$ (1,837,281)	\$ -	\$ -	\$ 21,588,513	\$ 1,818,088
Compensated absences.....	61,800	-	-	5,000	(2,600)	64,200	1,900
Net pension liability.....	3,371,941	-	-	390,364	(1,484,189)	2,278,116	-
Other postemployment benefits.....	2,872,930	-	-	130,448	(175,422)	2,827,956	-
Total business-type activity long-term liabilities.....	\$ 28,929,465	\$ 803,000	\$ (1,837,281)	\$ 525,812	\$ (1,662,211)	\$ 26,758,785	\$ 1,819,988

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

NOTE 10 – 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, 2021, the fund balances consisted of the following:

	General	Strategic Planning & Community Development	ARPA Fund	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.....	-	19,071,964	-	-	-	19,071,964
ARPA.....	-	-	12,848	-	-	12,848
School special revenue funds.....	-	-	-	-	1,562,332	1,562,332
School federal grants.....	-	-	-	-	2,141	2,141
School state & private grants.....	-	-	-	-	3,330,475	3,330,475
City federal grant funds.....	-	-	-	-	11,974	11,974
City state grant funds.....	-	-	-	-	617,821	617,821
City revolving funds.....	-	-	-	-	192,054	192,054
City receipts reserved.....	-	-	-	-	9,476,042	9,476,042
City private grants.....	-	-	-	-	2,954,881	2,954,881
School lunch.....	-	-	-	-	1,284,484	1,284,484
Community preservation.....	-	-	-	-	16,660,325	16,660,325
Other special revenue funds.....	-	-	-	-	20,152,030	20,152,030
Other permanent funds.....	-	-	-	-	179,100	179,100
Committed to:						
Health claims.....	5,350,072	-	-	-	-	5,350,072
Max-Pak stabilization fund.....	20,945	-	-	-	-	20,945
East Somerville stabilization fund.....	106,952	-	-	-	-	106,952
Street tree stabilization fund.....	86,185	-	-	-	-	86,185
Alpine restaurant stabilization fund.....	2,616	-	-	-	-	2,616
Rockwell restaurant stabilization fund.....	9,432	-	-	-	-	9,432
Capital projects stabilization fund.....	6,518,309	-	-	-	-	6,518,309
Construction stabilization fund.....	410,748	-	-	-	-	410,748
Traffic safety stabilization fund.....	352,797	-	-	-	-	352,797
Mitigation stabilization fund.....	101,051	-	-	-	-	101,051
270 Cedar Street LLC stabilization fund.....	1,050	-	-	-	-	1,050
Workforce training stabilization fund.....	428	-	-	-	-	428
Bicycle stabilization fund.....	2,275	-	-	-	-	2,275
Linwood Street sidewalk improvement stabilization fund.....	12,248	-	-	-	-	12,248
Davis Square traffic and Sign stabilization fund.....	297	-	-	-	-	297
Trash transfer station stabilization fund.....	624	-	-	-	-	624
Salary and wage stabilization fund.....	4,082,202	-	-	-	-	4,082,202
Open space improvement stabilization fund.....	98,705	-	-	-	-	98,705
Union Square revitalization stabilization fund.....	13,104	-	-	-	-	13,104
Facility construction & renovation stabilization fund.....	9,263,351	-	-	-	-	9,263,351
Street reconstruction & resurfacing stabilization fund.....	2,796,374	-	-	-	-	2,796,374
Elmwood stabilization.....	38,422	-	-	-	-	38,422
377 Broadway stabilization.....	4,471	-	-	-	-	4,471
Green Line extension stabilization.....	7,665,307	-	-	-	-	7,665,307
Highland Ave stabilization.....	10,163	-	-	-	-	10,163
Medical marijuana stabilization.....	1,500,571	-	-	-	-	1,500,571
Infiltration/ inflow stabilization.....	1,215,811	-	-	-	-	1,215,811
Algonquin mitigation stabilization fund.....	11	-	-	-	-	11
Boynton Yards stabilization fund.....	1,480	-	-	-	-	1,480
Washington stabilization.....	8,374	-	-	-	-	8,374
259 McGrath stabilization.....	3,513	-	-	-	-	3,513
378 Highland Ave stabilization.....	3,012	-	-	-	-	3,012
Small business assistance stabilization.....	68,444	-	-	-	-	68,444
Water transportation public safety stabilization.....	68	-	-	-	-	68
Union Square community benefit stabilization.....	367,960	-	-	-	-	367,960
Alpine Street stabilization.....	10,036	-	-	-	-	10,036
Open space acquisition and improvement stabilization fund.....	50,000	-	-	-	-	50,000
Racial and social justice stabilization fund.....	751,737	-	-	-	-	751,737
COVID-19 stabilization fund.....	7,642,343	-	-	-	-	7,642,343
COVID-19 small business emergency relief stabilization fund.....	2,957,668	-	-	-	-	2,957,668
Energy stabilization fund.....	294,401	-	-	-	-	294,401
Assigned to:						
General government.....	917,612	-	-	-	-	917,612
Public safety.....	353,282	-	-	-	-	353,282
Education.....	822,580	-	-	-	-	822,580
Public works.....	3,272,793	-	-	-	-	3,272,793
Culture and recreation.....	184,527	-	-	-	-	184,527
Unassigned.....	31,955,542	-	-	(9,210,126)	-	22,745,416
Total Fund Balances.....	\$ 89,329,893	\$ 19,071,964	\$ 12,848	\$ (9,210,126)	\$ 56,856,785	\$ 156,061,364

NOTE 11 – 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, 2021, the amount of the liability for workers’ compensation claims totaled \$944,000.

Changes in the reported liability since July 1, 2019, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2020.....	\$ 928,000	\$ 617,883	\$ (434,883)	\$ 1,111,000	\$ 278,000
2021.....	1,111,000	257,904	(424,904)	944,000	236,000

NOTE 12 - 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, 2020. The City’s portion of the collective pension expense, contributed by the Commonwealth, of \$24,198,743 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 \$195,918,508 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, 2020.

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, 2020, the System membership consists of the following:

Active members.....	1,251
Inactive members.....	534
Disabled members.....	130
Retirees and beneficiaries currently receiving benefits.....	<u>810</u>
 Total.....	 <u><u>2,725</u></u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the System a legislatively mandated 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, 2020 was \$15,836,018, 17.93% 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 \$14,854,185 which equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2021, were as follows:

Total pension liability.....	\$	495,186,851
Total pension plan's fiduciary net position.....		<u>(391,052,634)</u>
Total net pension liability.....	\$	<u>104,134,217</u>
The pension plan's fiduciary net position as		
a percentage of the total pension liability.....		78.97%

At June 30, 2021, the City reported a liability of \$97,677,896 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021. 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, 2020, the City's proportion was 93.80% which changed from its proportion measured at December 31, 2019, of 93.74%.

Pension Expense

For the year ended June 30, 2021, the City recognized a pension expense of \$7,058,008. At June 30, 2021, the City reported deferred outflows of resources related to pensions of \$26,326,584, and deferred inflows of resources related to pensions of \$59,606,662.

The balances of deferred outflows and inflows at June 30, 2021 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 12,209,420	\$ (395,264)	\$ 11,814,156
Differences between projected and actual earnings, net.....	-	(58,715,870)	(58,715,870)
Changes in assumptions.....	13,625,322	-	13,625,322
Changes in proportion and proportionate share of contributions...	<u>491,842</u>	<u>(495,528)</u>	<u>(3,686)</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>26,326,584</u>	\$ <u>(59,606,662)</u>	\$ <u>(33,280,078)</u>

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

Year ended June 30:

2022.....	\$ (6,323,933)
2023.....	(2,170,726)
2024.....	(14,724,924)
2025.....	(10,158,898)
2026.....	<u>98,403</u>
	\$ <u>(33,280,078)</u>

Actuarial Assumptions

The total pension liability in the January 1, 2021, actuarial valuation was determined using the following actuarial assumptions:

Valuation date.....	January 1, 2021
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Amortization method.....	Payments increasing at 6.54%
Remaining amortization period.....	Increasing amortization of unfunded actuarial accrued liability over 12 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 10% 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, 2021, 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, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 26.41%. 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, 2020, 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, 2020 Measurement Date</u>			
The City's proportionate share of the net pension liability.....	\$ 146,010,619	\$ 97,677,896	\$ 56,529,700
<u>December 31, 2020 Measurement Date</u>			
System total net pension liability.....	\$ 155,661,639	\$ 104,134,217	\$ 60,266,204

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 2021 totaled \$122,643.

Changes in Assumptions

The amortization method percentage changed from 4.0% to 6.54%.

Changes in Plan Provisions

None.

NOTE 13 – 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 2021, the City’s benefit payments totaled \$8,143,969, and the City contributed another \$1.0 million to the OPEB Trust fund. For the year ended June 30, 2021, the City’s average contribution rate was 7.61% 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 2021, 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, 2021, the balance of this fund totaled \$13.3 million.

The annual money-weighted rate of return on OPEB plan investments was 17.76%. 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, 2021:

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, 2021:

Total OPEB liability.....	\$	165,014,137
Less: OPEB plan's fiduciary net position.....		<u>(13,270,449)</u>
Net OPEB liability.....	\$	<u><u>151,743,688</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....		8.04%

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: 7.50% per year, net of investment expenses.
Healthcare cost trend rate.....	4.50%
Participation.....	95% of future retiree teachers and 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 employees 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 Scale MP-2015, fully generation:
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, fully generational.
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. Generational adjusting is based on Scale MP-2015.

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, 2021, which did not change from June 30, 2020. 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%)
	<u> </u>	<u> </u>	<u> </u>
Net OPEB liability.....	\$ 173,313,479	\$ 151,743,688	\$ 134,053,804

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 4.5%, 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 (3.5%) or 1-percentage-point higher (5.5%).

	1% Decrease (3.5%)	Current Trend (4.5%)	1% Increase (5.5%)
	<u> </u>	<u> </u>	<u> </u>
Net OPEB liability.....	\$ 131,245,422	\$ 151,743,688	\$ 177,167,735

Changes in Assumptions

None.

Changes in Plan Provisions

None.

