

OFFICIAL STATEMENT DATED MAY 17, 2023

Rating: See "Rating" herein.
S&P Global Ratings: AAA

New Issue

In the opinion of Locke Lord LLP, Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. For tax years beginning after December 31, 2022, however, interest on the Bonds will be included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Exemption" herein. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

CITY OF SOMERVILLE, MASSACHUSETTS
\$34,275,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2023 BONDS

DATED
Date of Delivery

DUE
June 1
(as shown below)

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

Principal of the Bonds will be payable June 1 of the years in which the Bonds mature. Interest on the Bonds will be payable on June 1 and December 1, commencing December 1, 2023. Principal and semiannual interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts, or its successor as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

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

An opinion of Bond Counsel will be delivered with the Bonds to the effect that the Bonds are valid general obligations of the City of Somerville, Massachusetts, and that the principal of and interest on the Bonds are payable from taxes that may be levied upon all taxable property in the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws provided that taxes levied on certain taxable property located within a development district established by the City pursuant to Chapter 40Q of the General Laws may be restricted and unavailable to pay the principal of and interest on the Bonds.

MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS

Due June 1	Principal Amount	Interest Rate	Yield	CUSIP # 835241	Due June 1	Principal Amount	Interest Rate	Yield	CUSIP # 835241
2024	\$ 1,515,000	5.00 %	3.05 %	HY9	2034	\$ 1,170,000	5.00 %	2.35 %	JJ0
2025	1,585,000	5.00	2.78	HZ6	2035	1,235,000	5.00	2.48	JK7
2026	1,675,000	5.00	2.58	JA9	2036	1,305,000	5.00	2.65	JL5
2027	1,670,000	5.00	2.36	JB7	2037	1,360,000	5.00	2.80	JM3
2028	1,635,000	5.00	2.30	JC5	2038	1,265,000	5.00	2.90	JN1
2029	1,595,000	5.00	2.25	JD3	2039	815,000	5.00	2.96	JP6
2030	1,690,000	5.00	2.22	JE1	2040	860,000	4.00	3.63	JQ4
2031	1,765,000	5.00	2.24	JF8	2041	895,000	4.00	3.68	JR2
2032	1,855,000	5.00	2.25	JG6	2042	930,000	4.00	3.73	JS0
2033	1,950,000	5.00	2.30	JH4	2043	970,000	4.00	3.80	JT8

\$1,940,000 Interest Rate 4.00% Term Bond Maturing June 1, 2045 Yield 3.90% CUSIP #: 835241 JV3

\$3,205,000 Interest Rate 4.00% Term Bond Maturing June 1, 2048 Yield 4.05% CUSIP#: 835241 JY7

\$1,390,000 Interest Rate 4.00% Term Bond Maturing June 1, 2053 Yield 4.08% CUSIP#: 835241 KD1

The Bonds are offered subject to the final approving opinion of Locke Lord LLP, Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. Hilltop Securities Inc., Boston, Massachusetts has acted as Financial Advisor to the City with respect to the Bonds. The Bonds in definitive form will be delivered to the Successful Bidder at DTC, or its custodial agent, on or about June 1, 2023 for settlement in federal funds.

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The Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds described herein shall, under any circumstances, create any implication that there has been no material change in the affairs of the City of Somerville, since the date hereof.

SUMMARY STATEMENT

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

Date of Sale: Wednesday, May 17, 2023, 11:00 a.m. (Eastern Time).

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

Issuer: City of Somerville, Massachusetts.

Issue: \$34,275,000 General Obligation Municipal Purpose Loan of 2023 Bonds, see "THE BONDS - Book-Entry Transfer System" herein.

Official Statement Dated: May 17, 2023.

Dated Date of the Bonds: Date of delivery.

Principal Due: Serially June 1, 2024 through June 1, 2043, inclusive, and three Term Bonds maturing June 1, 2045, June 1, 2048 and June 1, 2053, as detailed herein.

Interest Payable: Semi-annually June 1 and December 1, commencing December 1, 2023.

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

Purpose and Authority: Bond proceeds will finance various municipal projects as authorized by the City under provisions of the Massachusetts General Laws as detailed herein.

Security of the Bonds: The Bonds are valid and binding general obligations of the City and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws, provided that taxes levied on certain taxable property located within a development district established by the City pursuant to Chapter 40Q of the General Laws may be restricted and unavailable to pay the principal of and interest on the Bonds.

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

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

Basis of Award: Lowest True Interest Cost (TIC), as of the dated date. **BIDS MUST INCLUDE A PREMIUM OF AT LEAST \$165,000.**

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

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

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

Paying Agent: U.S. Bank Trust Company, National Association, Boston, Massachusetts.

Bond Counsel: Locke Lord LLP, Boston, Massachusetts.

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

Delivery and Payment: It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about June 1, 2023 against payment in federal funds.

Issuer Official: Questions concerning the Official Statement should be addressed to: Linda Dubuque, Treasurer/Collector, City of Somerville, Massachusetts Telephone (617) 625-6600 or Cinder McNerney, Regional Managing Director, Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4408.

NOTICE OF SALE
CITY OF SOMERVILLE, MASSACHUSETTS

\$37,715,000* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2023 BONDS

The City of Somerville, Massachusetts (the "City") will receive electronic (as described herein) proposals until 11:00 a.m., Eastern Time, Wednesday, May 17, 2023, for the purchase of the following described \$37,715,000* General Obligation Municipal Purpose Loan of 2023 Bonds of the City (the "Bonds"):

\$37,715,000* General Obligation Municipal Purpose Loan of 2023 Bonds payable June 1 of the years and in the amounts as follows:

Due June 1	Principal Amount*	Due June 1	Principal Amount*
2024	\$ 2,365,000	2039	** \$ 815,000
2025	2,460,000	2040	** 845,000
2026	2,590,000	2041	** 885,000
2027	1,965,000	2042	** 915,000
2028	1,950,000	2043	** 960,000
2029	1,645,000	2044	** 935,000
2030	1,745,000	2045	** 975,000
2031	1,820,000	2046	** 1,015,000
2032	1,910,000	2047	** 1,055,000
2033	** 2,010,000	2048	** 1,095,000
2034	** 1,180,000	2049	** 255,000
2035	** 1,245,000	2050	** 265,000
2036	** 1,310,000	2051	** 275,000
2037	** 1,375,000	2052	** 290,000
2038	** 1,265,000	2053	** 300,000

*Preliminary, subject to change.

**Callable maturities. May be combined into one, two or three Term Bonds.

The Bonds will be dated as of their delivery date. Principal of the Bonds will be payable June 1 of the years in which the Bonds mature. Interest will be payable on June 1 and December 1 of each year until maturity, or redemption prior to maturity, commencing December 1, 2023.

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

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

Principal of and semi-annual interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts, or its successor as Paying Agent. So long as DTC or its nominee, Cede & Co., is the bondowner, such payments will be made directly to DTC. The disbursement of such payments to DTC Participants is the responsibility of DTC, and the disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and indirect Participants, as more fully described herein.

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

Bonds maturing on or prior to June 1, 2032 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on and after June 1, 2033 shall be subject to redemption prior to maturity, at the option of the City, on or after June 1, 2032, either in whole or in part at any time, and if in part, by lot within a maturity, **at the par amount of the Bonds to be redeemed** plus accrued interest to the redemption date.

For Bonds maturing on June 1, 2033 and thereafter, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise a maturity of Term Bonds scheduled to mature in the latest of the combined years, and shall be subject to mandatory redemption prior to maturity at par as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule. Bidders may specify no more than three maturities of Term Bonds.

Bidding Parameters

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent, or (c) any coupon rate in excess of 5.0%. No bid of less than par plus a premium of at least \$165,000 will be considered.

The current Bond structure does not reflect any premium. The City reserves the right to change the aggregate principal amount of the Bonds and the maturity schedule after the determination of the winning bid by decreasing the aggregate principal amount and to increase or decrease the principal amount of each maturity by such amounts as may be necessary (i) to reflect the premium, net of issuance costs, to be received by the City, and (ii) to restructure the debt service on all of the Bonds, after reducing and/or eliminating the shortest maturities within each fund by the net premium to be received, to be as close to equal on an annual basis as practicable for each project funded through its applicable final maturity in compliance with the Massachusetts General Laws. It is noted that any and all of the principal amounts currently shown in the maturity schedule in excess of \$1,000,000 could be decreased below \$1,000,000 in this process depending upon the net premium to be received by the City. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS WITHIN THESE LIMITS. The dollar amount bid for the Bonds by the Successful Bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the Successful Bidder by 4 p.m. Eastern Time on the day of the sale.

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the City. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of June 1, 2023, discounts semiannually all future payments on account of principal and interest to the price bid, not including interest accrued to date of delivery, which accrued interest shall be paid by the Successful Bidder. In the event there is more than one proposal specifying the lowest such rate, the Bonds will be awarded to the bidder whose proposal is selected by the City Treasurer by lot among all such proposals.

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

The award of the Bonds to the Successful Bidder will not be effective until the bid has been approved by the Treasurer and the Mayor of the City.

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

An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the City.

It shall be a condition to the obligation of the Successful Bidder to accept delivery of and pay for the Bonds that, contemporaneously with or before accepting the Bonds and paying therefor, it shall be furnished, without cost, with (a) the approving opinion of the firm of Locke Lord LLP, Boston, Massachusetts, substantially in the form presented in Appendix B to the Preliminary Official Statement dated May 10, 2023; (b) a certificate in form satisfactory to said firm, dated as of the date of delivery of the Bonds and receipt of payment therefor, to the effect that there is no litigation pending or, to the knowledge of the signer or signers thereof, threatened affecting the validity of the Bonds or the power of the City to levy and collect taxes to pay them, (c) a certificate of the City Treasurer to the effect that, to the best of her knowledge and belief, both the Preliminary Official Statement as of its date and as of the date of sale and the Final Official Statement as of its date and as of the date of delivery of the Bonds do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate substantially in the form presented in Appendix C to the Preliminary Official Statement.

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

Establishment of Issue Price

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

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

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

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

In the event that the competitive sale requirements are not satisfied, the City shall so advise the Successful Bidder. In this event the Successful Bidder may use either Option A, Option B, or Option C set forth herein.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Bonds to the Public and the 10% Test to Apply. If the competitive sale requirements are not satisfied and the Successful Bidder intends to reoffer the Bonds to the public, the Successful Bidder may, at its option, use the first price at which 10% of a maturity of the Bonds (the “10% Test”) is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The successful bidder shall advise the Financial Advisor if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds.

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

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

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

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

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

Successful Bidder must provide to the City on or before the Closing Date, in addition to the certification described in Exhibit 1, the certificate substantially in the form attached to this Notice of Sale as Exhibit 1 – Option B with evidence that each underwriter of the Bonds, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

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

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

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

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

Additional information concerning the City and the Bonds is contained in the Preliminary Official Statement dated May 10, 2023 to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes and is not a part of this Notice of Sale. The Preliminary Official Statement has been deemed final by the City except for the omission of the reoffering prices, interest rates, and other terms of the Bonds depending on such matters, and the identity of the underwriters, but is subject to change without notice and to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts, 02114 telephone (617-619-4400). Within 7 business days following the award of the Bonds and receipt of necessary information from the Successful Bidder(s), 5 copies of the Final Official Statement will be made available to the Successful Bidder. Upon request, additional copies will be provided at the expense of the requester.

The Bonds in definitive form will be delivered to The Depository Trust Company or the offices of its custodial agent on or about June 1, 2023 for settlement in federal funds.

CITY OF SOMERVILLE, MASSACHUSETTS
/s/ Linda Dubuque, Treasurer/Collector

May 10, 2023

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Met]

City of Somerville, Massachusetts
\$37,715,000* General Obligation Municipal Purpose Loan of 2023 Bonds dated June 1, 2023

ISSUE PRICE CERTIFICATE AND RECEIPT

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

1. Reasonably Expected Initial Offering Prices.

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

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

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

2. Defined Terms.

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

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

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is May 17, 2023.

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

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

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

Dated: _____, 2023

[NAME OF SUCCESSFUL BIDDER]

By: _____

Name:

Title:

 *Preliminary, subject to change.

SCHEDULE A
EXPECTED OFFERING PRICES
(To Be Attached)

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

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the Hold the Price Rule to Apply]

City of Somerville, Massachusetts

\$37,715,000* General Obligation Municipal Purpose Loan of 2023 Bonds dated June 1, 2023

ISSUE PRICE CERTIFICATE AND RECEIPT

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

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

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

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

2. Defined Terms.

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

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

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

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

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

Dated: _____, 2023

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____
Name:
Title:

*Preliminary, subject to change.

**SALE PRICES
(To be Attached)**

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

**City of Somerville, Massachusetts
\$37,715,000* General Obligation Municipal Purpose Loan of 2023 Bonds dated June 1, 2023**

ISSUE PRICE CERTIFICATE AND RECEIPT

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

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

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

For each Maturity of the Bonds as to which no price is listed in Schedule A (the “Unsold Maturities”), as set forth in the Notice of Sale for the Bonds, the [Successful Bidder][Representative] and any other Underwriter did not [and will not] reoffer the Unsold Maturities until the earlier of (i) _____, 2023 or (ii) the date on which the [Successful Bidder][Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

2. Defined Terms.

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

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

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

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

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

Dated: _____, 2023

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____
Name:
Title:

*Preliminary, subject to change.

SCHEDULE A
SALE PRICES
(To be Attached)

OFFICIAL STATEMENT

CITY OF SOMERVILLE, MASSACHUSETTS

\$34,275,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2023 BONDS

This Preliminary Official Statement is provided for the purpose of presenting certain information relating to the City of Somerville, Massachusetts (the "City"), in connection with the sale of \$34,275,000 aggregate principal amount of its General Obligation Municipal Purpose Loan of 2023 Bonds (the "Bonds"). The information contained herein has been furnished by the City, except information attributed to another source.

THE BONDS

Description of the Bonds

The Bonds will be dated as of their delivery date and will bear interest payable semiannually on June 1 and December 1 of each year until maturity or redemption prior to maturity, commencing December 1, 2023. The Bonds shall mature on June 1 of the years and in the principal amounts as set forth on the cover page of this Official Statement.

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

Principal of and semiannual interest on the Bonds will be paid by U.S. Bank Trust Company, National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursements of such payments to the DTC Participants are the responsibility of DTC and disbursements of such payments to the Beneficial Owners are the responsibility of the DTC Participants and the indirect Participants, as more fully described herein.

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

Redemption Provisions

Optional Redemption

Bonds maturing on or prior to June 1, 2032 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on and after June 1, 2033 shall be subject to redemption prior to maturity, at the option of the City, on or after June 1, 2032, either in whole or in part at any time, and if in part, by lot within a maturity, **at the par amount of the Bonds to be redeemed**, plus accrued interest to the redemption date.

Mandatory Redemption

The Bonds maturing June 1, 2045, June 1, 2048 and June 1, 2053 (the "Term Bonds") are subject to mandatory redemption or maturity on each of the dates and in each of the principal amounts set forth below (the particular portion of each Term Bonds to be redeemed or to mature on the final maturity date to be delivered by lot), at a redemption price of par, plus accrued interest, if any, to the redemption date.

\$1,940,000 Term Bond Maturing June 1, 2045

<u>June 1,</u>	<u>Principal Amount</u>
2044	\$950,000
2045	990,000

*Final Maturity.

\$3,205,000 Term Bond Maturing June 1, 2048

<u>June 1,</u>	<u>Principal Amount</u>
2046	\$1,025,000
2047	1,070,000
2048*	1,110,000

*Final Maturity.

\$1,390,000 Term Bond Maturing June 1, 2053

<u>June 1,</u>	<u>Principal Amount</u>
2049	\$255,000
2050	265,000
2051	280,000
2052	290,000
2053*	300,000

*Final Maturity.

Notice of Redemption

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

Record Date

The record date for each payment of interest on the Bonds is the fifteenth day of the month preceding the interest payment date. If such date is not a business day, the record date shall be the next succeeding business day. With respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

Book-Entry Transfer System

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

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

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

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

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

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

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

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

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

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

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

Authorization of the Bonds and Use of Proceeds

The following table sets forth the principal amounts, purposes, notes outstanding, original authorization amounts, dates of approval and statutory references for the current issues of Bonds. Proceeds of the Bonds may be transferred or re-appropriated to other capital projects to the extent a project is completed or abandoned and such proceeds remain unspent.

This Issue	Purpose	Total Notes Outstanding (1)	Total Amount Authorized	Date Approved	Statutory Authority (M.G.L., as amended)
\$ 1,180,740	Street, Sidewalk & ADA Repairs	\$ -	\$ 2,700,000	6/13/2017	Ch. 44, s.7(1)
2,805,000	Somerville Ave Water Improvements	3,818,746	8,500,000	12/20/2017	Ch. 40Q
13,497,000	Somerville Ave Sewer Improvements	27,529,463	40,900,000	12/20/2017	Ch. 40Q
4,488,000	Somerville Ave Streetscape Improvements	11,815,873	13,600,000	12/20/2017	Ch. 40Q
110,000	Davis Square Interim Improvements	-	600,000	7/15/2019	Ch. 44, s.7(7)
650,240	90 Washington Street Demolition	807,000	817,000	10/1/2019	Ch. 44, s.7(7) & Ch. 121B
1,982,397	Street & Sidewalk Reconstruction	850,000	3,730,000	10/29/2019	Ch. 44, s.7(1)
365,000	Sewer System Evaluation & I/I Study	-	1,660,000	10/29/2019	Ch. 44, s.7(1)
169,205	Conway Park Remediation & Renovation	-	6,086,250	10/27/2020	Ch. 44, s.7(1)
730,773	Building Improvements	-	2,520,000	6/3/2021	Ch. 44, s.7(1)
3,383,256	Spring Hill Sewer Separation Project - Streetscape	810,362	8,002,417	6/29/2021	Ch. 44, s.7(1)
1,946,500	Water Meter Replacement	-	7,000,000	7/12/2021	Ch. 44, s. 8(6)
86,241	Marginal Interceptor Sewer Rehabilitation	-	4,400,000	10/20/2021	Ch. 44, s.7(1)
2,493,525	Sewer & Drainpipe Rehab	-	4,050,000	10/20/2021	Ch. 44, s.7(1)
337,123	Street & Sidewalk Improvements	-	3,604,801	11/4/2021	Ch. 44, s.7(1)
50,000	Sewer Improvements	-	4,390,000	10/27/2022	Ch. 44, s.7(1)
<u>\$ 34,275,000</u>		<u>\$ 45,631,444</u>	(1)		

(1) This issue will retire Bond Anticipation Notes maturing June 2, 2023.

Principal Payments by Fund

Maturity Year	General	Sewer	Water	TOTAL
2024	\$ 911,734	\$ 401,766	\$ 201,500	\$ 1,515,000
2025	955,000	425,000	205,000	1,585,000
2026	1,005,000	450,000	220,000	1,675,000
2027	970,000	470,000	230,000	1,670,000
2028	895,000	495,000	245,000	1,635,000
2029	910,000	435,000	250,000	1,595,000
2030	970,000	455,000	265,000	1,690,000
2031	1,010,000	475,000	280,000	1,765,000
2032	1,060,000	500,000	295,000	1,855,000
2033	1,115,000	525,000	310,000	1,950,000
2034	565,000	535,000	70,000	1,170,000
2035	600,000	560,000	75,000	1,235,000
2036	635,000	590,000	80,000	1,305,000
2037	655,000	620,000	85,000	1,360,000
2038	525,000	650,000	90,000	1,265,000
2039	45,000	680,000	90,000	815,000
2040	50,000	715,000	95,000	860,000
2041	50,000	745,000	100,000	895,000
2042	50,000	775,000	105,000	930,000
2043	55,000	805,000	110,000	970,000
2044		835,000	115,000	950,000
2045		870,000	120,000	990,000
2046		905,000	120,000	1,025,000
2047		945,000	125,000	1,070,000
2048		980,000	130,000	1,110,000
2049		120,000	135,000	255,000
2050		125,000	140,000	265,000
2051		130,000	150,000	280,000
2052		135,000	155,000	290,000
2053		140,000	160,000	300,000
Totals	<u>\$ 13,031,734</u>	<u>\$ 16,491,766</u>	<u>\$ 4,751,500</u>	<u>\$ 34,275,000</u>

Tax Exemption

In the opinion of Locke Lord LLP, Bond Counsel to the City (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is of the further opinion that interest on the Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. For tax years beginning after December 31, 2022, however, interest on the Bonds will be included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. The Bonds will not be designated as “qualified tax-exempt obligations” for purposes of Section 265(b)(3) of the Code.

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

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

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

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

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

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other

tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

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

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

Security and Remedies

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

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

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

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

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

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

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

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

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

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

Rating

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

Opinion of Bond Counsel

The unqualified approving opinion as to the validity of the Bonds will be rendered by Locke Lord LLP, Boston, Massachusetts, Bond Counsel. The opinion will be dated the date of original delivery of the Bonds and will speak only as of such date.

Except as to matters expressly set forth in their opinion, the scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statement made in this Official Statement, and they make no representation that they have independently verified the same other than matters expressly set forth as their opinion.

Financial Advisory Services of Hilltop Securities Inc.

Hilltop Securities Inc., Boston, Massachusetts serves as financial advisor to the City of Somerville, Massachusetts.

Continuing Disclosure

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

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

CITY OF SOMERVILLE, MASSACHUSETTS

General

The City of Somerville, Massachusetts (the “City” or “Somerville”) is located in Middlesex County, three miles northwest of Boston. It is bordered by Cambridge on the south and southeast, Everett and the Charlestown section of Boston on the east, Medford on the north and Arlington on the west. Somerville has a population of 81,045 (2020 Federal Census) and occupies a land area of 4.1 square miles. Settled in 1630 as a part of Charlestown, the City was established as a separate town in 1842 and incorporated as a city in 1872. The City has an elected Mayor and an eleven member City Council and operates under a Charter. Under the Charter, the City Council is the legislative body of the City.

PRINCIPAL CITY OFFICIALS

<u>Title</u>	<u>Name</u>	<u>Manner of Selection</u>	<u>Entered Office</u>
Mayor	Katjana Ballantyne	Elected	January 2022
Treasurer/Collector	Linda Dubuque	Appointed	October 2018
Auditor	Edward F. Bean	Appointed	April 2000
Clerk	Kimerbly M. Wells	Appointed	July 2021
City Solicitor	Cynthia L. Amara	Appointed	January 2023

Municipal Services

The City provides governmental services for the territory within its boundaries, including police and fire protection, disposal of garbage and rubbish, public education in grades K-12, water and sewer services, street maintenance, and parks and recreational facilities. Water and sewer services are provided via connections to the MWRA. The Somerville Housing Authority provides housing for low income and elderly residents of the City.

Transportation services include commuter bus, commuter train and public transit service to Boston, which is provided by the MBTA.

Corona Virus (COVID-19)

COVID-19 is a respiratory disease caused by a novel coronavirus not previously seen in humans. On March 10, 2020, the Governor of The Commonwealth of Massachusetts declared a state of emergency to support the Commonwealth’s response to the outbreak of the virus. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the President declared a national emergency due to the outbreak, which has enabled disaster funds to be made available to states to fight the pandemic. The Governor has removed the remaining COVID-19 restrictions and the state of emergency in The Commonwealth expired on June 15, 2021.

In response to the COVID-19 pandemic, federal and state legislation was signed into law that provides various forms of financial assistance and other relief to state and local governments. For example, the U.S. Congress enacted the CARES Act which includes various forms of financial relief. The City received \$7,191,135 from the CARES Act and has spent the full amount.

Another action at the federal level was the American Rescue Plan Act of 2021 (“ARPA”). Among other provisions, ARPA provides \$350 billion to state and local governments to mitigate the fiscal disruptions created by the pandemic. Such funds may be used to replace revenues lost or reduced as a result of the pandemic and fund COVID-related costs, among other purposes. The City received \$77,504,170 in direct ARPA funds, \$61,700,944 as a municipal allocation and \$15,803,226 as a non-functional county allocation.

Pursuant to M.G.L. Chapter 44, Section 31, the City can set up a fund specifically related to COVID-19 expenses. This fund can be used to capture all unbudgeted costs related to the COVID-19 pandemic and deficit spending for these costs, including but not limited to, overtime, cleaning and medical supplies, and IT equipment would be allowed, with the approval of the Commonwealth’s Department of Revenue.

The City was able to use CARES & FEMA as a supplemental funding source to pay for COVID related costs such as communications staffing and overtime costs, personal protective equipment and supplies, increased communication needs such as signage and staffing, public health staffing including contact tracers, and additional cleaning and sanitation costs in fiscal year 2022.

The City continues to allocate and utilize its ARPA funds for post-pandemic recovery and reinvestment in the City and its constituents. Funds are already being used to support a number of priority needs in the community, such as child care and rental assistance, and to address long-term capital investments, including schoolyard and open space improvements. For community needs, including childcare, rental assistance, small business supports, and continued health care/pandemic immediate needs, ARPA funds were deployed as quickly as possible to facilitate recovery for our residents, families, and business owners, in keeping with the spirit and intent of Treasury’s program guidance. Somerville is also assessing other potential funding such as the Infrastructure and Investment Jobs Act, for large-scale and pay-as-you-go infrastructure projects. The FY22 budget was not impacted by any of these projects. The City’s plan thus far in managing the ARPA fund has been to program these dollars to supplement, not replace, the municipal budget as it stands and to bolster existing staffing needs in a time-limited manner, to ensure there’s no fiscal cliff at the end of the period of performance.

Climate Change and Severe Weather Risks

In 2017, the City released an extensive Climate Change Vulnerability Assessment (currently available [here](#)). This report assessed and ranked Somerville infrastructure, economy, and health and safety relative to the projected impacts of climate change. The study finds that precipitation-related flooding, coastal flooding, and more extreme hot summers are expected. In 2018, the City released its first climate action plan, Somerville Climate Forward (currently available [here](#)). This plan, created with community participation as well as leading technical experts, identifies 13 top actions to reduce the vulnerabilities identified in the 2017 analysis, as well as reduce greenhouse gas emissions.

The actions in this Climate Forward include: stormwater management in public and private property (Action #5), education and outreach on climate preparedness (Action #8), and regional coordination on coastal flooding threats located outside Somerville borders (#13). Progress has been made in each of these areas. Stormwater system modeling has been conducted, and stormwater capacity enhancement projects are currently in construction (e.g., Somerville Avenue Utility and Streetscape Improvements Project). A state grant from the Executive Office of Energy and Environmental Affairs funded the development of multi-language flood preparedness materials for residents and business owners. In late 2018, Somerville helped form the Resilient Mystic Collaborative, a group of 15 cities that are coordinating planning and action on shared infrastructure risks (e.g., the Amelia Earhart Dam).

Education

The City’s public school facilities include ten elementary schools, two schools for specialized programs, a charter school and a comprehensive senior high school. Most elementary schools currently house grades kindergarten through 8. The City completed a \$25 million renovation and remodeling of the senior high school in the mid 1980s and completed the building of a new West Somerville Community School in September 1996, a new Kennedy elementary school in 1998, a new Healey elementary school in 1999 and a new Capuano early childhood center (PK-2) in 2003. The high school now houses students in grades 9 through 12. Bonds for the construction of a new high school facility have been authorized. The capacity of the school system is approximately 7,000 students. The table below shows the recent trend in public school enrollments.

**PUBLIC SCHOOL ENROLLMENTS
(as of October 1)**

Grades	Actual				
	2018	2019	2020	2021	2022
Elementary (Pre K-8)	3,644	3,642	3,446	3,317	3,451
Senior High and Vocational	1,339	1,297	1,309	1,356	1,364
Somerville Charter School	418	409	383	377	386
Totals	5,401	5,348	5,138	5,050	5,201

SOURCE: Office of the Superintendent of Schools.

Economy

The City of Somerville has a series of neighborhood commercial districts or “squares” which provide neighborhood retail, banking and other services to city residents and employees. Somerville has three major central business districts: Assembly Square, Davis Square and Union Square. These commercial districts contain small retail, banking, professional offices, services, restaurant and entertainment uses. Other commercial uses include fast food restaurants, automotive repair, sales, rental and service stations. In addition, the City has an older industrial, manufacturing and warehousing base, some of which has transformed to office, high technology, telecommunications and biotechnology uses. Over the past twenty years, a number of the City’s older, non-conforming industrial and manufacturing properties have been converted to residential use as property values and the demand for new housing have increased.

In the commercial and industrial segments of the local economy, Somerville continues to experience substantial growth.

EMPLOYMENT AND PAYROLLS

The chart below uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

Industry	Calendar Year				
	2017	2018	2019	2020	2021
Construction	719	706	695	674	638
Manufacturing	989	1,125	1,134	1,056	1,062
Trade, Transportation & Utilities	5,095	5,013	4,821	4,248	4,392
Information	607	700	826	886	1,045
Financial Activities	739	803	1,252	1,213	1,198
Professional and Business Services	4,309	5,034	11,788	11,804	12,120
Education and Health Services	6,046	5,838	7,116	4,891	4,960
Leisure and Hospitality	3,824	4,756	4,855	2,958	3,342
Other Services	1,631	1,681	1,637	1,453	1,419
Public Administration	1,139	1,156	1,167	1,181	1,121
Total Employment	25,098	26,812	35,291	30,364	31,297
Number of Establishments	1,965	2,061	2,047	2,181	2,323
Average Weekly Wages	\$ 1,024	\$ 1,270	\$ 1,333	\$ 1,487	\$ 1,594
Total Wages	\$ 1,450,156,596	\$ 2,312,972,117	\$ 2,447,154,803	\$ 2,347,958,530	\$ 2,595,501,008

Source: Massachusetts Department of Education and Training. Data based upon place of employment, not place of residence.

Labor Force, Employment and Unemployment Rates

According to the Massachusetts Department of Employment and Training preliminary data, in December 2022, the City had a total labor force of 52,829, of which 51,723 were employed and 1,106 or 2.1% were unemployed as compared with 3.2% for the Commonwealth (seasonally unadjusted). The following table sets forth the City’s average labor force and unemployment rates for each of the calendar years 2017 through 2021 and the unemployment rate for the Commonwealth and nation as a whole for the same periods.

UNEMPLOYMENT RATES

Year	City of Somerville		Massachusetts	United States
	Labor Force	Unemployment Rate	Unemployment Rate	Unemployment Rate
2021	52,414	4.1 %	5.7 %	5.4 %
2020	51,020	6.5	8.9	8.1
2019	54,041	1.9	2.9	3.7
2018	53,909	2.2	3.3	3.9
2017	51,993	2.5	3.7	4.4

SOURCE: Mass. Department of Employment and Training, Federal Reserve Bank of Boston and U.S. Bureau of Labor Statistics. Data based upon place of residence, not place of employment.

LARGEST EMPLOYERS

The following table provides a listing of the largest employers in Somerville, including the City itself.

Employer	Approx. # of Employees
1. Cambridge Health Alliance	1,258
2. City of Somerville	1,000
3. FormLabs Inc.	403
4. Stop & Shop	380
5. Trustees of Tufts College	369
6. Somerville Public Schools	366
7. Rogers Foam Corporation	350
8. Mass General Brigham Inc.	349
9. Bluebird Bio Inc.	323
10. Atrius Health	250

Source: Company or institution listed.

MAJOR PRIVATE CAPITAL INVESTMENT PROJECTS

There has been significant private capital investment in real estate and construction in the past several years in the City. The following table lists the major projects completed in the City or in the process of being permitted since 2018 and the estimated value of each project.