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, 2020.....	\$ 158,014,496	\$ 10,396,687	\$ 147,617,809
Changes for the year:			
Service cost.....	3,770,484	-	3,770,484
Interest.....	11,373,126	-	11,373,126
Contributions - employer.....	-	9,143,969	(9,143,969)
Investment income.....	-	1,873,762	(1,873,762)
Benefit payments.....	(8,143,969)	(8,143,969)	-
Net change.....	<u>6,999,641</u>	<u>2,873,762</u>	<u>4,125,879</u>
Balances at June 30, 2021.....	<u>\$ 165,014,137</u>	<u>\$ 13,270,449</u>	<u>\$ 151,743,688</u>

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

For the year ended June 30, 2021, the City recognized an OPEB expense of (\$18,991,245). At June 30, 2021, the City reported deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Inflows of Resources
Differences between expected and actual experience.....	\$ (31,107,519)
Difference between projected and actual earnings, net.....	(1,069,271)
Changes in assumptions.....	<u>(69,037,230)</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ (101,214,020)</u>

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

Years ended June 30:

2022.....	\$	(33,801,673)
2023.....		(26,910,053)
2024.....		(25,913,027)
2025.....		<u>(14,589,267)</u>
	\$	<u><u>(101,214,020)</u></u>

NOTE 14 – 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, 2020)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 5,499,369	\$ 239,795	\$ 5,739,164
Investments:			
Investments in Pension Reserve Investment Trust.....	3,110,697	-	3,110,697
U.S. treasury notes.....	-	1,465,300	1,465,300
Real estate and alternative investment mutual funds.....	17,939,599	-	17,939,599
Bond mutual funds.....	64,270,230	-	64,270,230
Equity securities.....	265,108,869	4,056,056	269,164,925
Equity mutual funds.....	27,869,675	3,243,583	31,113,258
Fixed income mutual funds.....	-	1,827,268	1,827,268
Other fixed income investments.....	-	2,438,447	2,438,447
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	<u>7,500,244</u>	<u>-</u>	<u>7,500,244</u>
TOTAL ASSETS.....	<u>391,298,683</u>	<u>13,270,449</u>	<u>404,569,132</u>
LIABILITIES			
Warrants payable.....	<u>246,049</u>	<u>-</u>	<u>246,049</u>
NET POSITION			
Restricted for pensions.....	391,052,634	-	391,052,634
Restricted for other postemployment benefits.....	<u>-</u>	<u>13,270,449</u>	<u>13,270,449</u>
TOTAL NET POSITION.....	<u>\$ 391,052,634</u>	<u>\$ 13,270,449</u>	<u>\$ 404,323,083</u>

	Pension Trust Fund (as of December 31, 2020)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 15,836,018	\$ 1,000,000	\$ 16,836,018
Employer contributions for other postemployment benefit payments.....	-	8,143,969	8,143,969
Member contributions.....	8,616,887	-	8,616,887
Retirement benefits - transfers from other systems.....	499,767	-	499,767
Retirement benefits - 3(8)c contributions from other systems.....	600,551	-	600,551
Retirement benefits - workers compensation settlements.....	9,000	-	9,000
Retirement benefits - federal grant reimbursements.....	46,475	-	46,475
Retirement benefits - state COLA reimbursements.....	414,767	-	414,767
Retirement benefits - member makeup payments and redeposits.....	23,424	-	23,424
Retirement benefits - interest not refunded.....	9,713	-	9,713
Total contributions.....	26,056,602	9,143,969	35,200,571
Net investment income:			
Investment income.....	6,730,487	1,873,762	8,604,249
Net change in fair value of investments.....	76,271,647	-	76,271,647
Less: investment expense.....	(1,459,411)	-	(1,459,411)
Net investment income (loss).....	81,542,723	1,873,762	83,416,485
TOTAL ADDITIONS.....	107,599,325	11,017,731	118,617,056
DEDUCTIONS:			
Administration.....	555,328	-	555,328
Retirement benefits - transfers to other systems.....	393,859	-	393,859
Retirement benefits - 3(8)c transfer to other systems.....	1,176,361	-	1,176,361
Retirement benefits and refunds.....	31,070,279	-	31,070,279
Other postemployment benefit payments.....	-	8,143,969	8,143,969
TOTAL DEDUCTIONS.....	33,195,827	8,143,969	41,339,796
NET INCREASE (DECREASE) IN NET POSITION.....	74,403,498	2,873,762	77,277,260
NET POSITION AT BEGINNING OF YEAR.....	316,649,136	10,396,687	327,045,823
NET POSITION AT END OF YEAR.....	\$ 391,052,634	\$ 13,270,449	\$ 404,323,083

NOTE 15 – 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 \$177.2 million. The Somerville High School reconstruction, and various street and sidewalk projects throughout the City are some of the major projects that the City will be completing.

The general fund has various commitments for goods and services related to encumbrances of \$5,550,794.

NOTE 16 – CONTINGENCIES

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2021, 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, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

NOTE 17 – 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 in City were forced to stop or significantly reduce operations, which decreased certain City revenues, while the City 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 the CARES Act, on March 11, 2021, the United States Federal Government established the American Rescue Plan Act (ARPA) to enhance the United States' recovery from the economic and health effects of the COVID-19 pandemic. This Act requires that the payment from these funds be used to cover costs related to; public health; negative economic impacts; services to disproportionately impacted communities; premium pay; infrastructure; revenue replacement; or administration. These funds can only be used to cover costs incurred between March 3, 2021, and December 31, 2024. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding. In addition to funding from the CARES Act and the ARPA, there are several other federal and state grant available.

With the uncertainty of future costs associated with the pandemic, the full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 18 – REVISION OF NET POSITION AND FUND BALANCE PREVIOUSLY REPORTED

Beginning net position of the governmental activities and the nonmajor governmental funds have been revised to reflect the implementation of GASB Statement #84, *Fiduciary Activities*. The revised balances are summarized in the following table:

	06/30/2020 Previously Reported Balances	Implementation of GASB #84	06/30/2020 Revised Balances
Government-Wide Financial Statements			
Governmental activities.....	\$ (62,191,896)	\$ 142,797	\$ (62,049,099)
Governmental funds			
Nonmajor governmental funds.....	\$ 40,096,095	\$ 142,797	\$ 40,238,892

NOTE 19 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 7, 2022, which is the date the financial statements were available to be issued.

NOTE 20 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2021, the following GASB pronouncements were implemented:

- GASB Statement #84, *Fiduciary Activities*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.
- GASB Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*. This pronouncement did not impact the basic financial statements.
- GASB Statement #98, *The Annual Comprehensive Financial Report*. The Annual Comprehensive Financial Report and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- 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 #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, which is required to be implemented in 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, 2021

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward To Next Year	Current Year Initial Budget	Original Budget	Final Budget			
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 181,287,606	\$ 181,287,606	\$ 182,293,709	\$ 183,616,574	\$ -	\$ 1,322,865
Tax liens.....	-	-	-	-	356,770	-	356,770
Motor vehicle and other excise taxes.....	-	6,899,709	6,899,709	6,899,709	9,044,955	-	2,145,246
Penalties and interest on taxes.....	-	502,780	502,780	502,780	1,134,120	-	631,340
Payments in lieu of taxes.....	-	1,595,911	1,595,911	1,595,911	1,506,512	-	(89,399)
Intergovernmental - other.....	-	50,252,272	50,252,272	50,252,272	49,807,995	-	(444,277)
Departmental and other.....	-	15,663,470	15,663,470	15,663,470	21,238,318	-	5,574,848
Investment income.....	-	800,000	800,000	800,000	650,504	-	(149,496)
Miscellaneous.....	-	282,432	282,432	282,432	364,886	-	82,454
TOTAL REVENUES.....	-	257,284,180	257,284,180	258,290,283	267,720,634	-	9,430,351
EXPENDITURES:							
GENERAL GOVERNMENT							
City Council							
Salaries.....	-	458,500	458,500	506,500	503,153	-	3,347
Expenses.....	-	289,661	289,661	241,661	56,408	-	185,253
TOTAL.....	-	748,161	748,161	748,161	559,561	-	188,600
Clerk of Committees							
Salaries.....	-	97,104	97,104	97,104	88,045	-	9,059
Expenses.....	-	1,000	1,000	1,000	-	-	1,000
TOTAL.....	-	98,104	98,104	98,104	88,045	-	10,059
Executive Office							
Salaries.....	-	4,125,781	4,125,781	4,213,974	3,884,682	-	329,292
Expenses.....	18,229	936,426	954,655	1,067,451	766,460	54,223	246,768
Special items.....	-	341,500	341,500	341,500	161,253	10,200	170,047
Capital.....	194,730	240,000	434,730	105,993	105,993	-	-
TOTAL.....	212,959	5,643,707	5,856,666	5,728,918	4,918,388	64,423	746,107
Auditor's Office							
Salaries.....	-	883,643	883,643	895,196	887,543	-	7,653
Expenses.....	4,497	110,652	115,149	114,942	86,505	26,274	2,163
TOTAL.....	4,497	994,295	998,792	1,010,138	974,048	26,274	9,816
Grants Management							
Salaries.....	-	166,013	166,013	185,992	185,601	-	391
Expenses.....	-	6,200	6,200	5,200	4,303	-	897
TOTAL.....	-	172,213	172,213	191,192	189,904	-	1,288
Purchasing							
Salaries.....	-	415,709	415,709	424,285	420,140	-	4,145
Expenses.....	-	26,020	26,020	26,020	17,467	-	8,553
TOTAL.....	-	441,729	441,729	450,305	437,607	-	12,698
Assessing							
Salaries.....	-	571,096	571,096	581,277	554,661	-	26,616
Expenses.....	10,225	178,300	188,525	188,525	175,139	185	13,201
TOTAL.....	10,225	749,396	759,621	769,802	729,800	185	39,817
Treasurer's/ Collector's Office							
Salaries.....	-	746,424	746,424	756,515	732,916	-	23,599
Expenses.....	12,009	238,775	250,784	243,522	171,849	23,660	48,013
TOTAL.....	12,009	985,199	997,208	1,000,037	904,765	23,660	71,612
Law Department							
Salaries.....	-	855,596	855,596	875,824	871,965	-	3,859
Expenses.....	47,414	544,525	591,939	649,558	562,172	80,835	6,551
TOTAL.....	47,414	1,400,121	1,447,535	1,525,382	1,434,137	80,835	10,410
Personnel Department							
Salaries.....	-	1,117,697	1,117,697	1,139,000	1,081,107	-	57,893
Expenses.....	27,598	238,110	265,708	304,770	158,015	54,147	92,608
Special Items.....	-	74,000	74,000	74,000	38,621	-	35,379
TOTAL.....	27,598	1,429,807	1,457,405	1,517,770	1,277,743	54,147	185,880