Major Building Permits - Calendar Years 2018 through 2022

Project	Description	Approximate Value
Calendar Year 2022:		
74 MIDDLESEX AVE	New 17 Story Life Science Core and Shell Construction	\$ 190,723,313
5 MIDDLESEX AVE	Building A: FOUNDATION ONLY for a 14 story laboratory/office building shell and core, first floor retail and fitness center, 13th floor amenity space. PERMIT TO CONSTRUCT WILL BE ISSUED UPON APPROVAL	187,026,144
495 COLUMBIA ST	New building - 9 story Lab / Office See Foundation	168,624,025
808 WINDSOR ST	Construction of an 11 story lab core and shell space with 2 mechanical penthouse levels and 3.5 sub-grade parking levels.	158,750,673
28 CHESTNUT ST	New Construction of 4 Level above grade Core/Shell Life Science Building with 2 levels of below grade parking, consisting of slurry wall construction. Entire Structure is approximately 315K Gross SF including garage	95,202,143
10 PROSPECT ST	Parcel D2.1 Laboratory/Office Building, nine stories above grade; no stories below grade, 205,000 sf, glass and curtainwall envelope on protected steel frame	59,588,802
5 MIDDLESEX AVE	Building B: FOUNDATION ONLY for a 9 story precast parking garage for 1250 cars, first floor shell and core Fire Station for the City of Somerville, first floor retail. PERMIT TO CONSTRUCT WILL BE ISSUED UPON APPROVAL	58,170,583
74 MIDDLESEX AVE	Foundation Permit Only for 17 Story Bldg	37,000,000
495 COLUMBIA ST	Foundation Permit Only for 9 Story Building, Research and Development	20,000,000
3 HAWKINS ST	Construct 5 Story, 59 Unit Apartment building	10,953,072
91 PROFESSORS ROW	#1 Add One modular unit on lot	6,139,390
95 PROFESSORS ROW	#3 Add new modular dormitory to the lot for 42 Students	6,139,390
93 PROFESSORS ROW	#2 Add new modular dormitory on lot for 42 Students	6,139,390
121 PROSPECT ST	New construction, 4 story building, 32 Residential units, 18 parking spots.	6,075,951
13-15 MCGRATH HWY	Foundation Permit for the new mixed-use core-shell facility	5,895,000
26 SOUTH ST	FOUNDATION ONLY FOR 4 STORY, 19 UNIT BUILDING. PERMIT TO CONSTRUCT WILL BE ISSUED UPON RECEIPT OF AS BUILT	3,800,000
31 TUFTS ST	Ground Up 16 Unit Residential Building with Park	3,483,847
599 SOMERVILLE AVE	Foundation work ONLY. 3 Story R&D Building with underground parking	3,436,700
379 SOMERVILLE AVE	New construction of ten residential and one retail units. New construction shall include all concrete foundations. new walls, floors, ceilings, plumbing, electrical, Hvac, board, plaster, tile, appliances, roofing, windows, doors, siding and decks.	2,120,000
121 WASHINGTON ST	5 Residential and 1 retail new construction condominium building	1,800,000
115 THURSTON ST	New construction: 3 story, 9 residential units	1,600,000
3 PRESCOTT ST	Construct new 2 family	1,253,150
10 HARDAN RD	Proposal is to construct a 2-unit Detached House that is 2 1/2-stories. Existing lot has no structures.	1,050,000
57 TRULL ST	New house construction - 2 story 3 bedroom, 2 bathroom single family	830,066
11 ALDERSEY ST	Bldg A New construction of ground up four unit structure to include all new foundations, walls, floors, ceilings, plumbing, electrical, Hvac, insulation, board, plaster, millwork, kitchens, bathrooms, porches, roof, windows and doors.	600,000
7 ALDERSEY ST	Bldg C new construction or a ground up four unit structure to include new foundation, frame, walls, floors, ceilings, plumbing, electrical, Hvac, sprinklers, insulation, board, plaster, millwork, kitchens, bathrooms, appliances, windows, doors, siding, porches and roofing.	600,000
129 BOSTON AVE	Construct a 2 family structure on concrete foundation on vacant land	570,000
19 WOODBINE ST	Build an approx. 4400 sf 2 unit house on a existing 5713sf lot.	520,000
4 PRINCETON ST	2 Unit Condo -Semi Detached Building in Lot B at 4 Princeton St.	500,000
4 PRINCETON ST	2 Unit Condo -Semi Detached Building in Lot A at 4 Princeton St.	500,000
31 TUFTS ST	Foundation ONLY Permit for 16 Residential Units	252,250
154 BROADWAY	Foundation only for 45 Residential units and 2 commercial spaces	250,000
		\$1,039,593,889

Project	Description	Approximate Value
Calendar Year 2021:		
82 WILLOW AVE	full renovation of a three family, new siding, new roof, new floors, new insulation, new electrical, new plumbing, new HVAC	\$657,500.00
55 HEATH ST	and family room and a mechanical room, the 1st floor consists of a dining room, living room and kitchen with a .25	\$900,000.00
20 INNER BELT RD	ZBA 2018-142 Construction of 5 stories of residential apartments 205 units, commercial and retail space and over 2 levels of podium parking and residential space. FOUNDATION ONLY PERMIT B20-000467	\$39,431,326.00
50 PROSPECT ST	20-50 Prospect St Mixed-use project enabling work and retaining wall	\$3,000,000.00
50 PROSPECT ST	Mixed-use 450 Residential unit building with 269 indoor parking spaces , M.B.T.A. facilities, retail and amenities areas . PLANS IN I.S.D. Also see B19-001839	\$162,000,000.00
20 INNER BELT RD	ZBA 2018-142: Foundation Only Permit PERMIT FOR CONSTRUCTION B19-001667	\$8,000,000.00
8 SYCAMORE ST	ZBA 2019-61:Remodel 3 unit building to 5 unit building, adding a small addition. Change from 3 units to 5 units	\$1,280,000.00
10 PROSPECT ST	Foundation and underfoundation utilities for the proposed US 2.1 project. The main permit is currently under review (B20-000739).	\$4,151,198.00
26 CLYDE ST	convert a single family into a two family, add a side addition and a rear addition	\$550,000.00
346 SOMERVILLE AVE	ZBA 2019-19 New Construction of 94 Apartments and 2,000 SF of Commercial Space	\$12,837,588.00
25 APPLETON ST	Gut and rehab existing single family, add an additional level, add side wing to right side and finish basement to turn from a single to a two family. Renovate existing accessory structure as a shed	\$750,000.00
449 ASSEMBLY ROW	Tenant improvement for new Sephora retail store in existing commercial space	\$830,000.00
346 SOMERVILLE AVE	FOUNDATION ONLY See B20-001584 for construction permit ZBA 2019-19 94 Apartments and 2,000 sf Commercial	\$2,200,000.00
76 WALLACE ST	ZBA 2019-51: Full interior and exterior reno with passive house upgrade - INCLUDE A COMPLETE INTERIOR AND EXTERIOR RENOVATION AND A KITCHEN / MUDROOM ADDITION. NEW SHED DORMER ON THE UPPER FLOOR. THE HOUSE WILL BE BUILT TO PASSIVE HOUSE STANDARDS IN ACCORDANCE TO PHIUS 2015+ STANDARDS	\$1,605,000.00
31 MONTROSE ST	remodel 2 kitchens, finish basement, other minor layout changes as per contract / plans	\$503,816.00
126 CROSS ST	renovate kitchens and bathrooms per plans.	\$600,000.00
26 HAWTHORNE ST	construct new single family.	\$1,464,567.00
138 ORCHARD ST	Renovation based on Plans; add living space in basement, add living space in attic, reroof (Upper Unit to have only 1 means of egress per BCAB Decision attached)	\$685,000.00
205 BEACON ST	Construction of a new 4-story 11-unit apartment building with basement parking	\$2,245,538.20
7 MADISON ST	Full renovation with a full gut of a single family house with a continuous living space and two kitchens, addition of 1.5 story rear. Change 1 family to 2 family	\$570,000.00
289 HIGHLAND AVE	Repair and replace deteriorated structural steel and concrete slabs on deck	\$1,300,000.00
65 BAY STATE AVE	Interior renovation of existing 3 story building with minor exterior updating reworking rear exit and interior partitions	\$805,650.00
115 PEARL ST	CV19 improvements in the East Somerville School	\$508,972.00
290 WASHINGTON ST	(1) unit mounted UV light o Provide (1) unit mounted electric humidifier ? ACC 2/AHU 2 (classroom B south) o Replace 4?	\$695,499.33
150 GLEN ST	1, 8 in RTU-2)) o Replace 2" filters with 2" MERV 13 filters in AHU-1 and 2 (24 filters total (12 per unit)) ? Rebalance	\$611,499.33
179 POWDER HOUSE BLVD	o Furnish and install one (1) duct mounted electric humidifier for RTU-1 (nom. 90 lbs/hr) ? HV-1 o Replace 2" MERV 8	\$640,499.33
115 SYCAMORE ST	unit mounted UV light o Provide (1) unit mounted electric humidifier ? AHU 2 (classrooms south floors 2-4) o Replace 2?	\$713,012.66
75 ELM ST	Replace 2" MERV 8 filters with 2" MERV 13 filters in RTU-1 (16 filters, 20x20 ea.) ? Rebalance outdoor air in AHU-1, 2, 3,	\$770,012.66
5 MEACHAM ST	in AHU-1 through 8 ? Provide eight (8) unit mounted UV lights; one each in AHU-1 through 8 ? Provide eight (8) duct	\$940,012.66
121 INNER BELT RD	Renovation of a portion of the existing first floor storage facility to add one Biomed workshop adjacent to the loading dock. The new workshop area will include dividing the space into a new office, biomed storage area, warehouse room. Selective demo, will include flooring, ceiling, drywall, millwork and MEP/FP	\$513,787.09
77 MIDDLESEX AVE	Level 2 interior and exterior renovations of existing 97,672 sf building. Includes new masonry openings, overhead doors, entry doors, interior walls and doors. New electrical and lights, new mechanical distribution and new restrooms/showers	\$1,500,000.00
114 PROFESSORS ROW	Interior renovations and minor exterior improvements at 114 Professors Row, existing Fraternity Building on Tufts University Campus. Work includes; New framing, drywall, finishes, lighting, doors & hardware, MEP/FP/FA work, window & roof replacement, and updated landscaping.	\$1,200,000.00
18 ADRIAN ST	Interior renovation and building envelope improvements for two existing residential structures	\$1,400,000.00
62 OLIVER ST	Construction of a new two family residence	\$750,000.00
50 PROSPECT ST	St under building permit#B19-002091 (Fee included in previous permit)	\$1,700,000.00
22 HAWTHORNE ST	exterior doors per plans.	\$554,400.00
77 MIDDLESEX AVE	distribution (DMG Mori) Office Use	\$525,000.00
1252 BROADWAY	walls, ceilings, framing, electrical, plumbing, Hvac, fire, fire sprinkler, insulation, board, plaster , millwork, kitchens,	\$650,000.00
236 HIGHLAND AVE	Renovation of existing level 2 interior space. Renovation includes architectural improvements, no structural modifications, fixture upgrades and window replacement to accommodate adolescent behavioral health patients. The project will now be adding 5 additional patient rooms to the scope of work Friday, 2/26	\$4,727,937.00
342 BROADWAY	Parking Deck Waterproofing & Masonry Repairs	\$750,000.00
115 PEARL ST	Installation of solar panels on roof (373.7kW) East Somerville Community School	\$685,000.00
40 DICKINSON ST	Remodel existing 2-family dwelling. Remove roof and build new third floor per plans. New windows, doors, siding, trim and roof. New second floor deck with spiral staircase per plans	\$591,600.00
101 SOUTH ST	Interior Fit out of lab and office space on levels 4, 5, 6 and 7. HARD COPY OF PLANS IN ISD	\$18,700,000.00
77 MIDDLESEX AVE A	electrical and lighting, new plumbing for sinks and new mech dist TULIP	\$1,450,000.00
236 HIGHLAND AVE	Renovation of Level 2 existing kitchen space to refurbish for reopening	\$2,041,250.00
363 HIGHLAND AVE	Interior Renovation of Existing Office and Restroom Space (Recorded Future)	\$728,848.00
58 DAY ST	Interior demolition of architectural finishes and associated MEP make safe.	\$625,000.00
455 GRAND UNION BLVD	Spec Office Space - Assembly Row Block 5B Level 2&3	\$3,314,882.00

Project	Description	Approximate Value
Calendar Year 2021 (continued):		
19 GORHAM ST	Build a new 2 story addition on the back of the house and remodel entire existing building per architecture plans install spiral stair , hvac, foundation ,,frame insulate, mep's and finish.	\$521,700.00
8 CHARNWOOD RD	windows throughout per plans. Update porch per plans	\$690,310.00
14 HILLSIDE PARK	Residential 6 unit renovation to existing structure. Work is to include new walls, floors, ceilings, plumbing, electrical, Hvac, insulation, board, plaster, millwork, kitchens, bathrooms, windows, roof, siding and decks.	\$500,000.00
550 SOMERVILLE AVE	and large sports lighting poles with sizable footings .	\$4,100,000.00
101 SOUTH ST	Interior Fit out of lab and office space on levels 2 and 3. ZBA 2018-21	\$15,285,000.00
54 CHANDLER ST	Finish existing basement. Renovate for new 3rd floor dormer. Renovate and enclose partial front porch in existing footprint. New windows per plans. New siding and roof throughout entire home.	\$692,620.00
70 INNER BELT RD	CO-LO Security Cage	\$681,985.43
20 LOWER CAMPUS RD	board and protective sports netting	\$960,000.00
9 CENTRAL ST	New construction 40 unit apartment building with parking garage underneath	\$9,987,875.00
20 INNER BELT RD	construction of Parking Garage associated with a new mixed-use residential development; FOUNDATION ONLY PERMIT B20-000467; RESIDENTIAL BUILDING ONLY PERMIT B19-001667	\$9,254,713.00
250 DAWES ST	Tenant Fit-Out for Bristol Meyers-Squibb	\$195,958,000.00
236 HIGHLAND AVE	and all new finishes.	\$15,660,006.00
5 MEACHAM ST	Healey Schoolyard Renovation - Segmental Retaining Wall	\$5,000,000.00
16 MONMOUTH ST	Remodel two bathrooms and kitchen. Convert a portion of the existing porch to a mudroom	\$700,000.00
70 INNER BELT RD	remove and replace new roof over existing data center remove and replace mechanical equipment where necessary and adding downspouts and gutters to meet code requirements.	\$1,500,000.00
81 HIGHLAND AVE	Installation of rooftop solar panels and related electrical equipment at Somerville High School (373.2 kW).	\$1,866,000.00
5 MEACHAM ST	Healey Schoolyard Renovation - Segmental Retaining Wall	\$5,000,000.00
136 HIGHLAND AVE	steel lintel & masonry repairs	\$1,502,443.00
77 MIDDLESEX AVE	Mercantile use interior fit out for Ashley Furniture	\$750,000.00
101 SOUTH ST	Fit out of existing spaces to create a cafe amenity area and fitness room on level P0 and 1st floor.	\$2,176,577.00
255 ELM ST	Fit-Up existing demolished space for a retail cannabis dispensary	\$1,100,000.00
25 QUINCY ST	Conversion of 1 family to 2 family: Basement and 1st floor Unit 1 and 2nd and 3rd floor Unit 2.	\$705,050.00
54 PAULINA ST	full gut renovation of first and second floor - including roof, decks, windows and siding. New electrical, plumbing and HVAC. Create storage and laundry in basement	\$625,500.00
455 GRAND UNION BLVD	Bluebird Bio Interior fit-up of core and shell space top new commercial office space on floors 11 & 12 of existing building	\$7,234,000.00
391 REVOLUTION DR	Tenant Fit Up SWEATHOUZ	\$502,400.00
17 THORNDIKE ST	Renovation of a single family home which includes renovation of a kitchen, minor renovation to second floor closets and renovation to the third floor bedrooms as well as adding a full bath	\$578,000.00
207 MORRISON AVE	Complete gut renovation on both units. Lower level unit to include digging down in order to provide more head height expand living room and add new door. Update electrical and plumbing, new HVAC for top unit and mini splits for lower unit. new siding, new windows, new doors, new roof, insulation, new kitchens and bathrooms. Prep and paint	\$610,700.00
12 WOODBINE ST	Interior renovation of a single family house into a two family	\$500,000.00
3 HAWKINS ST	FOUNDATION PERMIT ONLY: 59 Units	\$1,045,717.00
455 GRAND UNION BLVD	Assembly Row Block 5B - Level 4&5 Spec Office	\$3,055,227.00
101 SOUTH ST	Interior Fit out of lab and office space on levels 8 and 9.	\$12,200,000.00
444 SOMERVILLE AVE	Interior fit out - event meeting space, office space, prototype space	\$899,999.99
28 CHESTNUT ST	Foundation only. See B21-000918 for construction 4 story building above grade and 2 stories below grade	\$1,750,000.00
808 Windsor ST	Foundation Permit ONLY work and cost in conjunction with B21-002017	\$5,800,000.00
93 LEXINGTON AVE	Convert existing two family into single family, gut rehab, rearrange layout, add a side entrance, finish basement, add windows	\$720,000.00
Total		\$603,768,218.68

Project	Description	Approximate Value
Calendar Year 2020:		
103 WASHINGTON ST	New mixed use building: 6 residential units, retail space, parking	\$ 995,658
17 ELMWOOD ST	construct new 3 unit house	915,000
15 LAKE ST	ceilings, framing, electrical, plumbing, Hvac, fire, fire sprinkler, insulation, board, plaster, millwork, kitchens, bathrooms, roofing, siding, windows, decks and or porches, driveway and fences.	500,000
150 HUDSON ST	New Construction 2 Family	577,000
300 SOMERVILLE AVE	Complete renovation and construction of 10 residential units and 1 commercial space. construction will consist of new foundations, slabs, concrete, framing, steel, floor wall ceiling, kitchens and baths-plumbing electrical and hvac, brick masonry, roof windows and decks	1,500,000
242 BROADWAY	Renovating both buildings on lot. Full renovation of 3 family (front house) to include all new plumbing, electrical, hvac, windows, updating existing kitchens and baths. Renovating single family (back house) to change use to a 2 family. All new electrical, plumbing, hvac	500,000
395 ALEWIFE BROOK PKWY	New 23 Unit Residential Building, Podium Construction with Wood frame above.	7,129,950
7 OAK ST	Renovate existing 1 family building and erect new 2 family building	950,000
32 MURDOCK ST	Construct a 3 story 3 unit residential building totaling 9,986 sf. Unit 1 consists of 5 bedrooms and 4 baths with a bonus room in basement. Unit 2 consists of 6 bedrooms and 4 baths, Unit 3 consists of 6 bedrooms and 4 baths. Parking for 6 vehicles.	1,200,000
22 FOUNTAIN AVE	Move existing structure to back and build New construction in front of a stick built 2-family dwelling including all new windows, siding, insulation, sheetrock board and plaster all fixtures and decks	528,000
10 WIGGLESWORTH ST	3 family Demo to studs, remove non-bearing studs, frame and finish to plan, add 3 bathrooms	500,000
290 REVOLUTION DR	Construction of a new 329 unit apartment building with 5 stories of wood frame construction over 3 levels of concrete podium. Building contains miscellaneous amenity areas, ground improvements (structural and landscape) as well as parking and retail areas.	69,867,951
1154 BROADWAY	Install a new foundation ONLY for 6 story hotel	650,000
70 INNER BELT RD	The project consist of a build out of additional electrical infrastructure, including additional distribution and generator-back up as well as the build out of cooling equipment to support the new additional electrical infrastructure.	3,140,530
3 PRESTON RD	Remove and rebuild side entrance, build rear deck, build new stairs, patch roof, Lower Floor - Demo and re-frame all existing walls, insulation, plaster walls and ceilings, replacement windows, repair concrete slab, install new slider 1st Floor - demo existing framing walls, new framing for new layout, insulation, plaster, new kitchen cabinets, install replacement windows, install gas fireplace, new railings on stairs 2nd & 3rd fls - demo and re-frame walls for new layout, insulation, plaster, remodel kitchen and bath, install replacement windows, install gas fireplace, new railings on stairs Update all electrical, plumbing and HVAC Change use from 2family to 3 family	650,800
6 RUSH ST	Fully Renovate 3 Units and 3 Units. Scope of work to include renovation of 6 kitchens, 12 bathrooms, new hardwood floors in each unit, new doors and trim throughout, install HVAC in each unit (sheet metal permit to be pulled).	525,000
39 IRVING ST	Constructing New Two Family House	1,081,229
7 DANE ST	Complete gut and renovation of existing structure, 3 units to 4 units, along with a new addition. Work is to include new floors, walls, ceilings, framing, electrical, plumbing, Hvac, fire, fire sprinkler, insulation, board, plaster, millwork, kitchens, bathrooms, roofing, siding, windows, decks and or porches, driveway and fences.	500,000
64 DERBY ST	Complete gut and renovation of existing structure, 6 units. Work is to include new floors, walls, ceilings, framing, electrical, plumbing, Hvac, fire, fire sprinkler, insulation, board, plaster, millwork, kitchens, bathrooms, roofing, siding, windows, decks and or porches, driveway and fences.	525,000
111 BEACON ST	New construction to include; new foundations, framing, floors, walls, ceilings, plumbing, Hvac, electrical, fire alarms, fire sprinklers, insulation, board, plaster, millwork. new kitchens, new bathrooms, roof, windows, siding, decks and landscaping.	600,000
111 BEACON ST	Complete gut and renovation of existing structure. Work is to include new floors, walls, ceilings, framing, electrical, plumbing, Hvac, fire sprinkler, insulation, board, plaster, millwork, kitchens, bathrooms, roofing, siding, windows, decks and or porches, driveway and fences.	500,000
115 BEACON ST	New construction of a 4 unit structure, to include new foundations, floors, ceilings, plumbing, hvac, electrical, fire alarms, fire sprinklers, insulation, board, plaster, millwork, kitchens, bathrooms, fireplaces, roof, windows, siding, decks and landscaping.	650,000
107 LINWOOD ST	Renovation of offices, locker rooms, restrooms and basement	3,662,000
124 HEATH ST	Construction of 2 townhouses on an existing lot.	500,000
154 WILLOW AVE	with counter and sink as well a storage and mechanical rooms. Level one will consist of living, dining, half bath, kitchen electrical, plumbing and HVAC systems. All new windows. Lower elevation of existing basement floor for adequate	575,000
75 IRVING ST	first floor (type 1A construction) and wood structure (type 5A) above. A deck will be constructed on the roof. Parking unit.	1,063,790
71 BOW ST		6,000,000
471 SOMERVILLE AVE		1,800,000
36 CHERRY ST	Phase 2: Renovate 2 bathrooms. Create opening to combine 2 units into 1 family.	549,883
30 DANE ST	Tenant fit-out; FORM ENERGY. Wall demo, new wall and ceiling grid installation, lighting fixtures installation, ductwork installation, mezzanine install, steel supports installation for rooftop HVAC equipment	2,200,000
561 WINDSOR ST	Tenant Fit-out with Upgrades and Improvements of Approx. 10,300-SF Space A-200	681,809
250 DAWES ST	8th Floor Interior Renovation to an Existing Suite PLANS IN ISD 27% in Somerville	1,930,662
125 TEN HILLS RD	Unit 2- Renovate second and third floor all new electrical, plumbing, hvac, insulate walls, remodel 2 existing baths, remodel existing kitchen remove roof system and adding 3 dormers according to plans new siding new roof replace all windows, and finish section of basement according to plans adding bedroom, bathroom and wet bar to be part of Unit 2. Unit 1 - re-do bathroom tile the kitchen cabinets to remain replace windows build new stairs going to basement paint entire unit also new hvac. Exterior - build new 2 story wood deck and 3rd floor roof deck on front, and 3rd floor rear deck on rear according to plans.	566,500

Project	Description	Approximate Value
Calendar Year 2020 (Continued):		
59 LINDEN AVE	Renovate the existing home and build a new addition to expand the existing structure	\$ 671,000
2 WESTWOOD RD	Architectural features	521,475
495 Grand Union	Storefront & electrical service only by Landlord.	626,000
124 HIGHLAND AVE	New Construction of 19 condos and American Legion Post	5,818,287
34 HEATH ST	Remodel of existing 6 unit dwelling and expend by addition in rear.	1,454,445
47 LEXINGTON AVE	Gut renovation of existing 2-family house, including replacing kitchens, baths, MEP systems, finishes, exterior cladding and decks, including minor structural framing modifications. No addition in finished square footage. Demolition portion of job approved and completed per previous permit.	653,900
30 OAK ST	Existing 2 family to be converted to a single family, w/ new 2 story side addition (225 Sq Ft), new 2 story rear addition (216 sq), new rear deck, new entry portico off side addition, New 2 story front porch, convert roof from gambrel to mansard keeping existing pitch. 5 new dormers. New 3rd floor roof deck on rear addition. Adding 1 bath and laundry on 2nd fl, adding bath on 3rd floor.	1,063,150
1060 BROADWAY	Office fit-out	1,300,000
19 BOW ST	install finish trim, spray foam insulation where possible, install hardi plank siding, remove existing store front and install new, install electrical according to plans, remove existing heat. Cut and cap. Install new heating elements. Install tile on hub comics front entrance. Paint	713,431
55 DAVIS SQUARE	Live entertainment space	689,000
52 HOLLAND ST	Waterproofing and Structural Repairs	1,376,113
70 INNER BELT RD	Modify the exterior of the existing facility by adding roof top mechanical equipment (cooling towers) and increasing the size of an existing exterior overhead door.	8,000,000
373 SOMERVILLE AVE	Siding, Windows, Trims, Roof and Painting Repairs.	2,397,000
355 Assembly Row	Interior quick service restaurant fit-out in a newly constructed mixed-use building. New structural, mechanical, electrical, plumbing and fire protection components are proposed.	1,170,400
455 GRAND UNION BLVD	Interior fit-up of core and shell space top new commercial office space	20,820,033
141 ORCHARD ST	Full gut renovation of interior and exterior per plans, including removing chimney, new windows and doors throughout, removing 1st and 2nd floor back deck for new rear addition. Front porch to remain pending structural analysis. Existing roof structure on home to remain. Interior and exterior renovation per plans, including new rear addition.	762,800
37 JACKSON RD	Reconstruction of 3 Story Residence destroyed by fire	710,000
89 MUNROE ST	Remodel 6 residential units add new kitchens bathrooms laundry and update all HVAC and add sprinkler system replace all existing windows and addition see the drawings	540,000
82 MUNROE ST	Remove and replace Siding, roof and windows	878,313
1 BEACON ST	Renovate four (4) Residential per attached plans - interior work only	602,000
1 WESTWOOD RD	Addition of a new elevator system and modification of an entry to meet ADA requirements, along with various interior and exterior renovations.	929,987
50 MOORE ST	Add dormers to third floor , reside entire house replace all decks, interior renovation	563,376
445 Foley	LLW - Dark Box and Storefront Only at - Spaces 801, 802, 806, 811, 814, 816, 802A, 802B	1,970,000
335 REVOLUTION DR	The scope of work includes the mechanical and architectural renovation of a first floor 8,000 SF leased fit-out space within Commerical Retail, and Residential complex in Somerville, MA to house an outpatient imaging facility. The space includes MRIs and Support Rooms, Exam, Waiting and Offices.	6,065,360
495 GRAND UNION BLVD	Tenant Fit out of existing Shell space into a new pharmacy and retail store .	1,243,076
16 LOCKE ST	340 sf, 2 story Addition of Kitchen and master bedrooms to rear of home	814,281
1 FITCHBURG ST	Roof Replacement	728,350
200 INNER BELT RD	Fit up of Certified Manufacturing Facility	7,242,693
335 CANAL ST	LLW - Dark Box and Storefront Only at - Spaces 516, 518, 526, 528, 530, 532	1,100,000
Total:		\$ 184,940,232

Project	Description	Approximate Value
Calendar Year 2019:		
250 DAWES ST	Erect a new 654,150 sf 9 story office lab, including retail	\$ 185,301,876
101 SOUTH ST	Construction of a 270,000 ZFA Lab Building	90,240,357
40 COLLEGE AVE	West Branch Library - renovation of building interior	9,997,000
14 WARD ST	Construction of a new mixed use building	6,746,882
39 LATIN WAY R	Renovation of common areas and bathrooms with MEP system upgrades	5,988,643
29 LATIN WAY	Interior renovation of Bush Hall at Tufts University and exterior window replacement	4,396,639
70 INNER BELT RD	Fit-out of approximately 14,248 SF on the first floor for a computer room within an existing two story building.	4,210,000
117 SUMMER ST	Renovation of interior to include New MEP systems. Phase I No Construction work on floor 3.	3,816,000
375 REVOLUTION DR	Tenant fit out of existing inline space to a full service restaurant Ruth's Chris Steak House	2,300,000
109 PROSPECT ST	Complete new construction of 15 units	1,980,000
105 WASHINGTON ST	New ground up 4 story building - 7 residential units, commercial first floor suite	1,950,000
36 LAUREL ST	remodel existing 1 unit building and build addition for two more units. 1 family to 3 family	1,863,380
70 INNER BELT RD	Installation of twenty (20) Bloom Energy natural gas outdoor fuel cells	1,815,824
3 SUMMER ST	New construction of a 5-unit, 3-story residential building to be located on an approximately 0.10 acre plot of land	1,632,912
14 WARD ST	Foundation for new construction mixed use building, 1 level (S2) Parking, 4 levels multifamily residential (R2)	1,253,118
32 GLEN ST	Construct a large addition to the existing dwelling. Proposed addition will include six residential units. 2 Units 2 baths 2 beds, 4 Units 2	1,200,000
141 CROSS ST	Construct a 3 Unit building on a existing vacant lot	1,200,000
702 GRAND UNION BLVD	Chase Bank complete build out of new bank location	1,153,000
17-27 HOLLAND ST	Construct 7 residential and 2 commercial units	1,000,000
30 LOWER CAMPUS RD	Dormitory roof replacement with minor masonry repairs	985,299
165 CEDAR ST	Construct a new +/- 7218 s.f. building, 4 story 4 unit building	975,000
56 FRANKLIN ST	Addition of 2 new units to existing 1 Family house	967,239
0 INNER BELT RD	Tenant fitout of 3,846 sf in Project Consisting of Building Management Suite/Conference Center	931,914
14 PEARL ST	2 additional single family units to and remove existing building	900,000
399 REVOLUTION DR	Installation of two (2) Bloom Energy ES5 outdoor natural gas clean energy servers	881,467
19 BOW ST	Install finish trim, spray foam insulation, install hardi plank siding, install new store front, install electrical, remove existing heat	713,431
15 MOSSLAND ST	Converting a single family to a 3 unit	700,000
54 DANE ST	Renovate existing two-family residence by altering the dormers on both sides of roof and adding 3-story addition	645,000
46 LAUREL ST	Renovate existing 4 unit building and add a rear addition. 2 story addition, 1400 square feet	625,000
31 LAKE ST	Conversion from a 2 family to a 1 family	622,680
10 WHEATLAND ST	Addition and renovation of existing 2 Family townhouse	600,000
75 WASHINGTON ST	New Construction of 4 Unit Building	600,000
57 PRESCOTT ST	Residential demolition and reconstruction	600,000
51 OLIVER ST	New 3 Family Townhouses	550,000
165 MIDDLESEX AVE	Interior renovation of finishes and layout of Staples store	587,000
44 BARTLETT ST	Interior renovation of 2 family. Add 3.5 baths. Philadelphia bedroom on 2nd fl. Basement storage	550,000
10 OAK ST	Addition and total renovation Change from 2 family to 3 family	528,000
12 CONWELL AVE	Gut house and install new mechanical, electric. and plumbing. Install new kitchen in same footprint.	505,236
24 KENSINGTON AVE	Rehab a single family to a three unit multifamily	500,933
246 ELM ST	Restaurant fit out of existing space	500,000
61 MYRTLE ST	Complete renovation of existing home and a brand new addition of an additional dwelling, 2 family to 3 family	500,000
111 SUMMER ST	Complete renovation of existing structure and a addition of an additional dwelling	500,000
Total:		\$ 343,513,830