(Continued)

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

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward To Next Year	Current Year Initial Budget	Original Budget	Final Budget			
Information Technology							
Salaries.....	-	881,783	881,783	892,516	865,031	-	27,485
Expenses.....	100,627	3,025,718	3,126,345	3,118,675	2,863,973	202,913	51,789
TOTAL.....	100,627	3,907,501	4,008,128	4,011,191	3,729,004	202,913	79,274
Communications							
Salaries.....	-	939,736	939,736	965,378	957,910	-	7,468
Expenses.....	2,080	208,591	210,671	210,570	193,952	10,804	5,814
TOTAL.....	2,080	1,148,327	1,150,407	1,175,948	1,151,862	10,804	13,282
City Clerk							
Salaries.....	-	539,817	539,817	544,063	539,710	-	4,353
Expenses.....	1,043	189,837	190,880	200,761	145,019	3,050	52,692
TOTAL.....	1,043	729,654	730,697	744,824	684,729	3,050	57,045
Elections							
Salaries.....	-	494,873	494,873	497,139	458,881	-	38,258
Expenses.....	51	172,632	172,683	172,632	86,096	59,975	26,561
TOTAL.....	51	667,505	667,556	669,771	544,977	59,975	64,819
Licensing Committee							
Salaries.....	-	11,628	11,628	11,628	11,628	-	-
Community Development							
Salaries.....	-	5,748,482	5,748,482	5,799,633	5,453,420	-	346,213
Expenses.....	205,510	1,510,098	1,715,608	1,735,610	1,079,515	390,718	265,377
TOTAL.....	205,510	7,258,580	7,464,090	7,535,243	6,532,935	390,718	611,590
Veterans Benefits							
Salaries.....	-	132,098	132,098	137,599	137,136	-	463
Expenses.....	-	608,435	608,435	604,905	228,797	-	376,108
TOTAL.....	-	740,533	740,533	742,504	365,933	-	376,571
Building Insurance							
Expenses.....	322	699,500	699,822	699,500	672,152	628	26,720
Person and Property Insurance							
Expenses.....	-	175,000	175,000	100,000	56,870	-	43,130
Contingency Account							
Expenses.....	-	2,035,045	2,035,045	300,449	163,786	-	136,663
Total General Government.....	624,335	30,036,005	30,660,340	29,030,867	25,427,874	917,612	2,685,381
PUBLIC SAFETY							
Police Department							
Salaries.....	-	16,103,597	16,103,597	20,580,280	20,215,045	-	365,235
Expenses.....	74,330	557,700	632,030	635,303	519,711	63,178	52,414
TOTAL.....	74,330	16,661,297	16,735,627	21,215,583	20,734,756	63,178	417,649
Fire Department							
Salaries.....	-	19,301,231	19,301,231	19,309,399	19,041,566	-	267,833
Expenses.....	40,546	482,400	522,946	502,355	329,509	122,551	50,295
Special Items.....	-	26,496	26,496	26,496	7,705	5,350	13,441
TOTAL.....	40,546	19,810,127	19,850,673	19,838,250	19,378,780	127,901	331,569
Emergency Management							
Salaries.....	-	20,826	20,826	20,826	20,799	-	27
Expenses.....	1,018	10,690	11,708	11,280	4,489	3,900	2,891
TOTAL.....	1,018	31,516	32,534	32,106	25,288	3,900	2,918
Animal Control							
Salaries.....	-	123,472	123,472	123,472	83,970	-	39,502
Expenses.....	1,160	64,200	65,360	65,360	9,892	2,408	53,060
TOTAL.....	1,160	187,672	188,832	188,832	93,862	2,408	92,562
Traffic and Parking							
Salaries.....	-	2,930,161	2,930,161	2,939,861	2,675,639	-	264,222
Expenses.....	82,070	1,049,280	1,131,350	1,204,286	954,001	131,998	118,287
TOTAL.....	82,070	3,979,441	4,061,511	4,144,147	3,629,640	131,998	382,509

(Continued)

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

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward To Next Year	Current Year Initial Budget	Original Budget	Final Budget			
Board of Health							
Salaries.....	-	3,066,586	3,066,586	3,090,678	2,541,457	-	549,221
Expenses.....	56,670	721,880	778,550	738,352	536,822	23,898	177,632
TOTAL.....	56,670	3,788,466	3,845,136	3,829,030	3,078,279	23,898	726,853
Total Public Safety.....	255,794	44,458,519	44,714,313	49,247,948	46,940,605	353,283	1,954,060
EDUCATION							
Operational.....	570,051	77,929,431	78,499,482	78,936,603	75,461,806	822,580	2,652,217
PUBLIC WORKS							
Administration							
Salaries.....	-	712,289	712,289	722,859	689,425	-	33,434
Expenses.....	87,424	711,800	799,224	649,210	482,510	82,581	84,119
TOTAL.....	87,424	1,424,089	1,511,513	1,372,069	1,171,935	82,581	117,553
Electrical							
Salaries.....	-	386,257	386,257	386,256	366,208	-	20,048
Expenses.....	43,496	382,500	425,996	406,739	188,382	76,011	142,346
TOTAL.....	43,496	768,757	812,253	792,995	554,590	76,011	162,394
Engineering							
Salaries.....	-	338,217	338,217	344,485	264,216	-	80,269
Expenses.....	234,278	465,300	699,578	415,560	415,540	-	20
TOTAL.....	234,278	803,517	1,037,795	760,045	679,756	-	80,289
Snow Removal							
Expenses.....	-	1,346,026	1,346,026	2,032,771	1,566,816	313,250	152,705
Highway							
Salaries.....	-	2,997,554	2,997,554	3,000,026	2,477,747	-	522,279
Expenses.....	130,555	1,284,734	1,415,289	1,538,743	990,211	246,058	302,474
TOTAL.....	130,555	4,282,288	4,412,843	4,538,769	3,467,958	246,058	824,753
Sanitation							
Expenses.....	601,132	6,138,371	6,739,503	6,055,484	5,416,960	576,253	62,271
Building and Grounds							
Salaries.....	-	2,630,930	2,630,930	2,632,362	2,198,677	-	433,685
Expenses.....	675,753	8,311,367	8,987,120	8,677,552	5,590,251	1,865,246	1,222,055
TOTAL.....	675,753	10,942,297	11,618,050	11,309,914	7,788,928	1,865,246	1,655,740
Fleet							
Expenses.....	23,714	476,000	499,714	486,909	331,973	25,193	129,743
School Custodians							
Salaries.....	-	2,393,456	2,393,456	2,393,456	2,157,893	-	235,563
Expenses.....	-	1,007,855	1,007,855	1,007,855	867,559	88,200	52,096
TOTAL.....	-	3,401,311	3,401,311	3,401,311	3,025,452	88,200	287,659
Total Public Works.....	1,796,352	29,582,656	31,379,008	30,750,267	24,004,368	3,272,792	3,473,107
CULTURE AND RECREATION							
Library							
Salaries.....	-	2,126,246	2,126,246	2,130,166	1,767,376	-	362,790
Expenses.....	211	446,142	446,353	458,174	452,362	150	5,662
TOTAL.....	211	2,572,388	2,572,599	2,588,340	2,219,738	150	368,452
Recreation and Youth Programs							
Salaries.....	-	1,261,334	1,261,334	1,271,401	1,012,940	-	258,461
Expenses.....	199,557	760,100	959,657	845,730	488,915	184,377	172,438
TOTAL.....	199,557	2,021,434	2,220,991	2,117,131	1,501,855	184,377	430,899
Total Culture and Recreation.....	199,768	4,593,822	4,793,590	4,705,471	3,721,593	184,527	799,351

(Continued)

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

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward To Next Year	Current Year Initial Budget	Original Budget	Final Budget			
OTHER							
Pension Benefits							
Pension benefits.....	-	14,854,185	14,854,185	14,854,185	14,854,185	-	-
Non-contributory pension.....	-	82,200	82,200	122,643	122,643	-	-
Total Pension Benefits.....	-	14,936,385	14,936,385	14,976,828	14,976,828	-	-
Employee Benefits							
Health and life insurance.....	-	27,023,592	27,023,592	27,044,592	26,112,372	-	932,220
Worker's Compensation.....	-	926,644	926,644	928,683	787,541	-	141,142
Unemployment compensation.....	-	143,421	143,421	143,421	138,028	-	5,393
Total Employee Benefits.....	-	28,093,657	28,093,657	28,116,696	27,037,941	-	1,078,755
Debt and Interest							
Debt principal.....	-	8,065,554	8,065,554	8,065,554	7,970,553	-	95,001
Debt interest.....	-	7,259,083	7,259,083	7,312,245	7,040,748	-	271,497
TOTAL.....	-	15,324,637	15,324,637	15,377,799	15,011,301	-	366,498
State and County Charges							
State and county.....	-	14,195,648	14,195,648	14,195,648	13,340,937	-	854,711
Total Other.....	-	72,550,327	72,550,327	72,666,971	70,367,007	-	2,299,964
TOTAL EXPENDITURES.....	3,446,300	259,150,760	262,597,060	265,338,127	245,923,253	5,550,794	13,864,080
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(3,446,300)	(1,866,580)	(5,312,880)	(7,047,844)	21,797,381	(5,550,794)	23,294,431
OTHER FINANCING SOURCES (USES):							
Transfers in.....	-	3,368,682	3,368,682	7,736,668	7,736,790	-	122
Transfers out.....	-	(1,502,102)	(1,502,102)	(32,014,787)	(32,014,787)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	1,866,580	1,866,580	(24,278,119)	(24,277,997)	-	122
NET CHANGE IN FUND BALANCE.....	(3,446,300)	-	(3,446,300)	(31,325,963)	(2,480,616)	(5,550,794)	23,294,553
BUDGETARY FUND BALANCE, Beginning of year.....	-	36,548,499	36,548,499	36,548,499	36,548,499	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ (3,446,300)	\$ 36,548,499	\$ 33,102,199	\$ 5,222,536	\$ 34,067,883	\$ (5,550,794)	\$ 23,294,553

(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	December 31, 2020
Total pension liability:							
Service cost.....	\$ 7,699,763	\$ 8,007,754	\$ 8,007,754	\$ 8,025,850	\$ 8,961,771	\$ 8,721,918	\$ 9,595,934
Interest.....	29,232,338	31,265,848	30,159,556	30,905,512	31,673,364	35,348,968	36,582,634
Changes in benefit terms.....	-	-	-	-	1,387,482	-	-
Differences between expected and actual experience.....	-	-	(2,943,803)	-	(1,066,376)	17,499,297	3,190,411
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)	(32,631,498)
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	16,737,481
Total pension liability - beginning.....	358,733,765	370,972,221	382,805,432	392,656,092	402,269,188	448,787,334	478,449,370
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>	<u>\$ 495,186,851</u>
Plan fiduciary net position:							
Employer contributions.....	\$ 13,812,101	\$ 14,199,527	\$ 14,659,434	\$ 14,805,336	\$ 15,226,941	\$ 15,226,941	\$ 15,836,018
Member contributions.....	6,233,959	7,044,521	7,560,253	7,910,511	8,238,138	8,938,882	9,140,078
Net investment income (loss).....	12,996,452	454,830	8,831,845	42,779,686	(9,074,396)	61,477,538	81,599,319
Administrative expenses.....	(380,845)	(397,417)	(468,722)	(500,849)	(647,449)	(596,023)	(602,212)
Retirement benefits and refunds.....	(24,693,645)	(24,855,194)	(27,275,655)	(29,318,266)	(31,197,589)	(31,908,147)	(32,631,498)
Other receipts.....	-	-	-	739,557	862,254	884,782	1,061,793
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	74,403,498
Fiduciary net position - beginning of year.....	235,079,845	243,047,867	239,494,134	242,801,289	279,217,264	262,625,163	316,649,136
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>	<u>\$ 391,052,634</u>
Net pension liability - ending (a)-(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>	<u>\$ 104,134,217</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%	78.97%
Covered payroll.....	\$ 66,506,738	\$ 69,167,008	\$ 71,454,475	\$ 72,883,565	\$ 75,529,665	\$ 84,595,873	\$ 88,312,485
Net pension liability as a percentage of covered payroll.....	192.35%	207.20%	209.72%	168.83%	246.48%	191.26%	117.92%

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.

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, 2020.....	\$ 15,836,018	\$ (15,836,018)	\$ -	\$ 88,312,485	17.93%
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

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2020.....	26.41%
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, 2020.....	93.80%	\$ 97,677,896	\$ 82,837,112	117.92%	78.97%
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

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, 2021.....	\$ 14,854,185	\$ (14,854,185)	-	\$ 84,493,854	17.58%
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**

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
2021.....	\$ 195,918,508	\$ 24,198,743	50.67%
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	June 30, 2021
Total OPEB Liability					
Service Cost.....	\$ 11,768,411	\$ 9,597,889	\$ 10,029,794	\$ 10,481,135	\$ 3,770,484
Interest.....	11,159,516	11,592,912	9,899,647	10,593,394	11,373,126
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)	(8,143,969)
Net change in total OPEB liability.....	13,669,361	(28,095,319)	11,444,196	(129,409,322)	6,999,641
Total OPEB liability - beginning.....	290,405,580	304,074,941	275,979,622	287,423,818	158,014,496
Total OPEB liability - ending (a).....	<u>\$ 304,074,941</u>	<u>\$ 275,979,622</u>	<u>\$ 287,423,818</u>	<u>\$ 158,014,496</u>	<u>\$ 165,014,137</u>
Plan fiduciary net position					
Employer contributions.....	\$ 10,258,566	\$ 13,985,245	\$ 9,485,245	\$ 8,793,272	\$ 9,143,969
Net investment income.....	7,508	26,801	556,183	492,428	1,873,762
Benefit payments.....	(9,258,566)	(8,485,245)	(8,485,245)	(7,793,272)	(8,143,969)
Net change in plan fiduciary net position.....	1,007,508	5,526,801	1,556,183	1,492,428	2,873,762
Plan fiduciary net position - beginning of year.....	813,767	1,821,275	7,348,076	8,904,259	10,396,687
Plan fiduciary net position - end of year (b).....	<u>\$ 1,821,275</u>	<u>\$ 7,348,076</u>	<u>\$ 8,904,259</u>	<u>\$ 10,396,687</u>	<u>\$ 13,270,449</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 302,253,666</u>	<u>\$ 268,631,546</u>	<u>\$ 278,519,559</u>	<u>\$ 147,617,809</u>	<u>\$ 151,743,688</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.60%	2.66%	3.10%	6.58%	8.04%
Covered-employee payroll.....	\$ 104,221,637	\$ 107,444,987	\$ 111,205,562	\$ 116,071,422	\$ 120,133,922
Net OPEB liability as a percentage of covered-employee payroll.....	290.01%	250.02%	250.45%	127.18%	126.31%

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	Statutorily 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, 2021.....	\$ 8,143,969	\$ (9,143,969)	\$ (1,000,000)	\$ 120,133,922	7.61%
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

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2021.....	17.76%
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 ACCOUNTABILITYA. 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 2021 approved budget authorized \$264.1 million in appropriations and other amounts to be raised. During 2021, the Council also increased appropriations by approximately \$33.3 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, 2021, is depicted below:

Net change in fund balance - budgetary basis.....	\$	(2,480,616)
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		18,149,808
Health insurance trust recorded in the general fund for GAAP.....		(1,039,998)
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....		(66,000)
Net change in recording 60 day receipts.....		(395,600)
Recognition of revenue for on-behalf payments.....		24,198,743
Recognition of expenditures for on-behalf payments.....		(24,198,743)
Net change in fund balance - GAAP basis.....	\$	<u>14,167,594</u>

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

The amortization method percentage changed from 4.0% to 6.54%.

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: 7.50% per year, net of investment expenses.
Healthcare cost trend rate.....	4.50%
Participation.....	95% of future retiree teachers and 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 employees 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 Scale 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, fully generational.
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. Generational adjusting is based on Scale MP-2015.

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

None.

E. Changes in Plan Provisions

None.

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Combining 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 Funds – 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 – 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, 2021

	Special Revenue Funds					
	School Special Revenue Funds	School Federal Grants	School State & Private Grants	City Federal Grant Funds	City State Grant Funds	Highway Improvement Funds
ASSETS						
Cash and cash equivalents.....	\$ 1,562,690	\$ -	\$ 3,129,054	\$ -	\$ 216,150	\$ -
Receivables, net of uncollectibles:						
Tax liens.....	-	-	-	-	-	-
Community preservation fund surtax.....	-	-	-	-	-	-
Intergovernmental - other.....	-	309,098	264,090	102,769	425,259	4,181,932
Community preservation state share.....	-	-	-	-	-	-
Loans.....	-	-	-	-	-	-
TOTAL ASSETS.....	\$ 1,562,690	\$ 309,098	\$ 3,393,144	\$ 102,769	\$ 641,409	\$ 4,181,932
LIABILITIES						
Accrued payroll.....	\$ 358	\$ 53,385	\$ 62,669	\$ 7,754	\$ 23,588	\$ -
Unearned revenue.....	-	-	-	-	-	-
Due to other funds.....	-	253,572	-	83,041	-	336,352
Other liabilities.....	-	-	-	-	-	-
TOTAL LIABILITIES.....	358	306,957	62,669	90,795	23,588	336,352
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue.....	-	-	-	-	-	3,845,580
TOTAL DEFERRED INFLOWS OF RESOURCES.....	-	-	-	-	-	3,845,580
FUND BALANCES						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	1,562,332	2,141	3,330,475	11,974	617,821	-
TOTAL FUND BALANCES.....	1,562,332	2,141	3,330,475	11,974	617,821	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 1,562,690	\$ 309,098	\$ 3,393,144	\$ 102,769	\$ 641,409	\$ 4,181,932

(Continued)

Special Revenue Funds

City Revolving Funds	Receipts Reserved	City Private Grants	School Lunch Funds	Other Special Revenue Funds	Community Preservation	COVID-19	Subtotal
\$ 192,054	\$ 9,367,487	\$ 2,968,136	\$ 1,284,484	\$ 19,299,104	\$ 6,024,738	\$ -	\$ 44,043,897
-	-	-	-	-	15,701	-	15,701
-	-	-	-	-	85	-	85
-	108,555	-	-	-	-	2,378,838	7,770,541
-	-	-	-	-	636,760	-	636,760
-	-	-	-	2,744,663	10,635,587	-	13,380,250
<u>\$ 192,054</u>	<u>\$ 9,476,042</u>	<u>\$ 2,968,136</u>	<u>\$ 1,284,484</u>	<u>\$ 22,043,767</u>	<u>\$ 17,312,871</u>	<u>\$ 2,378,838</u>	<u>\$ 65,847,234</u>
\$ -	\$ -	\$ 13,255	\$ -	\$ 178,239	\$ -	\$ 8,994	\$ 348,242
-	-	-	-	-	-	1,057,209	1,057,209
-	-	-	-	-	-	1,312,635	1,985,600
-	-	-	-	1,713,498	-	-	1,713,498
-	-	13,255	-	1,891,737	-	2,378,838	5,104,549
-	-	-	-	-	652,546	-	4,498,126
-	-	-	-	-	652,546	-	4,498,126
-	-	-	-	-	-	-	-
<u>192,054</u>	<u>9,476,042</u>	<u>2,954,881</u>	<u>1,284,484</u>	<u>20,152,030</u>	<u>16,660,325</u>	<u>-</u>	<u>56,244,559</u>
<u>192,054</u>	<u>9,476,042</u>	<u>2,954,881</u>	<u>1,284,484</u>	<u>20,152,030</u>	<u>16,660,325</u>	<u>-</u>	<u>56,244,559</u>
<u>\$ 192,054</u>	<u>\$ 9,476,042</u>	<u>\$ 2,968,136</u>	<u>\$ 1,284,484</u>	<u>\$ 22,043,767</u>	<u>\$ 17,312,871</u>	<u>\$ 2,378,838</u>	<u>\$ 65,847,234</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2021