Project	Description	Approximate Value
Calendar Year 2018:		
100 BARTLETT ST	REMODEL 3 KITCHENS, BATHROOMS, INTERIOR FINISHES, AND DECKS	\$ 500,000
75 RUSH ST	COMPLETE RENOVATION OF EXISTING STRUCTURE. ADDITION SHALL INCLUDE TWO UNITS WITH ALL NEW	500,000
35 MORELAND ST	ERECT A 3 FAMILY STRUCTURE	500,000
10 CUTTER ST	INTERIOR & EXTERIOR RENOVATION. RENOVATE EXISTING 2 FAMILY AND CHANGE FROM 2.5 STORIES TO 3 STORIES	500,000
25 IVALOO ST	ZBA 2016-145 BUILD SINGLE HOME AND NEW FOUNDATION	500,000
384 HIGHLAND AVE	INSTALL NEW FOUNDATION FOR ADDITION, CREATE BEDROOMS, BATHROOMS, DECKS, ETC.	510,000
55 PRESCOTT ST	NEW ADDITION, NEW FOUNDATION, BASEMENT EXCAVATION AND UNDERPIN	525,000
304 SOMERVILLE AVE	RENOVATION PROJECT OF 3,740 S.F. ON FIRST FLOOR LEVEL OF EXISTING VACANT SHELL SPACE.	545,239
395 ARTISAN WAY	AUDITORIUM #2 OF AMC ASSEMBLY ROW - SLIGHTLY EXPANDED PROJECTION ROOM, NEW THEATER SEATING RISERS	600,000
263 WASHINGTON ST	FUNERAL HOME TO RESIDENTIAL & BUSINESS 4 UNITS RESIDENTIAL AND 1 UNIT OF COMMERCIAL	600,000
265 WASHINGTON ST	COMPLETE GUT, RENOVATION AND ADDITION.	600,000
3 ROYCE PL	REMODEL EXISTING 3 FAMILY HOUSE TO CONVERT TO 2 UNITS.	605,000
52 PORTER ST	REMOVE EXISTING BASEMENT CONCRETE SUBFLOOR, BUILD NEW CONCRETE FOUNDATION FOR NEW ADDITION	605,000
54 PRESCOTT ST	ZBA 2017-118 GUT RENOVATION, ADDITION, ADDING A NEW UNIT, NEW ROOF	635,000
81 HIGHLAND AVE	INSTALLATION OF NEW 20 PIECE MODULAR BUILDING	636,293
88 LINE ST	ZBA 2017-73 BUILD 2 NEW TOWNHOMES ATTACHED TO EXISTING HOME	650,000
82 WILLOW AVE	FULL RENOVATION OF A THREE FAMILTO INCLUDE A 6 FT REAR 1 STORY ADDITION AND 8 FT REAR DECK	657,500
41 GILMAN ST	FULL RENOVATION INCLUDING, FOUR NEW KITCHENS, 8 NEW BATHROOMS, NEW WINDOWS AND RUBBER ROOF.	690,900
45 CAMERON AVE	ZBA 2016-81 CONSTRUCT 2ND AND 3RD FLOOR ADDITION ON EXISTING ONE STORY BUILDING 2 FAMILY	693,220
49 CEDAR ST	BUILDING ADDITION ON 2 FAMILY HOUSE. ZBA DECISION 2017-92	706,000
906 BROADWAY	ZBA 2015-32, ADD AN APPROXIMATELY 2000 SF ADDITION TO A 2 FAMILY HOUSE	722,000
60 HALL AVE	CHANGE EXISTING 3 DWELLING UNITS TO 2 DWELLING UNITS AND RENOVATE INTERIOR SPACES.	750,000
444 SOMERVILLE AVE	INSTALL NEW 2000 SF WET LAB IN EXISTING BUILDING. NEW ELECTRICAL PANEL AND LIGHTING,	761,465
70 INNER BELT RD	INSTALLATION OF NEW HVAC CHILLER AT EXISTING MECHANICAL ROOM, ONLY HVAC AND ELECTRICAL SCOPE.	780,000
27 MURDOCK ST	BUILD A 3 UNIT BUILDING AS PER PLANS ; 3 STORY'S , 7 BATHS, FOUNDATION, FRAME , PLUMBING , ELECTRICAL, GAS .	800,000
2 UNION SQ	URBAN AXES BAR: NEW TENANT FIT-UP - NEW PARTITIONS, AND NEW SYSTEMS THROUGHOUT.	840,305
34 DANE ST	ZBA 2017-31 NEW CONSTRUCTION OF 3 UNITS APPROVED BY ZBA PLANS ATTACHED PHASE 1 OF PROJECT	859,204
88 DOVER ST	ZBA 2015-82 ERECT NEW THREE FAMILY HOME	895,000
9 MEDFORD ST	RENOVATION OF COMMON AREAS	950,293
325 Assembly ROW	INTERIOR FIT OUT OF 5,227 SF FOR NEW RESTAURANT SPACE, SMOKE SHOP	1,007,750
35 DANE ST	CONSTRUCT A NEW MODULAR 4 UNIT BUILDING WITH 4 PARKING SPACES.	1,100,000
115 SYCAMORE ST	196 WINDOWS & 12 DOORS REPLACEMENT-CAPITAL PROJECTS	1,346,000
17 PORTER ST	ZBA 2016-90 CONSTRUCT THREE UNITS ON ONE LOT TWO BEING ATTACHED AND ONE BEING DETACHED SEE B19-	1,461,055
24 RUSH ST	NEW CONSTRUCTION OF 10 RESIDENTIAL CONDOMINIUMS	1,500,000
20 ADRIAN ST	ZBA 2018-53 ADDITION TO THE EXISTING SINGLE FAMILY RESIDENCE TO CREATE A NEW TWO-FAMILY 3 STORY RESIDEN	1,543,120
56 PROFESSORS ROW	COSMETIC UPGRADES TO PAINT, FLOORING, DOORS & HARDWARE. AS WELL AS DOMESTIC WATER HEATER UPGRADE	1,663,198
21 MURDOCK ST	ZBA 2016-129 - CONSTRUCT 5 BUILDINGS WITH 22 UNITS TOTAL ON ONE LOT	2,000,000
13 ALPINE ST	BUILD 7 RESIDENTIAL UNITS FLOORS 2-4 ON EXISTING GARAGE, GARAGE TO BE GROUND FLOOR PARKING & STORAGE.	3,162,441
44 MEDFORD ST	CONSTRUCTION OF A NEW MIXED USE BUILDING, 1 FLOOR COMMERCIAL/RETAIL, 3 FLOORS RESIDENTIAL	3,568,643
45 TALBOT AVE	INTERIOR DEMO AND RENOVATION OF STRATTON HALL STUDENT HOUSING. RENOVATE 59 BEDROOMS AND 8 BATHROC	3,714,716
434 MCGRATH HWY	CONSTRUCTION OF 48 RESIDENTIAL UNITS AND 15000 SQ FT OF COMMERCIAL	4,820,056
400 MYSTIC AVE	ZBA 2015-65 NEW 27 UNIT RESIDENTIAL WITH 3 COMMERCIAL SPACES	5,825,000
1060 BROADWAY	CONVERSION OF A SCHOOL INTO A MIXED USE BUILDING 48 RESIDENTIAL UNITS AND 6 COMMERCIAL SPACES.	12,210,095
0 INNER BELT RD	TENANT FIT-OUT ON FLOORS 3,4,5,6, AND 7 CONSISTING OF 177,000 SF	16,750,712
455 Grand Union Blvd	ASSEMBLY ROW BLOCK 5B - INCLUDES GROUND LEVEL RETAIL, 12 STORIES OF OFFICE, AND 6 LEVELS OF OPEN PARKIN	80,369,830
301 ASSEMBLY ROW	THE ASSEMBLY ROW BLOCK 8 PROJECT IS A MIX USES RESIDENTIAL BUILDING.	139,269,918
81 HIGHLAND AVE	SOMERVILLE HIGH SCHOOL - OCCUPIED RENOVATION TO THE EXISTING 1895, 1929, AND 1986 SCHOOL BUILDING.	202,000,000
Total:		\$ 502,429,953

Building Permits

The table below sets forth the recent trend in estimated dollar value of residential and non-residential new construction and alterations. The estimated dollar values are builders' estimates.

Calendar Year	New Construction		Additions/Alterations		Total	
	No	Value	No	Value	No	Value
2022	32	\$ 1,039,593,889 (1)	1,158	\$ 125,128,193	1,190	\$ 1,164,722,082
2021	42	270,809,094	2,092	420,404,426	2,134	691,213,520
2020	28	103,113,550	1,390	133,958,669	1,418	237,072,219
2019	40	331,202,304	1,993	140,265,755	2,033	471,468,059
2018	32	250,875,242 (2)	1,136	325,496,116 (3)	1,168	576,371,358

SOURCE: City Building Inspector.

- (1) Increase attributable to several large projects including construction of a new 17-story life science building (\$190 million), 14-story lab/office building with retail and fitness center (\$187 million), 9-story lab/office building (\$168 million), and 11-story building with lab space (\$158 million),
- (2) Increase attributable to construction of a mixed-use residential building at Assembly Row Block 8 (\$139 million) and office building at Assembly Row Block 5 (\$80 million).
- (3) Increase attributable to Somerville High School renovations and additions (\$202 million).

The following table compares retail trade data for the City of Somerville with that of the Commonwealth as a whole.

RETAIL SALES

	Somerville	Massachusetts
Establishments:		
2012	183	24,311
2007	179	23,942
2002	178	25,761
1997	208	26,209
Sales(000):		
2012	\$ 759,415	\$ 92,915,380
2007	761,543	88,082,966
2002	603,989	73,903,837
1997	558,967	58,578,048
Per Capita Sales:		
2012	\$ 9,849	\$ 13,980
2007	10,061	13,553
2002	6,696	11,640
1997	7,335	9,736

SOURCE: 2012, 2007, 2002 and 1997 U.S. Census of Retail Trade.

ECONOMIC DEVELOPMENT

The following sections contain forward-looking statements that are based upon plans, projections and estimates. While these projections are reasonably based on current knowledge, there can be no guarantee that every plan will occur as projected herein, or that estimated benefits will be realized as discussed.

SomerVision: A Strategy for Growth and Conservation

Throughout 2019 and 2020, the City of Somerville and its community partners drafted SomerVision 2040, an update to the city's Comprehensive Plan. When adopted, this plan will replace the existing SomerVision 2030 document as the official master plan for the City under Massachusetts General Law.

The SomerVision process was structured to build consensus around strategies to preserve Somerville's identity as an accessible, mixed-income, multicultural city, while at the same time identifying an actionable policy agenda to invite and leverage public and private investment in transit-oriented development and generate economic opportunity for all Somerville residents. Work was overseen by a 65-member SomerVision Committee composed of residents, business owners, nonprofit agencies and elected officials. Creative public engagement techniques—including resident-led community gatherings and a SomerVision card game—were paired with more traditional outreach strategies like forums, public events and online surveys to gather feedback and ideas. The ultimate result is a plan that highlights fifteen implementation priorities, a future land use map, and our community values. These key takeaways are supported by more lengthy topic chapters that dive more deeply into issues like housing, commercial development, and community and governance. SomerVision calls for the City and its partners to conserve Somerville's great residential neighborhoods, enhance its commercial squares and corridors, and transform former industrial districts into engines of economic and housing growth.

Major Areas for Economic Development

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.

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 have created a model for successful mix-used, transit-oriented developments.

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

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

Development activity is accelerating at Assembly Square. Federal Realty completed 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, local climatetech startup Sparkcharge, and Bluebird Bio. Adjacent to the MBTA transit station is Miscalá, 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 Assembly Innovation Park is complete, Alta Revolution, a 329-unit residential building with ground floor retail space. Biomed Realty broke ground on the second building within the Assembly Innovation Park, a 495,000 square foot biotech lab building and parking garage at the corner of Foley Street and Middlesex Avenue. The project will also include a new Assembly Square branch fire station

on the ground floor of the parking garage. Construction is underway across the street of 74M, a 465,000 square foot Class-A lab, office, and R&D space developed by Greystar.

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-used development around the new Union Square transit stop that is 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 280 startups and helps to attract hundreds of millions in new investment each year for its resident firms. Greentown Labs allows Somerville to stake its claim as a global hub for the climatetech industry.

Boynton Yards

The extension of the Green Line into Union Square has generated robust 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.

Development interest in Boynton Yards is exploding. US2 has acquired an interest in the property located at 50 Webster Street, a key part of the D-3 development site US2 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 recently completed 101 South Street, a 290,000 square foot lab building. The team broke ground on a second building at 808 Windsor Street, which will contain 360,000 square feet of laboratory space. 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, and Triumvirate Environmental. A 205-unit residential building will be completed this year at 20 Innerbelt Road. Down the street and near the new East Somerville 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 200,000 square foot lab building is under construction 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 is the lead tenant in the new, 350,000 square foot building at 250 North Street, which sits on the Cambridge/Somerville line. A 483,000 sq. ft. building is open at Parcel E/F, located entirely within Somerville, and serves 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. for the district has become well-known throughout Greater Boston as a food, entertainment and cultural mecca. Consequently, Davis Square has limited vacancy in the retail and office market segments. The residential neighborhood surrounding Davis Square has seen dramatic increases in property values and rents, which has resulted in considerable new investment and condominium conversion.

Future plans in Davis Square will focus on strategic infill development, streetscape updates or rehabilitation projects to enhance the already vibrant community. The Davis Square Neighborhood Plan is expected to be adopted in 2022. Scape and Asana Partners have both made investments by permitting mixed used projects featuring laboratory space 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

Transportation investments are poised to remake Somerville. The Green Line Extension was completed in 2022, placing 85% of Somerville’s residents within walking distance of transit and promises to significantly improve the city’s air quality, connectivity, and economic opportunity. The opening is the critical element that will focus transit-oriented development along the seven new and reconstructed stations along the two branches. This transit-led development strategy is a familiar one as the new Assembly Square Orange Line station keyed dramatic development since it opened in 2014.

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.

Business Assistance Programs

The City of Somerville has instituted several small business assistance programs to support and stimulate local economic development activities. The programs help to stabilize the tax base and insure the economic vitality of the local business community. These programs were dramatically expanded to buoy Somerville's business community during the Covid-19 pandemic and associated business. Over the past three years, the City has provided over \$7M in Covid business relief grants to hundreds of Somerville businesses. The City's business support toolkit is described below.

Assistance to Small Businesses

Lending - While the traditional lending market covers much of Somerville's business financing needs, the City has complemented this by building relationships with additional financial institutions, created our own loan program, and marketed innovative financial tools, including crowd funding campaigns, to Somerville small businesses. There are also many business financing needs that do not fit into the traditional lending market. With many innovation companies not fitting the underwriting standards of many banks, the City created the Innovation Fund (I-Fund), a \$1 million flexible loan fund targeted toward innovative companies looking to expand or relocate in the City. The loan fund acts as a junior lender and matches the loan duration and rate of a senior lender. Financing can be used toward purchasing a building, expansion, equipment purchases, and other uses. The City completed a \$300,000 loan in 2013 with Greentown Labs as part of their relocation to Somerville, a \$500,000 working capital loan in 2016 with Greentown Labs as part of their Somerville expansion. Many businesses also have smaller financing needs that do not require a traditional loan.

Small Business Support - The City provides free one-on-one coaching to eligible small businesses, pairing experts in marketing, financial planning, business planning, design, human resources and even worker-owned cooperative models with entrepreneurs seeking to strengthen their businesses. Once businesses participate in coaching, they are also eligible for a matching reimbursement grant to support the expense of recommendations provided by coaches. For example, if a coach recommends new menus, the grant program can help the business cover the cost of that investment. The flexibility of this program enables storefront retail, restaurants, offices and even home-based businesses to benefit and improve their operations, branding, and finances.

Somerville Main Streets Program - Somerville currently hosts 2 Main Streets programs – East Somerville Main Streets and Union Square Main Streets. Both organizations are modeled on the National Main Street Center's successful downtown revitalization structure. East Somerville Main Streets (ESMS), formed in 2006, is a non-profit organization dedicated to improving the lives in the East Broadway community and beyond by establishing a vibrant heart and hub for East Somerville in the East Broadway Business District. ESMS is best known for co-organizing the Carnival street festival, the Foodie Crawl, and other local events that draw thousands of people to East Somerville in addition to other neighborhood revitalization efforts in the neighborhood. In September, 2013 East Somerville Main Streets received a \$50,000 multi-year grant from the National Endowment for the Arts to support efforts to foster a cultural identity and community partnership in relation to the ongoing East Broadway Streetscape project and the newly opened Chuckie Harris Park.

Union Square Main Streets (USMS), formed in 2005, focuses on supporting the Union Square business district. USMS is best known for organizing, in partnership with Relish Management, the weekly Union Square Farmer's Market, the annual Fluff Fest, and other business district activities that have historically drawn several thousand spectators into Union Square. Both organizations are partners on Somerville's Business Assistance Program to support their neighborhood businesses.

Other Notable Projects:

- **Maxwell's Green:** (formerly MaxPac) The project consists of the construction of a multi-building project including a total of 199 units of housing with dedication of substantial amounts of open space to the public, and construction of new public access to the community path adjacent to the site. The project is complete and now fully occupied.
- **181-197 Washington Street:** 40-units of affordable housing and 44 units of market rate housing with ground level retail, completed in 2017;
- **625 McGrath Highway:** 32 units of housing substantially, completed in 2016;
- **315 Broadway:** 46 units of residential over ground floor retail substantially complete;
- **771 McGrath Highway:** 75-unit residential building, including 9 affordable units, under construction;
- **434 McGrath Highway:** 48 units of housing with ground floor retail and office space, under construction;
- **373 Beacon Street:** 35-room boutique hotel, under construction;

- **Powder House Studios:** MarKa LLC will rehabilitate the former Powder House Community School into 48 new homes including affordable, senior and live-work artist units, and more than 11,000 square feet of commercial space including collaborative maker spaces and an artists' hall. They are also providing 40 percent of the site be used as publicly accessible open space. Construction is underway;
- **515 Somerville Avenue:** 165-room Cambria hotel, project approved;
- **0 and 20 Inner Belt Rd:** proposed 205 unit residential building and 120-room hotel, project approved.

Roadway, Bridge and Open Space

Funded Projects:

The City has secured over \$52 million in various federal and state government appropriations and earmarks for various roadway, bridge and open space improvements and access studies. The projects include:

Roadway

- Broadway in East Somerville streetscape improvements (\$8 million) – a streetscape and utility improvements project completed in the summer of 2015.
- McGrath De-elevation Study (\$120,000) – study underway by state to prepare a locally preferred alternative for a de-elevated/boulevard style roadway.
- Beacon Street (\$9 million) – a streetscape and roadway reconstruction currently underway in the Boston region's most bicycled roadway.
- I-93 in Somerville and Boston – (\$11 million) funding is programmed for the repaving of I-93 in Somerville to Boston. Project complete.
- Community Path from Cedar to Lowell Street (\$2 million) – Extension of the Community Path from its existing terminus at Cedar Street to Lowell Street. Project completion was completed in the spring of 2015.
- Streetscape and Adaptive Re-Use (\$600,000) – a citywide transportation study and associated analysis of the Inner Belt district will provide the City with a transportation "roadmap" for the next 25-30 years.
- Route 28 Undercarriage (\$1 million) – a bicycle and pedestrian walkway currently under construction between the ten hills neighborhood of Somerville to the new Assembly Square Orange Line Station. This project was completed in 2014.
- Beacon Street Reconstruction—full depth reconstruction which will improve the lifespan of the road by rebuilding the subsurface, grading the surface for positive drainage, and installing a new high-quality asphalt surface. To be completed in 2020.
- Somerville Avenue Utility and Streetscape Improvement Project-- This project will address legacy stormwater flooding issues in Union Square, and includes significant streetscape improvements. There are two major categories of work of the project: Upgrades to the underground stormwater management system and other aspects of the water and sewer systems, and enhancements to the overall streetscape. The project is underway.
- Winter Hill in Motion—an innovative, medium scale effort to make improvements on Broadway between Magoun Square and McGrath Highway with paint, signage, and changes to traffic signal timing. The project includes the city's first dedicated bus way.