	Permanent Funds			Total Nonmajor Governmental Funds
	Permanent Funds Principal	Expendable Permanent Funds	Subtotal	
ASSETS				
Cash and cash equivalents.....	\$ 433,126	\$ 179,100	\$ 612,226	\$ 44,656,123
Receivables, net of uncollectibles:				
Tax liens.....	-	-	-	15,701
Community preservation fund surtax.....	-	-	-	85
Intergovernmental - other.....	-	-	-	7,770,541
Community preservation state share.....	-	-	-	636,760
Loans.....	-	-	-	13,380,250
TOTAL ASSETS.....	\$ 433,126	\$ 179,100	\$ 612,226	\$ 66,459,460
LIABILITIES				
Accrued payroll.....	\$ -	\$ -	\$ -	\$ 348,242
Unearned revenue.....	-	-	-	1,057,209
Due to other funds.....	-	-	-	1,985,600
Other liabilities.....	-	-	-	1,713,498
TOTAL LIABILITIES.....	-	-	-	5,104,549
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue.....	-	-	-	4,498,126
TOTAL DEFERRED INFLOWS OF RESOURCES.....	-	-	-	4,498,126
FUND BALANCES				
Nonspendable.....	433,126	-	433,126	433,126
Restricted.....	-	179,100	179,100	56,423,659
TOTAL FUND BALANCES.....	433,126	179,100	612,226	56,856,785
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 433,126	\$ 179,100	\$ 612,226	\$ 66,459,460

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

YEAR ENDED JUNE 30, 2021

	Special Revenue Funds					
	School Special Revenue Funds	School Federal Grants	School State & Private Grants	City Federal Grant Funds	City State Grant Funds	Highway Improvement Funds
REVENUES:						
Intergovernmental.....	-	\$ 3,069,417	\$ 5,955,189	\$ 838,861	\$ 1,796,928	\$ 470,290
Departmental and other.....	1,401,636	-	-	-	76,202	-
Community preservation taxes.....	-	-	-	-	-	-
Community preservation state match.....	-	-	-	-	-	-
Contributions and donations.....	35,625	-	186,860	-	-	-
Investment income.....	-	-	-	-	35	-
Miscellaneous.....	-	-	-	-	-	-
TOTAL REVENUES.....	1,437,261	3,069,417	6,142,049	838,861	1,873,165	470,290
EXPENDITURES:						
Current:						
General government.....	-	-	-	12,395	142,833	-
Public safety.....	-	-	-	723,764	913,015	-
Education.....	1,087,258	3,512,933	4,994,298	-	-	-
Public works.....	-	-	-	-	348,907	470,290
Community development.....	-	-	-	-	-	-
Health and human services.....	-	-	-	125,331	196,278	-
Culture and recreation.....	-	-	-	-	42,523	-
Community preservation.....	-	-	-	-	-	-
Debt service:						
Principal.....	-	-	-	-	-	-
Interest.....	-	-	-	-	-	-
TOTAL EXPENDITURES.....	1,087,258	3,512,933	4,994,298	861,490	1,643,556	470,290
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	350,003	(443,516)	1,147,751	(22,629)	229,609	-
OTHER FINANCING SOURCES (USES):						
Premium from issuance of bonds.....	-	-	-	-	-	-
Payments to refunded bond escrow agent.....	-	-	-	-	-	-
Proceeds from the sale of capital assets.....	-	-	-	-	-	-
Transfers in.....	-	-	-	-	-	-
Transfers out.....	-	-	-	(7)	(81)	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	(7)	(81)	-
NET CHANGE IN FUND BALANCES.....	350,003	(443,516)	1,147,751	(22,636)	229,528	-
FUND BALANCES AT BEGINNING OF YEAR, AS REVISED.....	1,212,329	445,657	2,182,724	34,610	388,293	-
FUND BALANCES AT END OF YEAR.....	\$ 1,562,332	\$ 2,141	\$ 3,330,475	\$ 11,974	\$ 617,821	\$ -

(Continued)

Special Revenue Funds

City Revolving Funds	Receipts Reserved	City Private Grants	School Lunch Funds	Other Special Revenue Funds	Community Preservation	COVID-19	Subtotal
\$ -	\$ 382,364	\$ 1,513,446	\$ 1,791,534	\$ 656,739	\$ -	\$ 10,454,879	\$ 26,929,647
117,279	1,458,793	-	9,410	8,050,310	-	-	11,113,630
-	-	-	-	-	5,049,564	-	5,049,564
-	-	-	-	-	616,084	-	616,084
-	249,904	998,437	-	358,212	-	38,506	1,867,544
-	1,971	-	-	13,985	13,515	-	29,506
-	-	-	-	2,443	-	-	2,443
<u>117,279</u>	<u>2,093,032</u>	<u>2,511,883</u>	<u>1,800,944</u>	<u>9,081,689</u>	<u>5,679,163</u>	<u>10,493,385</u>	<u>45,608,418</u>
29,760	731,210	30,582	-	1,865,903	-	5,042,847	7,855,530
-	-	7,016	-	5,722,454	-	490,193	7,856,442
-	-	660,297	1,819,461	10,418	-	2,947,401	15,032,066
-	325	-	-	246,758	-	419,302	1,485,582
-	-	-	-	-	-	126,370	126,370
-	-	-	-	278,233	-	1,053,860	1,653,702
33,637	-	-	-	244,673	-	413,412	734,245
-	-	-	-	-	3,211,629	-	3,211,629
-	-	-	-	-	170,000	-	170,000
-	-	-	-	-	272,778	-	272,778
<u>63,397</u>	<u>731,535</u>	<u>697,895</u>	<u>1,819,461</u>	<u>8,368,439</u>	<u>3,654,407</u>	<u>10,493,385</u>	<u>38,398,344</u>
<u>53,882</u>	<u>1,361,497</u>	<u>1,813,988</u>	<u>(18,517)</u>	<u>713,250</u>	<u>2,024,756</u>	<u>-</u>	<u>7,210,074</u>
-	-	-	-	1,837,186	-	-	1,837,186
-	(9,013,030)	-	-	-	-	-	(9,013,030)
-	18,869,818	-	-	-	-	-	18,869,818
-	-	-	600,000	2,021,421	-	-	2,621,421
-	(4,858,194)	-	-	(26)	(50,000)	-	(4,908,308)
-	4,998,594	-	600,000	3,858,581	(50,000)	-	9,407,087
53,882	6,360,091	1,813,988	581,483	4,571,831	1,974,756	-	16,617,161
138,172	3,115,951	1,140,893	703,001	15,580,199	14,685,569	-	39,627,398
<u>\$ 192,054</u>	<u>\$ 9,476,042</u>	<u>\$ 2,954,881</u>	<u>\$ 1,284,484</u>	<u>\$ 20,152,030</u>	<u>\$ 16,660,325</u>	<u>\$ -</u>	<u>\$ 56,244,559</u>

(Continued)

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

YEAR ENDED JUNE 30, 2021

	Permanent Funds			Total Nonmajor Governmental Funds
	Permanent Funds Principal	Expendable Permanent Funds	Subtotal	
REVENUES:				
Intergovernmental - other.....	\$ -	\$ -	\$ -	\$ 26,929,647
Departmental and other.....	-	-	-	11,113,630
Community preservation taxes.....	-	-	-	5,049,564
Community preservation state match.....	-	-	-	616,084
Contributions and donations.....	-	-	-	1,867,544
Investment income.....	-	1,486	1,486	30,992
Miscellaneous.....	-	-	-	2,443
TOTAL REVENUES.....	-	1,486	1,486	45,609,904
EXPENDITURES:				
Current:				
General government.....	-	-	-	7,855,530
Public safety.....	-	-	-	7,856,442
Education.....	-	-	-	15,032,066
Public works.....	-	-	-	1,485,582
Community development.....	-	-	-	126,370
Health and human services.....	-	-	-	1,653,702
Culture and recreation.....	-	754	754	734,999
Community preservation.....	-	-	-	3,211,629
Debt service:				
Principal.....	-	-	-	170,000
Interest.....	-	-	-	272,778
TOTAL EXPENDITURES.....	-	754	754	38,399,098
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	-	732	732	7,210,806
OTHER FINANCING SOURCES (USES):				
Premium from issuance of bonds.....	-	-	-	1,837,186
Payments to refunded bond escrow agent.....	-	-	-	(9,013,030)
Proceeds from the sale of capital assets.....	-	-	-	18,869,818
Transfers in.....	-	-	-	2,621,421
Transfers out.....	-	-	-	(4,908,308)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	9,407,087
NET CHANGE IN FUND BALANCES.....	-	732	732	16,617,893
FUND BALANCES AT BEGINNING OF YEAR.....	433,126	178,368	611,494	40,238,892
FUND BALANCES AT END OF YEAR.....	\$ 433,126	\$ 179,100	\$ 612,226	\$ 56,856,785

(Concluded)

Statistical Section



The West Branch Library

Statistical Section

This part of the Annual Comprehensive 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 Annual Comprehensive Financial Reports for the relevant year.

Net Position By Component

Last Ten Years

	2012	2013	2014 (1)	2015	2016	2017 (2)	2018	2019	2020 (3)	2021
Governmental activities										
Net investment in capital assets.....	\$ 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	\$ 224,503,253
Restricted.....	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	66,536,393
Unrestricted.....	(18,721,004)	(23,786,300)	(145,351,160)	(149,966,003)	(156,698,433)	(339,726,313)	(343,484,682)	(346,604,182)	(352,912,928)	(267,727,953)
Total governmental activities net assets.....	\$ 130,888,990	\$ 137,184,838	\$ 13,248,665	\$ 7,864,518	\$ 249,822	\$ (184,614,969)	\$ (161,345,186)	\$ (132,425,159)	\$ (62,049,099)	\$ 23,311,693
Business-type activities										
Net investment in capital assets.....	\$ 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	\$ 70,703,535
Unrestricted.....	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	26,868,129
Total business-type activities net assets.....	\$ 47,726,062	\$ 51,015,039	\$ 54,154,313	\$ 57,086,589	\$ 61,526,134	\$ 66,331,801	\$ 71,920,213	\$ 85,990,001	\$ 91,222,320	\$ 97,571,664
Primary government										
Net investment in capital assets.....	\$ 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	\$ 295,206,788
Restricted.....	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	66,536,393
Unrestricted.....	4,926,854	(2,565,756)	(126,281,607)	(132,734,635)	(138,983,081)	(319,475,954)	(317,199,944)	(324,744,943)	(335,332,416)	(240,859,824)
Total primary government net position.....	\$ 178,615,052	\$ 188,199,877	\$ 67,402,978	\$ 64,951,107	\$ 61,775,956	\$ (118,283,168)	\$ (89,424,973)	\$ (46,435,158)	\$ 29,173,221	\$ 120,883,357

(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.

(3) = Unrestricted net position has been revised to reflect the implementation of GASB Statement #84

Expenses	Changes in Net Position									
	Last Ten Years									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government.....	\$ 22,124,384	\$ 25,892,120	\$ 27,028,141	\$ 30,201,124	\$ 32,270,976	\$ 34,076,945	\$ 39,372,354	\$ 45,798,151	\$ 41,941,228	\$ 45,787,511
Public safety.....	52,391,661	51,377,022	52,091,080	52,579,803	54,345,466	58,162,944	54,307,824	58,168,846	61,568,749	58,365,215
Education.....	113,396,259	113,753,374	121,176,505	114,802,360	124,740,381	132,958,254	128,921,395	136,314,822	132,572,764	128,235,260
Public works.....	23,631,860	25,203,877	26,974,196	33,520,992	28,974,827	28,957,827	31,017,581	30,766,736	35,201,167	31,368,498
Community development.....	5,225,117	5,092,521	5,399,251	5,739,644	5,177,695	9,696,020	4,556,948	5,623,403	4,243,725	5,387,639
Human services.....	316,137	288,766	227,030	229,633	178,570	244,417	279,442	468,398	882,548	1,753,478
Community preservation.....	-	-	56,770	77,672	347,016	1,522,282	4,207,687	1,848,792	2,338,365	3,278,789
Culture and recreation.....	4,160,530	4,895,015	3,868,022	4,948,901	4,787,187	5,245,975	5,843,577	5,780,260	4,515,562	5,644,695
Interest.....	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	6,596,003
Total government activities expenses.....	223,552,468	229,160,868	239,999,528	245,004,752	253,761,220	276,488,072	271,983,205	305,380,539	283,861,302	284,091,125
Business-type activities:										
Water.....	8,366,003	9,222,940	9,120,695	9,779,632	10,211,295	11,166,299	11,417,358	12,091,409	16,730,705	12,286,441
Sewer.....	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	23,373,281
Veteran's memorial ice rink.....	337,456	522,392	584,995	750,644	721,990	679,098	713,303	693,015	624,804	586,778
Dilboy stadium.....	132,312	147,794	217,761	160,855	136,199	154,881	143,967	144,238	171,128	181,541
Kennedy school pool.....	-	-	-	-	-	-	-	-	616,457	275,240
Total business-type activities expenses.....	23,639,435	25,196,794	25,735,352	27,003,468	28,168,643	30,106,761	30,884,785	32,256,968	39,861,786	36,703,281
Total primary government expenses.....	\$ 247,191,903	\$ 254,357,662	\$ 265,734,880	\$ 272,008,220	\$ 281,929,863	\$ 306,594,833	\$ 302,867,990	\$ 337,637,507	\$ 323,723,088	\$ 320,794,406
Program Revenues										
Governmental activities:										
General government charges for services.....	\$ 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	\$ 14,388,171
Public safety charges for services.....	10,402,813	10,743,269	9,504,549	9,701,430	9,726,266	11,648,005	10,933,048	12,128,811	12,306,646	14,491,188
Education charges for services.....	2,938,195	2,620,430	2,744,125	2,854,004	3,025,441	3,251,770	3,689,821	4,259,895	3,120,517	1,497,752
Other charges for services.....	2,318,541	2,009,294	1,234,865	1,200,251	1,280,431	1,231,044	1,417,770	1,591,500	2,476,008	1,328,266
General government operating grants and contributions.....	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	8,570,741
Public safety operating grants and contributions.....	583,597	733,021	1,035,751	787,168	734,344	587,768	780,100	1,504,557	1,977,424	1,737,346
Education operating grants and contributions.....	46,478,286	47,121,192	49,332,811	39,046,566	41,967,740	46,466,462	46,045,575	47,632,599	53,630,987	60,485,179
Public works operating grants and contributions.....	149,243	1,201,182	1,030,318	1,151,440	932,462	2,059,979	389,071	1,799,897	268,617	1,093,406
Community development operating grants and contributions.....	5,677,368	6,544,448	5,331,152	7,445,467	5,244,967	6,297,670	7,619,395	7,252,605	6,074,706	7,554,493
Other operating grants and contributions.....	1,012,441	991,642	1,028,356	957,692	861,352	888,955	900,158	1,834,924	3,097,493	4,972,600
Education capital grants and contributions.....	-	12,653,757	1,686,711	9,685	2,212,282	1,598,709	12,072,086	30,995,107	40,330,199	13,219,350
Other capital grants and contributions.....	1,014,340	951,439	365,429	991,751	2,090,371	440,747	2,152,819	5,592,603	3,345,161	4,623,260
Total government activities program revenues.....	78,411,569	92,495,263	81,648,678	81,326,496	79,735,335	88,890,968	109,725,810	135,127,693	141,741,579	133,981,732
Business-type activities:										
Water charges for services.....	11,972,625	11,878,296	11,952,312	11,923,024	13,249,816	13,945,725	14,027,720	13,771,306	13,748,243	14,761,070
Sewer charges for services.....	17,139,421	17,012,055	17,055,541	17,304,880	19,298,052	21,673,233	22,396,044	21,674,555	23,846,465	24,361,609
Veteran's memorial ice rink charges for services.....	270,626	377,422	530,583	579,538	638,822	587,035	634,804	570,342	484,286	467,827
Dilboy stadium charges for services.....	90,527	147,000	110,200	181,942	227,234	200,074	232,101	160,379	86,338	51,031
Kennedy School Pool charges for services.....	-	-	-	-	-	-	-	-	87,136	20,475
Other capital grant and contributions.....	1,322,550	-	654,755	-	-	-	-	7,891,015	5,456,391	-
Total business-type activities program revenues.....	30,795,749	29,414,773	30,303,391	29,989,384	33,413,924	36,406,067	37,290,669	45,807,597	43,668,859	39,662,012
Total primary government program revenues.....	\$ 109,207,318	\$ 121,910,036	\$ 111,952,069	\$ 111,315,880	\$ 113,149,259	\$ 125,297,035	\$ 147,016,479	\$ 180,935,290	\$ 185,410,438	\$ 173,623,744
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (145,140,899)	\$ (136,665,605)	\$ (158,590,850)	\$ (163,678,256)	\$ (174,025,885)	\$ (187,597,104)	\$ (162,257,395)	\$ (170,252,846)	\$ (142,119,723)	\$ (150,129,393)
Business-type activities.....	7,156,314	4,217,979	4,968,039	2,985,916	5,245,281	6,299,306	6,405,884	13,550,629	3,807,073	2,958,731
Total primary government net (expense)/program revenue.....	\$ (137,984,585)	\$ (132,447,626)	\$ (153,782,811)	\$ (160,692,340)	\$ (168,780,604)	\$ (181,297,798)	\$ (155,851,511)	\$ (156,702,217)	\$ (138,312,650)	\$ (147,170,662)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes.....	\$ 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	\$ 182,102,385
Tax and utility liens.....	-	465,853	966,105	416,809	297,772	201,283	159,603	771,316	121,868	847,056
Motor vehicle and other excise taxes.....	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	8,775,394
Penalties and interest on taxes.....	860,457	1,070,330	1,211,504	858,956	801,173	729,944	869,868	1,955,547	2,164,439	2,374,574
Payments in lieu of taxes.....	192,334	182,347	285,596	304,698	829,780	1,248,682	1,327,790	673,359	511,666	1,134,120
Community Preservation surtax.....	-	-	1,323,320	1,430,721	1,545,198	1,664,815	1,794,508	1,507,020	1,611,453	1,506,512
Grants and contributions not restricted.....	22,936,689	23,120,989	23,374,357	25,642,432	24,429,136	25,455,469	26,388,477	27,049,919	28,548,164	28,447,539
Unrestricted investment income.....	320,878	258,370	328,031	292,212	303,517	496,273	1,407,965	3,545,866	3,176,974	901,578
Gain on sale of assets.....	-	-	-	2,031,264	2,031,264	2,031,564	3,911	68,470	7,140	12,007,593
Miscellaneous.....	61,023	115,049	278,074	113,230	308,206	184,008	283,746	283,470	649,557	544,756
Transfers.....	670,598	1,075,842	526,840	217,176	949,090	(345,056)	(1,088,397)	(158,000)	(1,053,571)	(3,151,461)
Total governmental activities.....	134,332,341	142,961,453	149,275,914	160,325,673	168,442,753	176,234,502	185,527,178	199,172,873	212,352,986	235,490,185
Business-type activities:										
Unrestricted investment income.....	155,276	146,840	152,624	163,536	142,354	160,353	270,925	361,159	371,675	239,152
Transfers.....	(670,598)	(1,075,842)	(526,840)	(217,176)	(948,090)	345,056	(1,088,397)	158,000	1,053,571	3,151,461
Total business-type activities.....	(515,322)	(929,002)	(374,216)	(63,640)	(805,736)	505,409	(817,472)	519,159	1,425,246	3,390,613
Total primary government general revenues and other changes in net position.....	\$ 133,817,019	\$ 142,032,451	\$ 148,901,698	\$ 160,272,033	\$ 167,637,017	\$ 176,739,911	\$ 184,709,706	\$ 199,692,032	\$ 213,778,232	\$ 238,880,798
Changes in Net Position										
Governmental activities.....	\$ (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	\$ 85,360,792
Business-type activities.....	6,640,992	3,288,977	4,193,823	2,932,276	4,439,545	6,804,715	5,588,412	14,069,788	5,232,319	6,349,344
Total primary government changes in net position.....	\$ (4,167,566)	\$ 9,584,825	\$ (4,881,113)	\$ (420,307)	\$ (1,143,587)	\$ (4,557,887)	\$ 28,858,195	\$ 42,989,815	\$ 75,465,582	\$ 91,710,136

Note: 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>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 (1)</u>	<u>2021</u>
General Fund										
Committed.....	\$ 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	\$ 51,823,557
Assigned.....	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	5,550,794
Unassigned.....	<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>	<u>31,955,542</u>
Total general fund.....	<u>\$ 41,612,751</u>	<u>\$ 47,066,914</u>	<u>\$ 46,535,247</u>	<u>\$ 50,217,701</u>	<u>\$ 54,684,889</u>	<u>\$ 60,635,867</u>	<u>\$ 64,254,363</u>	<u>\$ 68,901,476</u>	<u>\$ 75,162,299</u>	<u>\$ 89,329,893</u>
All Other Governmental Funds										
Nonspendable.....	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126
Restricted.....	23,955,913	24,039,762	29,105,031	32,953,447	36,444,641	40,328,168	46,918,568	60,684,336	59,004,169	75,508,471
Unassigned.....	<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>	<u>(9,210,126)</u>
Total all other governmental funds..	<u>\$ 16,491,788</u>	<u>\$ 15,642,201</u>	<u>\$ 18,399,965</u>	<u>\$ 18,333,777</u>	<u>\$ 21,982,096</u>	<u>\$ 29,376,280</u>	<u>\$ 16,316,019</u>	<u>\$ 22,190,450</u>	<u>\$ 51,120,240</u>	<u>\$ 66,731,471</u>

(1) Previously reported fund balance has been revised to reflect the implementation of GASB Statement #84 - *Fiduciary Activities*.