Bridges

- McCarthy Overpass Improvements (\$11 million) – Improvements to the existing elevated roadway structure and interim improvements to the existing signals, with significant bicycle and pedestrian upgrades. Project is complete.
- Cross Street Bridge (\$4.2 million) – Reconstruction of the Cross Street Bridge in East Somerville. Project was completed in early 2014.
- Gilman Street Rail Bridge (\$12 million) – Planned reconstruction of the Rail Bridge over Gilman Street in East Somerville.

Open Spaces

- Chuckie Harris Park (\$906,000) – An innovative new park in East Somerville, project was completed in 2013.
- Baxter Park (\$700,000) - Improvements to Baxter Park on the Mystic River, project was completed in 2014.
- North Street Park (\$1 million) – A reconstruction and expansion of North Street Park, project construction was completed in 2014.
- Kenney Park in Davis Square (\$400,000) – The City has designed a rehabilitation and improvements to Kenney Park in Davis Square, project construction was completed in 2014.
- Symphony Park – A new park on the corner of Pearl St. in East Somerville, completed in summer 2015.

- Marshal St. Playground – A significant reconstruction of an existing park in Winter Hill, completed in spring of 2015.
- East Somerville Community School Field- refurbished an athletic field in environmental justice neighborhood, completed in 2019.
- Capuano School Field- refurbished an athletic field in Environmental justice neighborhood, completed in 2019
- Allen Street Playground- play amenities added to an existing park in an environmental justice area- to be completed in Fall 2020.
- Prospect Hill Park- historical park renovation to be completed in September 2020.
- Central Hill Playground and Campus—Playground construction to begin in spring of 2021.
- Healey Schoolyard Design- innovative new schoolyard in environmental justice neighborhood, construction was scheduled to begin 2020, and is currently on hold.
- Union Square Plaza Plan- public engagement process for a complicated interdisciplinary plan for public space and mobility improvements in the city's largest square will begin in spring of 2021
- Brown Schoolyard and West Somerville Schoolyard public engagement process ongoing
- Kensington Connector- public engagement ongoing for improvements made to the public space underneath a major highway and in a main pedestrian connection. Limited project implementation will begin in spring/summer 2021
- Spring and Fall tree planting – 350 trees planted in the public rights of way

Projects currently in the Planning Stages:

- Davis Square Streetscape (est. \$12.5 million) - The City is currently enlisting the services of Crosby Schlesinger and Smallridge to finalize the designs. Estimated investment in the next 24 months is \$7 million.
- Central Broadway (est. \$12 million) – extending the streetscape and utility improvements recently completed on East Broadway west to Ball Square.

Transportation and Utilities

Encouraging a trend toward more pedestrian and bicycle travel, Somerville continues its commitment to providing better pedestrian circulation and access by pursuing expansion and improvements to existing pedestrian paths, and by striping bicycle paths throughout its street network. This commitment was recently recognized by Somerville's designation as a "Bike Friendly Community" by the League of American Bicyclists. The City also saw an increase of more than 56% in bicycle commuting share between 2010 and 2013 – making it the #1 bike commuting City in the Northeast according to the League of American Bicyclists. Accordingly, the City has made significant investments, painting over 24 miles of dedicated or protected bike lanes and increasing bike parking with the installation of bike racks and 10 bike corrals. The City's streetscape projects make use of bump-outs, curb extensions, and raised intersections with the goal of calming traffic and improving the pedestrian experience. The Broadway project in East Somerville is the cornerstone of this effort. The City continues to work with MassDOT on the completion of the Community Path to Cambridge Crossing in Cambridge. Several of these segments are under construction or were recently completed using various federal funds.

The City is served by Interstate 93, McGrath and O'Brien Highways, Route 38 (Mystic Avenue), Route 16 and the Fellsway. Rapid transit and bus service within the City and to neighboring communities, including Boston, is provided by the MBTA. Other private carriers provide taxicab (with one locally-owned cab company) and other transportation services to various city businesses and institutions such as Tufts University. Complete water and sewer services are provided for by connections to the MWRA system. Gas and electric services are provided by established private utilities.

Income Levels and Population

POPULATION AND INCOME

	<u>Somerville</u>	<u>Massachusetts</u>	<u>United States</u>
Median Age:			
2010	31.4	39.1	37.2
2000	31.1	36.5	35.3
1990	31.0	33.6	32.9
1980	29.9	31.2	30.0
Median Family Income:			
2010	\$69,245	\$81,165	\$51,144
2000	51,243	61,644	50,046
1990	38,532	44,367	35,225
1980	18,220	21,166	19,908
Per Capita Income:			
2010	\$32,517	\$33,966	\$27,334
2000	23,628	25,952	21,587
1990	15,179	17,224	14,420
1980	6,249	7,459	7,313

SOURCE: U.S. Bureau of the Census.

POPULATION TRENDS

<u>2020</u>	<u>2019</u>	<u>2010</u>	<u>2000</u>	<u>1990</u>
81,045	81,045	75,754	77,478	76,210

SOURCE: U.S. Bureau of the Census.

On the basis of the 2020 Federal Census, the City has a population density of approximately 19,767 persons per square mile.

PROPERTY TAXATION

Tax Levy Computation

The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "Tax Limitations" below. As to the inclusion of debt service and final judgments, see "SECURITY AND REMEDIES" above.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Overlay" below) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits" below).

The table below illustrates the manner in which the tax levy was determined for the following fiscal years.

TAX LEVY COMPUTATION

	<u>Fiscal 2019</u>	<u>Fiscal 2020</u>	<u>Fiscal 2021</u>	<u>Fiscal 2022</u>	<u>Fiscal 2023</u>
Total Appropriations(1)	\$ 280,756,506	\$ 294,915,793	\$ 307,066,053	\$ 341,404,843	\$ 373,262,785
Additions:					
State Assessments	14,188,184	14,608,938	14,195,648	14,850,683	15,052,545
Overlay Reserve	1,647,702	1,706,610	1,721,279	1,712,226	1,616,982
Other Additions(2)	89,643	93,082	93,589	118,681	142,167
Total Additions	<u>15,925,529</u>	<u>16,408,630</u>	<u>16,010,516</u>	<u>16,681,590</u>	<u>16,811,694</u>
Gross Amount to be Raised	<u>296,682,035</u>	<u>311,324,423</u>	<u>323,076,569</u>	<u>358,086,433</u>	<u>390,074,479</u>
Deductions:					
Local Estimated Receipts	72,696,316	78,763,815	70,550,121	81,315,888	89,882,465
State Aid(3):					
Current Year	48,909,607	50,227,502	49,995,861	51,896,268	52,497,844
Available Funds:					
Free Cash	12,601,199	8,019,236	15,154,550	16,040,525	24,017,842
Other Available Funds(4)	2,738,258	3,101,607	1,438,567	6,512,258	966,343
Other Revenue Sources	4,705,415 (5)	3,400,000 (6)	1,922,482 (7)	1,481,578 (7)	1,616,575 (7)
Total Deductions	<u>141,650,795</u>	<u>143,512,160</u>	<u>139,061,581</u>	<u>157,246,517</u>	<u>168,981,069</u>
Net Amount to be Raised (Tax Levy)	<u>\$ 155,031,240</u>	<u>\$ 167,812,263</u>	<u>\$ 184,014,988</u>	<u>\$ 200,839,916</u>	<u>\$ 221,093,410</u>

- (1) Includes additional appropriations from taxation voted subsequent to the adoption of the annual budget but prior to the setting of the tax rate.
(2) Approximately 80% of these amounts were to pay for students attending a Charter School which opened in Somerville under the Education Reform Act. Part of this cost was reimbursed to the City through increased state aid.
(3) Includes state aid as well as other payments from the Commonwealth. See "CITY FINANCES--Revenues--State Aid".
(4) Transfers from other available funds, including overlay surplus, parking revenues and the tax title collection reserve account are generally made as an offset to a particular appropriation item.
(5) Includes \$1,750,000 free cash appropriated on or before June 30, 2018, \$2,655,415 parking meter revenue and \$300,000 overlay.
(6) Includes \$1,100,000 free cash appropriated on or before June 30, 2019 and \$2,300,000 parking meter revenue.
(7) Parking meter revenue.

Assessed Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created four classes of taxable property: (1) residential real property, (2) open space land, (3) commercial and (4) industrial. Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 per cent of its share of the total taxable valuation; the effective rate for open space must be at least 75 per cent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every five years, or pursuant to a revised schedule as may be issued by the Commissioner.

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

The City has used multiple tax rates for different classes of property since fiscal year 1986.

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 fiscal year 2021. The City conducts an interim year adjustment on values annually.

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

Fiscal Year	Real Estate Valuation	Personal Property Valuation	Total Assessed Valuation	Tax Rate Per \$1,000 Valuation		Tax Levy	Tax Levy Per Capita(2)
				Residential	All other		
2023	\$ 21,851,873,473	\$ 450,822,700	\$ 22,302,696,173	\$ 10.34	\$ 17.35	\$ 221,093,410	\$ 2,728
2022	20,406,408,345	446,617,260	20,853,025,605	10.18	16.85	200,839,916	2,478
2021 (1)	18,890,341,808	407,549,990	19,297,891,798	10.19	16.69	184,014,988	2,271
2020	17,669,473,496	326,987,090	17,996,460,586	10.09	16.32	167,812,263	2,071
2019	15,363,243,508	293,268,510	15,656,512,018	10.76	17.33	155,031,240	1,913

(1) Professional revaluation year.

(2) Based on 2020 Federal Census (81,045).

Classification of Property

The following is a breakdown of the City's assessed valuation of real estate in fiscal years 2021, 2022 and 2023.

Property Type	2021 (1)		2022		2023	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Residential	\$ 16,408,557,580	85.0 %	\$ 17,580,229,409	84.3 %	\$ 18,588,162,698	83.3 %
Commercial	2,070,545,428	10.7	2,373,619,636	11.4	2,830,367,975	12.7
Industrial	411,238,800	2.1	452,559,300	2.2	433,342,800	1.9
Personal	407,549,990	2.1	446,617,260	2.1	450,822,700	2.0
Total Real Estate	\$ 19,297,891,798	100.0 %	\$ 20,853,025,605	100.0 %	\$ 22,302,696,173	100.0 %

(1) Professional revaluation year.

Largest Taxpayers

The following table lists the ten largest taxpayers in the City based upon assessed valuation for fiscal 2023. All of the taxpayers listed below are current in their tax payments.

Name	Nature of Business	Total Assessed Valuation for Fiscal 2023	Amount of Tax	% of Total Levy
Street Retail Inc.	Commercial - Residential	\$676,110,374	\$8,739,129	3.95 %
DW PROPCO EF LLC	Office Building	375,896,400	6,521,803	2.95
101 South Street Owner LLC	Office Building	190,304,800	3,301,788	1.49
DW NP PROPERTY LLC	Office Building	159,942,100	2,774,995	1.26
NSTAR Electric Co	Electric Company	128,449,420	2,228,597	1.01
ASSEMBLY ROW 5B LLC	Office Building	128,327,200	2,226,477	1.01
NSTAR Gas Co	Gas Company	99,161,890	1,720,459	0.78
CRP 70 Inner Belt LLC	Telecom	84,620,600	1,468,167	0.66
74M PROPERTY OWNER LLC	Office Building	83,980,000	1,457,053	0.66
FR Assembly Square LLC	Shopping Mall	82,263,300	1,427,268	0.65
Total		<u>\$2,009,056,084</u>	<u>\$31,865,737</u>	<u>14.41 %</u>

State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a determination of the fair cash value of the taxable property in each municipality as of January 1 of even numbered years. This is known as the "equalized value". Local assessed valuations are determined annually as of January 1 and used for the fiscal year beginning on the next July 1.

The following table sets forth the State equalized valuation of the City.

January 1,	State Equalized Valuation	City % Increase
2022	\$22,812,899,800	14.14 %
2020	19,987,384,600	31.76
2018	15,170,069,800	21.91
2016	12,444,120,100	19.12
2014	10,446,575,400	13.09

Abatements and Overlay

The City is authorized to increase each tax levy by an amount approved by the Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the resultant "overlay deficit" is required to be added to the next tax levy. An abatement granted after a tax payment has been made is accounted for as a refund on the books of the City. Any balance in the overlay account, in excess of the amount of the warrant remaining to be collected or abated, is transferred to a reserve fund to be used for extraordinary or unforeseen expenses. Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue.

The following table sets forth the amount of the overlay reserve for each of the last five fiscal years and actual abatements and refunds granted through June 30, 2022 against each levy.

Fiscal Year	Net Tax Levy(1)	Overlay Reserve		Abatements Granted Through June 30, 2022
		Dollar Amount	As a % of Net Levy	
2022	\$200,839,916	\$1,712,226	0.9 %	\$804,559
2021	182,293,709	1,721,279	0.9	1,215,464
2020	166,105,653	1,706,610	1.0	1,365,593
2019	153,383,538	1,647,702	1.1	937,203
2018	141,962,349	1,528,746	1.1	1,203,244

(1) Tax levy prior to addition of overlay reserve.

Tax Collections

Property tax bills are payable quarterly on August 1, November 1, February 1, and May 1 of each fiscal year. Interest accrues on delinquent taxes at the rate of 14 percent per annum. Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

The table below compares the City's net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies for the following fiscal years.

TAX COLLECTIONS

Fiscal Year	Gross Tax Levy	Net Tax Levy(1)	Collections During Fiscal Year Payable (2)		Collections as of June 30, 2022 (2)	
			Dollar Amount	% of Net Levy	Dollar Amount	% of Net Levy
2022	\$200,839,916	\$199,127,690	\$196,922,716	98.89 %	\$196,922,716	98.89 %
2021	184,014,988	182,293,709	180,138,300	98.82	181,735,266	99.69
2020	167,812,263	166,105,653	162,135,904	97.61 (3)	166,037,091	99.96
2019	155,031,240	153,383,538	152,029,828	99.12	153,350,099	99.98
2018	143,491,095	141,962,349	140,570,868	99.02	141,934,048	99.98

(1) Net after deduction of overlay for abatements.

(2) Actual dollar collections net of refunds. Does not include abatements or other non-cash credits.

(3) State legislative changes allowed cities to extend the due date for tax collection. Because of the adopted legislation there was a "delay" in collections. The 97% is as of June 30, 2020, however, the City received approximately \$1 million in both July and August of 2020, thereby putting the collection rate in line with all other previous Fiscal Years at less than 1% uncollected

Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non-payment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments) it can be foreclosed by petition to the Land Court.

Upon such foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes. Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of tax and charging surplus.

The following table sets forth the amount of tax titles and possessions outstanding at the end of each of the last five fiscal years.

Fiscal Year	Total Tax Titles and Possessions
2022	\$ 1,662,328
2021	1,631,484
2020	1,141,191
2019	1,297,908
2018	818,578

Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk. The City does not expect to utilize this option at this time.

Taxation to Meet Deficits

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

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

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

Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

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

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

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

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

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

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

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

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

The following table sets forth the trend in the City's tax levies and levy limits under Proposition 2 ½.

Unused Levy Capacity (1)

	For Fiscal Year				
	2023	2022	2021	2020	2019
Primary Levy Limit (2)	\$557,567,404	\$521,325,640	\$482,447,295	\$449,911,515	\$391,412,800
Prior Fiscal Year Levy Limit	198,051,137	182,757,870	168,272,052	155,996,513	145,062,349
2.5% Levy Growth	4,951,278	4,568,947	4,206,801	3,899,913	3,626,559
New Growth (3)	12,314,627	10,724,320	10,279,017	8,375,626	7,307,605
Amended Growth for Prior Fiscal Year	-	-	-	-	-
Growth Levy Limit	215,317,042	198,051,137	182,757,870	168,272,052	155,996,513
Debt Exclusions	6,674,013	6,033,610	1,335,839	-	-
Capital Expenditure Exclusions	-	-	-	-	-
Other Adjustments	-	-	-	-	-
Tax Levy Limit	221,991,055	204,084,747	184,093,709	168,272,052	155,996,513
Tax Levy	221,093,410	200,839,916	184,014,988	167,812,263	155,031,240
Unused Levy Capacity (4)	897,645	3,244,831	78,721	459,789	965,273
Unused Primary Levy Capacity (5)	\$342,250,362	\$323,274,503	\$299,689,425	\$281,639,463	\$235,416,287

(1) Source: Massachusetts Department of Revenue

(2) 2.5% of assessed valuation.