Changes in Fund Balances, Governmental Funds

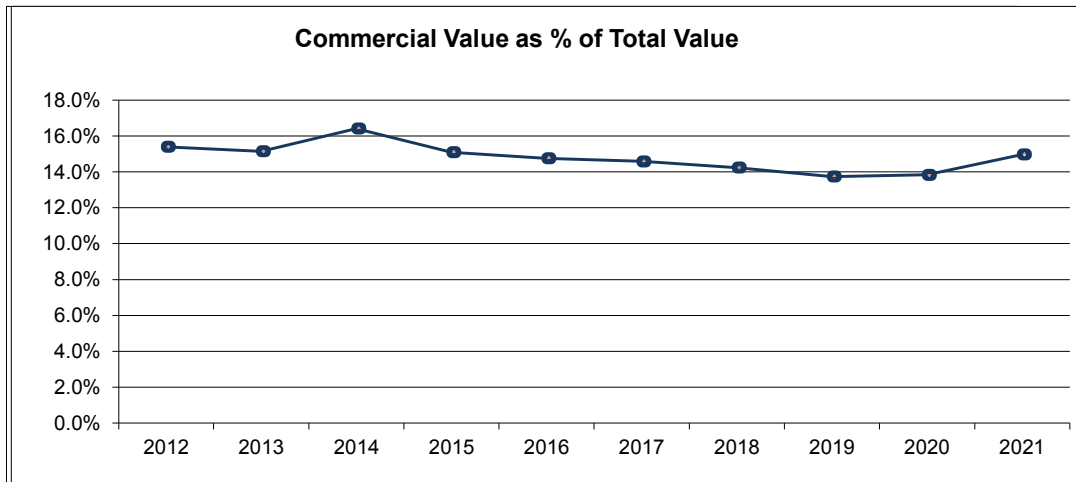
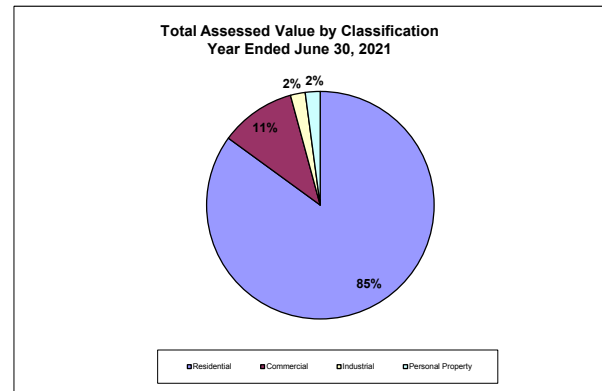
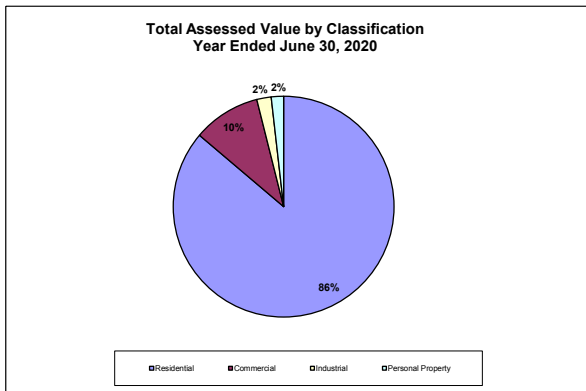
Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Real estate and personal property taxes.....	\$ 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	\$ 183,154,974
Tax liens.....	1,297,050	1,118,479	847,582	654,405	606,130	392,962	192,533	291,986	278,585	356,770
Motor vehicle and other excise taxes.....	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	9,044,955
Payments in lieu of taxes.....	192,334	182,347	285,596	304,688	829,780	1,248,682	1,327,790	1,507,020	1,611,453	1,506,512
Intergovernmental.....	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	119,902,291
Departmental and other.....	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	33,486,068
Community preservation taxes.....	-	-	1,323,320	2,335,638	2,375,654	2,085,496	2,164,973	2,387,889	2,645,305	5,665,648
Contributions.....	1,361,020	1,126,151	256,094	3,044,440	757,874	621,388	644,117	855,434	3,014,993	4,151,637
Investment income.....	320,878	238,620	238,031	292,212	308,289	500,910	1,415,231	3,535,215	3,176,974	901,578
Miscellaneous.....	71,679	102,500	268,687	113,209	205,935	134,582	537,703	282,746	649,557	544,795
Total Revenue.....	219,541,952	237,311,147	235,532,213	242,409,811	246,020,919	269,541,142	296,190,280	339,388,587	350,428,491	358,715,228
Expenditures:										
General government.....	12,679,343	16,705,382	17,643,136	19,760,973	21,121,725	22,099,097	26,581,937	31,844,419	30,322,989	37,364,735
Public safety.....	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	54,955,284
Education.....	63,303,388	65,203,861	68,950,650	71,696,093	76,278,689	78,217,082	82,088,771	83,620,583	93,628,445	89,604,887
Public works.....	19,831,102	21,203,002	23,213,680	30,173,419	24,285,794	26,189,372	26,404,859	29,827,378	26,750,696	25,700,629
Community development.....	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	5,387,639
Health and human services.....	312,548	288,766	224,330	229,633	178,570	244,417	276,304	430,234	882,548	1,753,478
Culture and recreation.....	2,413,694	2,853,452	1,792,055	716,322	2,624,181	3,004,178	3,499,569	3,165,517	2,362,682	4,161,972
Pension benefits.....	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	39,030,617
Employee benefits.....	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	27,891,360
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	3,278,789
State and county charges.....	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	13,340,937
Capital outlay.....	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	85,149,657
Debt service:										
Principal.....	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	8,140,553
Interest.....	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	7,313,526
Total Expenditures.....	251,491,751	247,831,264	241,054,596	248,282,551	257,554,893	273,276,254	318,928,299	348,623,065	438,140,310	403,074,063
Excess of revenues over (under) expenditures.....	(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)	(44,358,835)
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	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	36,992,000
Issuance of refunding bonds.....	-	-	-	-	-	-	7,810,975	-	-	-
Premium from issuance of bonds.....	353,483	96,302	962,253	-	930,391	2,970,178	2,119,409	2,950,552	1,970,136	10,440,333
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	578,540	-	-	-
Payments to refunded bond escrow agent.....	-	-	-	-	-	-	(8,448,080)	-	-	(9,013,030)
Proceeds from the sale of assets.....	16,384	12,549	9,387	-	-	2,120,152	3,911	68,470	7,140	18,869,818
Transfers in.....	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	8,194,458
Transfers out.....	(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)	(11,345,919)
Total other financing sources (uses).....	16,790,465	15,124,693	7,748,480	9,489,006	19,649,481	17,080,274	13,296,254	19,756,022	122,759,635	54,137,660
Special item:										
MBTA reimbursement.....	-	-	-	-	-	-	-	-	-	20,000,000
Net change in fund balance.....	\$ (15,159,334)	\$ 4,604,576	\$ 2,226,097	\$ 3,616,266	\$ 8,115,507	\$ 13,345,162	\$ (9,441,765)	\$ 10,521,544	\$ 35,047,816	\$ 29,778,825
Debt service as a percentage of noncapital expenditures.....	4.62%	4.47%	4.31%	4.69%	4.18%	4.28%	4.11%	4.64%	4.24%	4.86%

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
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
2021	\$ 16,408,557,580	\$ 10.19	\$ 2,070,545,428	\$ 411,238,800	\$ 407,549,990	\$ 2,889,334,218	\$ 16.69	\$ 11.16	\$ 19,297,891,798



(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

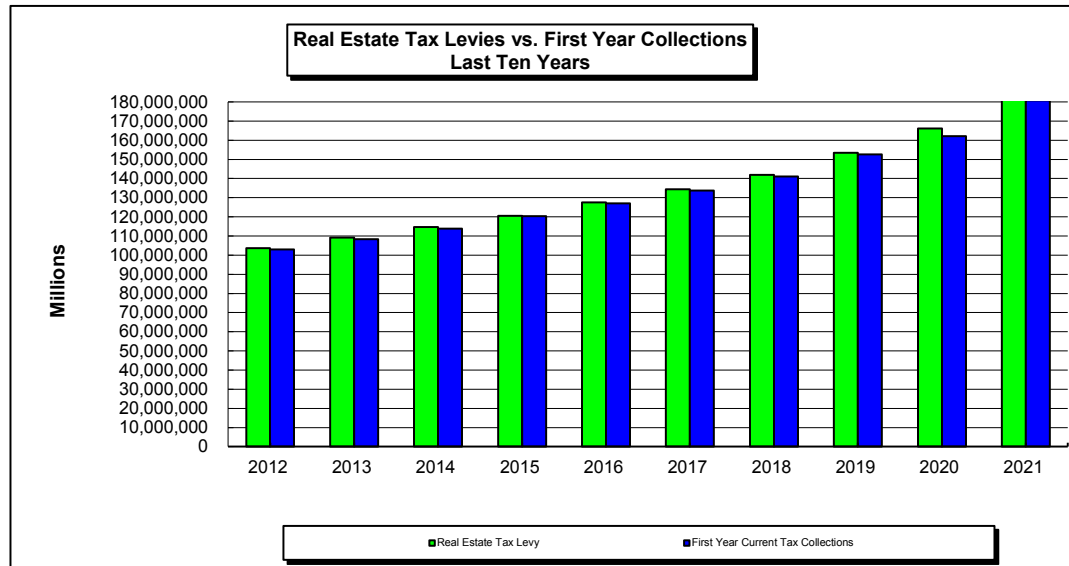
Name	Nature of Business	2021			2012		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Street Retail Inc	Commercial/Residential	\$ 666,057,800	1	7.05%	-	-	-
DW NP Property LLC	Office Building	\$ 131,509,900	2	1.39%	-	-	-
NSTAR Electric Co	Electric Company	\$ 113,433,900	3	1.20%	\$ 62,673,210	1	0.73%
FR Assembly Square LLC	Shopping Mall	\$ 86,679,600	4	0.92%	\$ 62,624,000	2	0.73%
NSTAR Gas Co	Electric Company	\$ 81,936,950	5	0.87%	\$ 20,454,580	9	0.24%
Twin City Plaza LLC	Retail Mall	\$ 57,724,600	6	0.61%	\$ 54,938,000	3	0.64%
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%	\$ 33,680,000	5	0.39%
IMP Maxwell's Green LLC	Residential	\$ 69,256,800	9	0.73%	-	-	-
GAHC3 Somerville MOB LLC	Professional Building	\$ 39,501,600	10	0.42%	-	-	-
FR Sturtevant Street LLC	Retail	-	-	-	\$ 32,094,100	6	0.37%
Kadima Medical Properties LLC	Professional Building	-	-	-	\$ 24,275,800	7	0.28%
National Tax Search LLC Trustee	Office Building	-	-	-	\$ 20,923,200	8	0.24%
Davis Square Real Estate LLC	Bank/Offices	-	-	-	\$ 18,301,200	10	0.21%
	Totals	<u>\$1,331,969,850</u>		<u>14.10%</u>	<u>\$365,964,090</u>		<u>4.26%</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
2012	\$ 104,765,287	\$ 1,088,607	\$ 103,676,680	\$ 102,975,339	99.32%	\$ 697,412	\$ 103,672,751	100.00%
2013	\$ 109,923,036	\$ 799,886	\$ 109,123,150	\$ 108,407,664	99.34%	\$ 711,197	\$ 109,118,861	100.00%
2014	(1) \$ 116,112,597	\$ 1,416,537	\$ 114,696,060	\$ 113,841,400	99.25%	\$ 851,701	\$ 114,693,101	100.00%
2015	\$ 122,165,461	\$ 1,697,496	\$ 120,467,965	\$ 120,376,618	99.92%	\$ 814,180	\$ 121,190,798	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%	\$ 907,818	\$ 134,638,607	100.21%
2018	\$ 143,491,095	\$ 1,528,746	\$ 141,962,349	\$ 141,091,495	99.39%	\$ 797,866	\$ 141,889,361	99.95%
2019	(1) \$ 155,031,240	\$ 1,647,702	\$ 153,383,538	\$ 152,583,237	99.48%	\$ 1,034,105	\$ 153,617,342	100.15%
2020	\$ 167,812,263	\$ 1,706,610	\$ 166,105,653	\$ 162,135,904	97.61%	\$ 2,743,914	\$ 164,879,818	99.26%
2021	\$ 184,014,988	\$ 1,721,279	\$ 182,293,709	\$ 180,761,820	99.16%	\$ -	\$ 180,761,820	99.16%



(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
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%
2021	81,045	\$ 4,002,164,190	\$ 19,297,891,798	\$ 263,051,247	\$ -	\$ 3,246	6.57%	1.36%

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
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%
2021	\$ 21,588,513	\$ -	\$ 284,639,760	\$ 3,512	7.11%	1.47%

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

Computation of Legal Debt Margin

Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Equalized Valuation.....	\$ 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	\$ 19,987,384,600
Debt Limit -5% of Equalized Valuation....	\$ 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	\$ 999,369,230
Less:										
Outstanding debt applicable to limit.....	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	94,353,156
Authorized and unissued debt.....	21,688,655	16,399,828	18,467,952	31,140,652	53,584,828	94,436,450	158,894,669	155,911,994	188,357,575	227,173,211
Legal debt margin.....	<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>	<u>\$ 677,842,863</u>
Total debt applicable to the limit as a percentage of debt limit.....	13.03%	10.99%	13.72%	13.78%	19.04%	23.77%	35.11%	30.06%	32.53%	32.17%

Source: Official Statement for Sale of Bonds

Direct and Overlapping Governmental Activities Debt

As of June 30, 2021

<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.....	\$ 1,960,227,000	3.24%	\$ 63,405,419
MWRA Sewer.....	3,153,683,000	3.42%	107,694,916
Massachusetts Bay Transportation Authority.....	5,349,356,000	3.08%	<u>164,920,645</u>
Subtotal, overlapping debt.....			<u>336,020,980</u>
City direct debt.....			<u>263,051,247</u>
Total direct and overlapping debt.....			<u>\$ 599,072,227</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
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%
2021	81,045	\$ 4,002,164,190	\$ 49,382	32.6	4.4%

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	2021			2012		
		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	9.2%
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	450	8	1.6%	-	-	-
Rogers Foam Corp.	Foam Products	300	9	1.1%	300	6	1.4%
Stop & Shop	Grocery Store	300	10	1.1%	-	-	-
Federal Realty Investment Trust	Real Estate	-	-	-	510	4	2.3%
Gentle Giant	Local Trucking	-	-	-	375	5	1.7%
Van der Weil	Engineering/Consulting	-	-	-	300	7	1.4%
Visiting Nurses	Healthcare	-	-	-	250	8	1.1%
Harvard Vanguard	Healthcare	-	-	-	225	9	1.0%
FISEVR	Data Processing	-	-	-	220	10	1.0%
	Totals	<u>9,806</u>		<u>35.3%</u>	<u>5,740</u>		<u>26.3%</u>

Source: Massachusetts Department of Workforce Development

Full-Time Equivalent City Employees

Last Ten Years

	<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>2021</u>
<u>Full-Time Equivalents</u>										
General government.....	221	226	232	238	239	246	248	254	252	281
Public safety.....	252	260	267	272	275	282	285	291	289	322
School.....	845	892	908	923	929	937	1107	1139	1074	1096
Public works.....	115	119	122	124	126	129	130	133	132	147
Health and human services.....	23	24	25	25	26	26	27	27	27	30
Culture and recreation.....	11	11	12	12	12	12	12	13	13	14
Community development.....	<u>53</u>	<u>55</u>	<u>56</u>	<u>58</u>	<u>58</u>	<u>60</u>	<u>60</u>	<u>62</u>	<u>61</u>	<u>68</u>
Total	<u><u>1,520</u></u>	<u><u>1,587</u></u>	<u><u>1,622</u></u>	<u><u>1,652</u></u>	<u><u>1,665</u></u>	<u><u>1,692</u></u>	<u><u>1,869</u></u>	<u><u>1,919</u></u>	<u><u>1,848</u></u>	<u><u>1,958</u></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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government:										
Registered Voters.....	45,987	47,484	47,454	45,655	51,319	51,362	54,672	54,351	58,173	59,627
Births.....	962	957	974	863	838	854	798	772	723	607
Marriages.....	503	591	548	513	590	606	557	511	294	339
Deaths.....	420	410	517	589	561	427	415	405	492	528
Dogs Licensed.....	1,967	1,790	2,127	1,780	2,053	1,831	1,759	1,870	1,899	2,054
Business Certificates.....	451	425	483	318	307	274	290	229	192	200
Fire:										
Total Fires.....	279	476	377	431	429	462	442	389	452	417*
Structure Fires.....	60	107	56	258	321	354	360	321	365	339*
Vehicle Fires.....	15	24	14	24	14	21	17	14	13	14*
Other Fires.....	204	345	307	149	94	87	65	54	71	63*
Civilian										
Deaths.....	1	0	0	0	0	0	0	0	0	0*
Injuries.....	22	5	1	0	8	5	3	2	5	2*
Fire Service										
Deaths.....	0	0	0	0	0	0	0	0	0	0*
Injuries.....	44	71	38	17	29	23	75	102	56	77*
Dollar Loss.....	\$ 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*	\$ 2,797,283*
Police:										
Violent crime total.....	258	178	206	183	198	172	184	167	135*	162*
Murder and nonnegligent manslaughter...	0	0	1	0	0	2	0	0	1*	0*
Forcible rape.....	22	17	10	8	15	19	26	17	17*	20*
Robbery.....	84	51	58	40	48	39	44	38	17*	33*
Aggravated assault.....	152	110	137	135	135	112	114	112	100*	109*
Property crime total.....	1,752	1,552	1,253	1,695	1,239	1,104	1,062	1,053	997*	1,037*
Burglary.....	349	430	192	305	207	171	161	140	120*	140*
Larceny-theft.....	1,270	1,021	949	1,257	931	834	789	825	784*	799*
Motor vehicle theft.....	133	101	112	133	101	99	112	88	93*	97*
Traffic and Parking:										
Tickets Issued.....	149,844	144,919	128,449	140,974	137,973	125,472	124,855	127,424	97,843	83,414*
Inspectional:										
Building Permit Count.....	1,682	1,775	1,775*	2,166	2,034	2,186	2,194	2,033	1,589	1,985
Education:										
Total enrollment.....	4,877	4,922	4,940	4,987	4,931	4,950	4,956	4,909	4,755	4,691
Library:+										
Total Circulation.....	448,579	415,666	411,566	387,222	396,812	378,929	381,074	394,531	358,169	377,924
Total Holdings.....	192,229	194,451	200,522	205,045	211,941	215,289	217,865	221,390	223,095	220,783
Registered users.....	27,934	28,017	29,611	29,351	33,500	34,395	28,626	36,746	37,011	34,127

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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
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	3	3	3	3	3	3	3	3	3
Public works:										
Streets (miles).....	106.17	108.97	115.11	119.7	119.7	119.7	119.7	119.7	119.7	119.7
Electric:										
Streetlights.....	4,032	4,032	4,032	4,056	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.....	43	43	43	43	69	69	69	69	69	69
Acreage.....	51.35	51.35	51.35	51.35	58.3	58.3	58.3	57.6	57.6	57.6
DCR Parks in Somerville										
Number of Parks.....	6	6	6	6	8	8	8	8	8	8
Acreage.....	77.5	77.5	77.5	77.5	81.3	81.3	81.3	81.3	81.3	81.3
Other Open and Public Space										
Number of Spaces.....	28	28	28	28	10	11	11	13	13	13
Acreage.....	50.34	50.34	50.34	50.34	19.3	25.0	25.0	32.1	32.1	32.1
Water:										
Water mains (miles).....	125	125	125	125	125	125	125	125	125	125
Fire hydrants.....	1,523	1,523	1,550	1,555	1,555	1,555	1,555	1,555	1,555	1,555
Education:										
Elementary schools.....	9	10	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