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

(4) Tax Levy Limit less Tax Levy.

(5) Primary Levy Limit Less Growth Levy Limit.

Initiative Petitions

Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted such amendments must be approved by two successive legislatures and then by the voters at a state election.

Community Preservation Act

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

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" under "PROPERTY TAXATION" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

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

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

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

On November 6, 2012, the City adopted the CPA. The CPA was implemented in the first quarter of fiscal year 2014.

Community Preservation Fund Major Revenues

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>State Contribution</u>	<u>All Other</u>	<u>Total</u>
2022	\$ 2,592,653	\$ 1,038,656	\$ 14,390	\$ 3,645,699
2021	2,371,190	616,084	16,898	3,004,172
2020	2,161,427	492,059	16,054	2,669,540
2019	1,953,030	432,342	122,590	2,507,962
2018	1,794,508	370,465	510,594	2,675,567

The CPA fund balance at June 30, 2022 was \$4,777,018.

CITY FINANCES

Budget and Appropriation Process

Pursuant to the City Charter, City department heads are required to submit their budget requests to the Mayor between January and February in each year. The Mayor then submits a budget request and recommendation for the next fiscal year beginning on July 1, to the City Council in March or April in each year. Under the Charter, the City Council must adopt a budget by June 30.

The Mayor is required to submit a budget. The City Council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the Mayor, the City Council may not make any appropriation for a purpose not included in the proposed budget (except by a two-thirds vote in case of the failure of the Mayor to recommend an appropriation for such a purpose within 7 days after a request from the City Council). The City Council may not increase any item without the recommendation of the Mayor (except as provided by legislation, subject to local acceptance, under which the school budget or regional school district assessment can be increased upon recommendation of the school committee and the two-thirds vote of the City Council, provided that such increase does not cause the total annual budget to exceed the property tax limitations). If the City Council fails to act on any item of the proposed budget within 45 days, that item takes effect.

If the Mayor does not make a timely budget submission, provision is made for preparation of a budget by the City Council. Provision is also made for supplementary appropriations upon recommendation of the Mayor. Water department expenditures are required to be included in the budget adopted by the City Council. As a result of an initiative law adopted in November 1980, school committees are no longer autonomous with respect to school expenditures for current purposes. The school budget is limited to the amount appropriated by the City Council, but the school committee retains full power to allocate the funds appropriated.

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

The table below sets forth the trend in operating budgets in the format recommended by the Mayor and voted by the City Council for the following fiscal years.

BUDGET COMPARISON

	<u>Fiscal 2019</u>	<u>Fiscal 2020</u>	<u>Fiscal 2021</u>	<u>Fiscal 2022</u>	<u>Fiscal 2023</u>
General Government	\$ 21,342,545	\$ 24,981,523	\$ 26,283,679	\$ 33,556,907	\$ 39,842,015
Public Safety	42,702,095	45,432,626	46,104,817	47,110,557	50,400,463
Education	72,679,325	76,257,481	77,929,431	84,267,002	92,693,702
Culture & Recreation	5,035,007	4,502,265	4,593,822	5,151,380	5,575,226
Debt Service	11,646,258	12,511,140	15,324,637	19,085,853	19,725,403
Insurance	24,958,572	25,464,960	27,023,592	28,881,967	28,397,729
Compensation and Pensions	15,464,385	15,465,460	16,006,450	15,594,586	16,438,568
Public Works	27,169,910	28,503,712	28,779,139	32,205,620	33,134,650
Water & Sewer	37,368,802	43,239,431	41,919,044	45,848,939	46,257,126
Other	4,911,270	4,216,571	4,411,647	4,326,047	7,454,728
Grand Total	<u>\$ 263,278,169</u>	<u>\$ 280,575,169</u>	<u>\$ 288,376,258</u>	<u>\$ 316,028,858</u>	<u>\$ 339,919,610</u>

Revenues

Property Taxes: Property taxes together with State aid are the major sources of revenue for the City. The total amount of property taxes to be levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION--Tax Limitations".

Federal Aid: On January 25, 2017, President Trump issued an Executive Order (the "Order") intended to enforce the U.S. immigration laws. The Order includes a provision directing the Attorney General and the Secretary of Homeland Security to ensure that state and local jurisdictions that willfully refuse to comply with federal law concerning the provision of information on individuals' immigration status will not be eligible to receive federal grants except as deemed necessary for law enforcement purposes.

The City Council adopted a resolution in the mid-1980s declaring Somerville to be a sanctuary city and the Mayor has recently reaffirmed this status, which could possibly subject the City to the loss of federal funds following implementation of the Order. The validity of the Order is currently being challenged in court by various communities, including two cities in Massachusetts.

The City currently receives approximately \$12.2 million in annual federal grants. The City cannot predict how the federal government will implement the Order, what impact, if any, enforcement of the Order may have on the amount or timing of receipt of federal funds or the City's financial condition or what actions, if any the City might take in response to the Order or any action under it.

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

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

Marijuana Tax: Under the marijuana tax, local governments may tax the sale and transfer of marijuana or marijuana products by a marijuana retailer operating within its territorial limits to anyone other than a marijuana establishment, at a rate not in excess of three percent of the total sale price received by the marijuana retailer as a consideration for the sale of marijuana or marijuana projects.

The City approved a 3.0% cannabis tax effective July 1, 2018. To date, the City's marijuana tax receipts collected in fiscal 2023 total \$16,784.

Motor Vehicle Excise: An excise is imposed on the registration of motor vehicles (subject to exemptions) at a uniform rate of \$25 per \$1,000 of valuation. The excise tax is collected by and for the benefit of the municipality in which the owner of the motor vehicle resides. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made for the non-renewal of registration and operator's license by the registrar of motor vehicles. In fiscal 2020, the City's motor vehicle excise receipts totaled \$6,087,239. In fiscal 2021, the City's motor vehicle excise receipts totaled \$7,226,705. In fiscal 2022, the City's motor vehicle excise receipts totaled \$6,833,247.

Water and Sewer Rates and Services: Beginning in fiscal 2006, the City's water and sewer operations are fully self-supporting and accounted for in separate Water and Sewer Enterprise Funds. Effective July 1, 2022, water rates range between \$4.98 and \$8.71 per 100 cubic feet and sewer rates range between \$9.92 and \$15.28 per 100 cubic feet. The vast majority of account holders are billed tri-annually; larger users, including commercial and industrial buildings, are billed six (6) times per year. These rates are set annually by the Director of Water & Sewer and approved by the Mayor and City Council. Water and sewer rate revenues collected in fiscal year 2020 (including prior year commitments) totaled \$35,763,595. Water and sewer rate revenues collected in fiscal year 2021 (including prior year commitments) were

\$38,554,117. Water and sewer rate revenues collected in fiscal year 2022 (including prior year commitments) were \$42,285,467.

Room Occupancy Tax: Under G.L. Chapter 64G, s. 3A local governments may tax the provision of hotel, motel and lodging house rooms at a rate not to exceed six percent (6%) of the cost of renting such rooms. The tax is paid by the operator of the hotel, motel or lodging house to the State Commissioner of Revenue, who in turn pays the tax back to the municipality in which the rooms are located. The City levied 4% as permitted under the law beginning in fiscal 2009. The City approved an additional 2% on August 27, 2009. Revenues totaled \$1,774,190 in fiscal 2020, \$419,362 in fiscal 2021, and \$1,394,995 in fiscal 2022.

Meals Tax: On August 27, 2009, the City approved a local meals tax of 0.75%. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. Revenues from this tax generated \$1,931,495 in fiscal 2020, \$1,398,887 in fiscal 2021, and \$2,337,749 in fiscal 2022.

Other Revenues: Other major sources of General Fund revenues in fiscal 2020 included fees, fines and charges of \$22,253,347 and interest income of \$2,460,625. Other major sources of General Fund revenues in fiscal 2021 included fees, fines and charges, \$24,676,336 and interest income, \$650,505. Other major sources of General Fund revenues in fiscal 2022 included fees, fines and charges of \$44,876,655 and interest income of \$339,335.

State School Building Assistance Program

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

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

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

Education Reform

State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. Fiscal year appropriations by the City have exceeded the minimum required funding levels.

Investment of City Funds

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

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

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

A breakdown of current investments may be obtained from the City Treasurer.

Summary of Significant Accounting Policies of the City

See Appendix A.

Annual Audits

The City's accounts were independently audited for the fiscal years ended June 30, 1995 through 2022 by Powers & Sullivan, Certified Public Accountants.

The attached report speaks only as of its date, and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in that appendix.

Financial Statements

Set forth on the following pages for the City's Governmental Funds are Balance Sheets for the fiscal years ended June 30, 2022, June 30, 2021 and June 30, 2020, and Statements of Revenues, Expenditures and Changes in Fund Balance for fiscal years ended June 30, 2018 through June 30, 2022. Also included for the City's Proprietary Funds are Statements of Net Assets for the fiscal years ended June 30, 2022, June 30, 2021 and June 30, 2020, and Statements of Revenues, Expenditures and Changes in Fund Balance for fiscal years ended June 30, 2018 through June 30, 2022. All of these statements were extracted from the City's audited Financial Statements.

**CITY OF SOMERVILLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET JUNE 30, 2022 (1)**

	General	Strategic Planning & Community Development	ARPA Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 114,068,150	\$ 237,706	\$ 68,823,394	\$ 71,979,063	\$ 39,762,573	\$ 294,870,886
Receivables, net of uncollectibles:						
Real estate and personal property taxes	2,873,637	-	-	-	-	2,873,637
Tax liens	1,938,219	-	-	-	18,916	1,957,135
Community preservation fund surtax	-	-	-	-	32,648	32,648
Motor vehicle and other excise taxes	1,087,100	-	-	-	-	1,087,100
Departmental and other	2,535,880	-	-	-	-	2,535,880
Intergovernmental	-	9,920,968	-	-	9,354,260	19,275,228
Community preservation state share	-	-	-	-	789,000	789,000
Loans	-	16,448,506	-	-	14,888,361	31,336,867
Due to other funds	3,181,381	-	-	-	-	3,181,381
TOTAL ASSETS	\$ 125,684,367	\$ 26,607,180	\$ 68,823,394	\$ 71,979,063	\$ 64,845,758	\$ 357,939,762
LIABILITIES						
Warrants payable	\$ 5,140,520	\$ -	\$ -	\$ 5,710,465	\$ -	\$ 10,850,985
Accrued payroll	3,110,598	13,875	36,399	1,170	496,498	3,658,540
Unearned revenue	-	-	68,605,543	-	120,062	68,725,605
Tax refunds payable	1,869,000	-	-	-	-	1,869,000
Due to other funds	-	-	-	-	3,181,381	3,181,381
Other liabilities	2,786,984	-	-	-	806,322	3,593,306
Notes payable	-	-	-	60,977,477	-	60,977,477
TOTAL LIABILITIES	12,907,102	13,875	68,641,942	66,689,112	4,604,263	152,856,294
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue	7,906,836	9,473,556	-	-	5,777,676	23,158,068
FUND BALANCES						
Nonspendable	-	-	-	-	433,126	433,126
Restricted	-	17,119,749	181,452	22,536,430	54,030,693	93,868,324
Committed	53,082,671	-	-	-	-	53,082,671
Assigned	5,584,905	-	-	-	-	5,584,905
Unassigned	46,202,853	-	-	(17,246,479)	-	28,956,374
TOTAL FUND BALANCES	104,870,429	17,119,749	181,452	5,289,951	54,463,819	181,925,400
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 125,684,367	\$ 26,607,180	\$ 68,823,394	\$ 71,979,063	\$ 64,845,758	\$ 357,939,762

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

**CITY OF SOMERVILLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET JUNE 30, 2021 (1)**

	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 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 to 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

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

**CITY OF SOMERVILLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
BALANCE SHEET JUNE 30, 2020 (1)**

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

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

**CITY OF SOMERVILLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 2022 (1)**

REVENUES:	General	Strategic Planning & Community Development	ARPA Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Real Estate and Personal Property Taxes net of Tax Refunds	\$ 198,544,652	\$ -	\$ -	\$ -	\$ -	\$ 198,544,652
Tax liens	512,067	-	-	-	-	512,067
Motor Vehicle and Other Excise Taxes	10,565,990	-	-	-	-	10,565,990
Penalties and interest on taxes	980,761	-	-	-	-	980,761
Payments in Lieu of Taxes	1,622,603	-	-	-	-	1,622,603
Intergovernmental - Teachers Retirement	12,654,025	-	-	-	-	12,654,025
Intergovernmental	51,218,779	1,942,823	997,014	10,362,104	27,167,638	91,688,358
Departmental and Other	44,013,694	-	-	-	14,656,766	58,670,460
Community Preservation Taxes	-	-	-	-	2,597,943	2,597,943
Community Preservation State Match	-	-	-	-	1,038,656	1,038,656
Contributions and Donations	2,321,432	25,736	-	-	990,453	3,337,621
Investment Income	500,694	2,871	168,604	-	44,243	716,412
Miscellaneous	973,433	-	-	258,029	762	1,232,224
Total Revenues	\$ 323,908,130	\$ 1,971,430	\$ 1,165,618	\$ 10,620,133	\$ 46,496,461	\$ 384,161,772
EXPENDITURES:						
Current:						
General Government	\$ 31,278,736	\$ -	\$ 997,014	\$ 19,119,825	\$ 5,631,882	\$ 57,027,457
Public Safety	44,770,903	-	-	-	6,714,938	51,485,841
Education	84,633,351	-	-	29,108,063	18,985,282	132,726,696
Public Works	29,746,535	-	-	7,413,884	2,036,398	39,196,817
Community Development	-	4,062,741	-	-	209,384	4,272,125
Health and Human Services	124,071	-	-	-	1,388,208	1,512,279
Culture and Recreation	4,321,634	-	-	-	522,908	4,844,542
Community Preservation	-	-	-	-	1,517,068	1,517,068
Pension Benefits	15,449,632	-	-	-	-	15,449,632
Pension Benefits - Teachers Retirement	12,654,025	-	-	-	-	12,654,025
Employee Benefits	32,285,964	-	-	-	-	32,285,964
State and County Charges	14,228,726	-	-	-	-	14,228,726
Debt Service						
Principal	9,378,511	-	-	-	180,000	9,558,511
Interest	9,862,716	-	-	-	264,894	10,127,610
Total Expenditures	\$ 288,734,804	\$ 4,062,741	\$ 997,014	\$ 55,641,772	\$ 37,450,962	\$ 386,887,293
Excess (Deficiency) of Revenues Over Expenditures	\$ 35,173,326	\$ (2,091,311)	\$ 168,604	\$ (45,021,639)	\$ 9,045,499	\$ (2,725,521)
OTHER FINANCING SOURCES:						
Issuance of Bonds	\$ -	\$ -	\$ -	\$ 28,668,138	\$ -	\$ 28,668,138
Premium from Issuance of Bonds	-	-	-	1,516,905	1,396,673	2,913,578
Capital purchase financing	600,298	-	-	-	-	600,298
Proceeds to bond escrow agent	8,412	-	-	-	110,000	118,412
Transfers in	2,163,868	139,096	-	29,336,673	-	31,639,637
Transfers out	(22,405,368)	-	-	-	(12,945,138)	(35,350,506)
Total Other Financing Sources	(19,632,790)	139,096	-	59,521,716	(11,438,465)	28,589,557
Net Change in Fund Balances	15,540,536	(1,952,215)	168,604	14,500,077	(2,392,966)	25,864,036
FUND BALANCES AT BEGINNING OF YEAR	89,329,893	19,071,964	12,848	(9,210,126)	56,856,785	156,061,364
FUND BALANCES AT END OF YEAR	\$ 104,870,429	\$ 17,119,749	\$ 181,452	\$ 5,289,951	\$ 54,463,819	\$ 181,925,400

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

**CITY OF SOMERVILLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 2021 (1)**

REVENUES:	General	Strategic Planning & Community Development	ARPA Fund	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
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	\$ 276,673,661	\$ 5,477,417	\$ -	\$ 82,523,887	\$ 38,399,098	\$ 403,074,063
Excess (Deficiency) of Revenues Over Expenditures	\$ 17,451,123	\$ (126,439)	\$ 12,848	\$ (68,907,173)	\$ 7,210,806	\$ (44,358,835)
OTHER FINANCING SOURCES:						
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 to bond escrow agent	-	-	-	-	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	(3,283,529)	-	-	48,014,102	9,407,087	35,267,842
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	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

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

**CITY OF SOMERVILLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 2020 (1)**

REVENUES:	General	Strategic Planning & Community Development	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Real Estate and Personal Property Taxes net of Tax Refunds	\$ 163,664,577	\$ -	\$ -	\$ -	\$ 163,664,577
Tax liens	278,585	-	-	-	278,585
Motor Vehicle and Other Excise Taxes	9,792,924	-	-	-	9,792,924
Penalties and interest on taxes	511,666	-	-	-	511,666
Payments in Lieu of Taxes	1,611,453	-	-	-	1,611,453
Intergovernmental - Teachers Retirement	20,601,043	-	-	-	20,601,043
Intergovernmental	50,420,590	6,110,844	41,013,212	14,006,880	111,551,526
Intergovernmental - COVID-19 relief	-	-	-	1,149,689	1,149,689
Departmental and Other	19,110,229	-	-	12,669,970	31,780,199
Community Preservation Taxes	-	-	-	2,153,246	2,153,246
Community Preservation State Match	-	-	-	492,059	492,059
Contributions and Donations	1,299,056	74,975	-	1,640,962	3,014,993
Investment Income	3,051,807	10,433	-	114,734	3,176,974
Miscellaneous	643,276	-	-	6,281	649,557
Total Revenues	\$ 270,985,206	\$ 6,196,252	\$ 41,013,212	\$ 32,233,821	\$ 350,428,491
EXPENDITURES:					
Current:					
General Government	\$ 26,451,554	\$ -	\$ 22,547,713	\$ 2,865,915	\$ 51,865,182
Public Safety	44,154,335	-	484,309	6,654,415	51,293,059
Education	75,757,681	-	104,118,025	18,051,427	197,927,133
Public Works	24,627,873	-	1,886,776	2,606,813	29,121,462
Community Development	-	4,243,725	-	-	4,243,725
Health and Human Services	79,095	-	-	674,133	753,228
Culture and Recreation	4,037,376	-	3,923,912	425,329	8,386,617
Community Preservation	-	-	-	2,293,185	2,293,185
COVID-19	-	-	-	1,149,689	1,149,689
Pension Benefits	14,222,948	-	-	-	14,222,948
Pension Benefits - Teachers Retirement	20,601,043	-	-	-	20,601,043
Employee Benefits	29,938,317	-	-	-	29,938,317
State and County Charges	13,531,432	-	-	-	13,531,432
Debt Service	-	-	-	-	-
Principal	7,415,623	-	-	110,000	7,525,623
Interest	5,085,514	-	-	202,153	5,287,667
Total Expenditures	\$ 265,902,791	\$ 4,243,725	\$ 132,960,735	\$ 35,033,059	\$ 438,140,310
Excess (Deficiency) of Revenues Over Expenditures	\$ 5,082,415	\$ 1,952,527	\$ (91,947,523)	\$ (2,799,238)	\$ (87,711,819)
OTHER FINANCING SOURCES:					
Issuance of Bonds	\$ -	\$ -	\$ 121,835,930	\$ -	\$ 121,835,930
Premium from Issuance of Bonds	-	-	721,904	1,248,232	1,970,136
Proceeds from the Sale of Assets	7,140	-	-	-	7,140
Transfers in	2,474,839	-	-	250,000	2,724,839
Transfers out	(1,303,571)	-	(354)	(2,474,485)	(3,778,410)
Total Other Financing Sources	1,178,408	-	122,557,480	(976,253)	122,759,635
Net Change in Fund Balances	6,260,823	1,952,527	30,609,957	(3,775,491)	35,047,816
FUND BALANCES AT BEGINNING OF YEAR	68,901,476	17,245,876	(38,927,012)	43,871,586	91,091,926
FUND BALANCES AT END OF YEAR	\$ 75,162,299	\$ 19,198,403	\$ (8,317,055)	\$ 40,096,095	\$ 126,139,742

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

**CITY OF SOMERVILLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 2019 (1)**

REVENUES:	General	Strategic Planning & Community Development	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Real Estate and Personal Property Taxes net of Tax Refunds	\$ 153,512,695	\$ -	\$ -	\$ -	\$ 153,512,695
Tax liens	291,986	-	-	-	291,986
Motor Vehicle and Other Excise Taxes	10,490,716	-	-	-	10,490,716
Penalties and interest on taxes	673,359	-	-	-	673,359
Payments in Lieu of Taxes	1,507,020	-	-	-	1,507,020
Intergovernmental - Teachers Retirement	16,047,345	-	-	-	16,047,345
Intergovernmental	49,487,815	6,221,888	34,307,471	24,913,630	114,930,804
Departmental and Other	24,059,057	-	-	10,814,321	34,873,378
Community Preservation Taxes	-	-	-	1,955,547	1,955,547
Community Preservation State Match	-	-	-	432,342	432,342
Contributions and Donations	330,819	40,286	-	484,329	855,434
Investment Income	3,377,305	17,122	-	140,788	3,535,215
Miscellaneous	266,414	-	-	16,332	282,746
Total Revenues	\$ 260,044,531	\$ 6,279,296	\$ 34,307,471	\$ 38,757,289	\$ 339,388,587
EXPENDITURES:					
Current:					
General Government	\$ 27,873,706	\$ -	\$ 16,398,298	\$ 2,210,183	\$ 46,482,187
Public Safety	46,480,785	-	-	2,378,932	48,859,717
Education	72,292,696	-	40,947,139	12,946,219	126,186,054
Public Works	28,268,804	-	1,517,951	1,255,689	31,042,444
Community Development	-	5,584,239	-	-	5,584,239
Health and Human Services	-	-	-	469,398	469,398
Culture and Recreation	3,917,216	-	1,307,040	507,592	5,731,848
Community Preservation	-	-	-	1,961,132	1,961,132
Pension Benefits	14,336,380	-	-	-	14,336,380
Pension Benefits - Teachers Retirement	16,047,345	-	-	-	16,047,345
Employee Benefits	25,610,600	-	-	-	25,610,600
State and County Charges	12,993,749	-	-	-	12,993,749
Debt Service					
Principal	6,812,925	-	-	-	6,812,925
Interest	6,505,047	-	-	-	6,505,047
Total Expenditures	\$ 261,139,253	\$ 5,584,239	\$ 60,170,428	\$ 21,729,145	\$ 348,623,065
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,094,722)	\$ 695,057	\$ (25,862,957)	\$ 17,028,144	\$ (9,234,478)
OTHER FINANCING SOURCES:					
Issuance of Bonds	\$ -	\$ -	\$ 16,895,000	\$ -	\$ 16,895,000
Premium from Issuance of Bonds	-	-	2,234,342	716,210	2,950,552
Proceeds from the Sale of Assets	68,470	-	-	-	68,470
Transfers in	6,426,366	29,891	-	105,000	6,561,257
Transfers out	(753,001)	-	(1,157,722)	(4,808,534)	(6,719,257)
Total Other Financing Sources	5,741,835	29,891	17,971,620	(3,987,324)	19,756,022
Net Change in Fund Balances	4,647,113	724,948	(7,891,337)	13,040,820	10,521,544
FUND BALANCES AT BEGINNING OF YEAR	64,254,363	16,520,928	(31,035,675)	30,830,766	80,570,382
FUND BALANCES AT END OF YEAR	\$ 68,901,476	\$ 17,245,876	\$ (38,927,012)	\$ 43,871,586	\$ 91,091,926

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

**CITY OF SOMERVILLE, MASSACHUSETTS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
Fiscal Year Ended June 30, 2018 (1)**

REVENUES:	General	Strategic Planning & Community Development	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Real Estate and Personal Property Taxes					
net of Tax Refunds	\$ 142,059,305	\$ -	\$ -	\$ -	\$ 142,059,305
Tax liens	192,533	-	-	-	192,533
Motor Vehicle and Other Excise Taxes	9,484,191	-	-	-	9,484,191
Penalties and interest on taxes	869,868	-	-	-	869,868
Payments in Lieu of Taxes	1,327,790	-	-	-	1,327,790
Intergovernmental - Teachers Retirement	15,799,215	-	-	-	15,799,215
Intergovernmental	49,452,074	6,771,912	12,099,480	19,480,474	87,803,940
Departmental and Other	25,592,325	-	-	8,299,089	33,891,414
Community Preservation Taxes	-	-	-	1,794,508	1,794,508
Community Preservation State Match	-	-	-	370,465	370,465
Contributions and Donations	338,636	-	-	305,481	644,117
Investment Income	1,345,247	11,067	-	58,917	1,415,231
Miscellaneous	537,703	-	-	-	537,703
Total Revenues	<u>\$ 246,998,887</u>	<u>\$ 6,782,979</u>	<u>\$ 12,099,480</u>	<u>\$ 30,308,934</u>	<u>\$ 296,190,280</u>
EXPENDITURES:					
Current:					
General Government	\$ 21,580,283	\$ -	\$ 14,436,468	\$ 4,034,921	\$ 40,051,672
Public Safety	39,410,678	-	689,719	937,433	41,037,830
Education	68,799,420	-	20,296,626	13,834,507	102,930,553
Public Works	26,890,369	-	3,233,014	2,335,647	32,459,030
Community Development	-	4,556,946	-	-	4,556,946
Health and Human Services	-	-	-	276,304	276,304
Culture and Recreation	3,749,817	-	3,525,050	250,538	7,525,405
Community Preservation	-	-	-	5,061,851	5,061,851
Pension Benefits	13,943,033	-	-	-	13,943,033
Pension Benefits - Teachers Retirement	15,799,215	-	-	-	15,799,215
Employee Benefits	30,438,102	-	-	-	30,438,102
State and County Charges	13,634,548	-	-	-	13,634,548
Debt Service					
Principal	5,011,623	-	-	-	5,011,623
Principal payment on current refunding	2,090,000	-	-	-	2,090,000
Interest	4,112,187	-	-	-	4,112,187
Total Expenditures	<u>\$ 245,459,275</u>	<u>\$ 4,556,946</u>	<u>\$ 42,180,877</u>	<u>\$ 26,731,201</u>	<u>\$ 318,928,299</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>\$ 1,539,612</u>	<u>\$ 2,226,033</u>	<u>\$ (30,081,397)</u>	<u>\$ 3,577,733</u>	<u>\$ (22,738,019)</u>
OTHER FINANCING SOURCES:					
Issuance of Bonds	\$ -	\$ -	\$ 10,143,102	\$ -	\$ 10,143,102
Issuance of Refunding Bonds	7,810,975	-	-	-	7,810,975
Premium from Issuance of Bonds	-	-	273,998	1,845,411	2,119,409
Premium from Issuance of Refunding Bonds	578,540	-	-	-	578,540
Payments to Refunded Bond Escrow Agent	(8,448,080)	-	-	-	(8,448,080)
Proceeds from the Sale of Capital Assets	3,911	-	-	-	3,911
Transfers in	3,934,577	29,891	20,055	1,572,148	5,556,671
Transfers out	(1,801,039)	-	(6,419)	(2,660,816)	(4,468,274)
Total Other Financing Sources	<u>2,078,884</u>	<u>29,891</u>	<u>10,430,736</u>	<u>756,743</u>	<u>13,296,254</u>
Net Change in Fund Balances	3,618,496	2,255,924	(19,650,661)	4,334,476	(9,441,765)
FUND BALANCES AT BEGINNING OF YEAR	60,635,867	14,265,004	(11,385,014)	26,496,290	90,012,147
FUND BALANCES AT END OF YEAR	<u>\$ 64,254,363</u>	<u>\$ 16,520,928</u>	<u>\$ (31,035,675)</u>	<u>\$ 30,830,766</u>	<u>\$ 80,570,382</u>

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

CITY OF SOMERVILLE, MASSACHUSETTS
PROPRIETARY FUNDS
Statement of Net Assets
June 30, 2022 (1)

	Business-Type Activities - Enterprise Funds					Total
	Water	Sewer	Veterans Memorial Ice Rank	Dilboy Stadium	Kennedy School Pool	
ASSETS						
CURRENT:						
Cash and cash equivalents	\$ 11,586,505	\$ 25,335,885	\$ 553,562	\$ 113,478.00	\$ 486,780.00	\$ 38,076,210
Receivables, net of allowance for uncollectibles:						
User charges	4,863,535	9,125,035	-	-	-	13,988,570
TOTAL CURRENT ASSETS	16,450,040	34,460,920	553,562	113,478	486,780	52,064,780
NONCURRENT						
Capital assets, non depreciable	7,016,641	29,962,697	-	-	-	36,979,338
Capital assets, net of accumulated depreciation	46,079,366	47,302,753	2,619,902	-	-	96,002,021
TOTAL NONCURRENT ASSETS	53,096,007	77,265,450	2,619,902	-	-	132,981,359
TOTAL ASSETS	\$ 69,546,047	\$ 111,726,370	\$ 3,173,464	\$ 113,478	\$ 486,780	\$ 185,046,139
DEFERRED OUTFLOW OF RESOURCES						
Deferred outflows related to pensions	230,616	377,556	-	-	-	608,172
Deferred outflows related to other postemployment benefits	85	24	-	-	-	109
TOTAL DEFERRED OUTFLOWS OF RESOURCES	230,701	377,580	-	-	-	608,281
LIABILITIES						
CURRENT						
Warrants payable	292,742	1,214,823	-	-	-	1,507,565
Accrued payroll	39,557	36,357	-	2,850	8,269	87,033
Accrued interest	23,095	69,615	6,497	-	-	99,207
Compensated absences	100	700	-	-	-	800
Workers' compensation	-	-	-	-	-	-
Notes payable	4,773,749	32,411,081	-	-	-	37,184,830
Bonds payable	1,298,045	656,329	200,000	-	-	2,154,374
Total current liabilities	6,427,288	34,388,905	206,497	2,850	8,269	41,033,809
NONCURRENT						
Compensated absences	19,500	64,100	-	-	-	83,600
Workers' compensation	-	-	-	-	-	-
Net pension liability	532,905	872,451	-	-	-	1,405,356
Net other postemployment benefits liability	621,011	175,738	-	-	-	796,749
Long-term debt	15,086,850	14,346,064	900,000	-	-	30,332,914
Total noncurrent liabilities	16,260,266	15,458,353	900,000	-	-	32,618,619
TOTAL LIABILITIES	22,687,554	49,847,258	1,106,497	2,850	8,269	73,652,428
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions	561,561	919,364	-	-	-	1,480,925
Deferred inflows related to other postemployment benefits	2,878,349	197,760	-	-	-	3,076,109
TOTAL DEFERRED INFLOWS OF RESOURCES	3,439,910	1,117,124	-	-	-	4,557,034
NET POSITION						
Net investment in capital assets	40,615,878	47,205,306	1,519,902	-	-	89,341,086
Unrestricted	3,033,406	13,934,262	547,065	110,628	478,511	18,103,872
TOTAL NET POSITION	\$ 43,649,284	\$ 61,139,568	\$ 2,066,967	\$ 110,628	\$ 478,511	\$ 107,444,958

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

CITY OF SOMERVILLE, MASSACHUSETTS
PROPRIETARY FUNDS
Statement of Net Assets
June 30, 2021 (1)

	Business-Type Activities - Enterprise Funds					Total
	Water	Sewer	Veterans Memorial Ice Rank	Dilboy Stadium	Kennedy School Pool	
ASSETS						
CURRENT:						
Cash and cash equivalents	\$ 8,609,355	\$ 18,458,686	\$ 495,662	\$ 138,664.00	\$ 461,887.00	\$ 28,164,254
Receivables, net of allowance for uncollectibles:						
User charges	4,953,377	8,910,741	-	-	-	13,864,118
TOTAL CURRENT ASSETS	13,562,732	27,369,427	495,662	138,664	461,887	42,028,372
NONCURRENT						
Capital assets, non depreciable	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	48,376,962	67,265,489	2,705,800	-	-	118,348,251
TOTAL ASSETS	\$ 61,939,694	\$ 94,634,916	\$ 3,201,462	\$ 138,664	\$ 461,887	\$ 160,376,623
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	4,906,736	30,074,850	207,459	0	14,670	35,203,715
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	13,980,645	9,858,152	1,100,000	-	-	24,938,797
TOTAL LIABILITIES	18,887,381	39,933,002	1,307,459	-	14,670	60,142,512
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	2,277,617	998,838	-	-	-	3,276,455
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	\$ 41,025,108	\$ 54,066,672	\$ 1,894,003	\$ 138,664	\$ 447,217	\$ 97,571,664

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

**CITY OF SOMERVILLE, MASSACHUSETTS
 PROPRIETARY FUNDS
 Statement of Net Assets
 June 30, 2020 (1)**

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

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

CITY OF SOMERVILLE, MASSACHUSETTS

PROPRIETARY FUNDS

Statement of Revenues, Expenses and Changes in Fund Net Assets

Fiscal Year Ended June 30, 2022 (1)

	Business-Type Activities-Enterprise Funds					Total
	Water	Sewer	Veterans Memorial Ice Rink	Dilboy Stadium	Kennedy School Pool	
<u>OPERATING REVENUES:</u>						
Employer contributions	\$ -	\$ -	\$ 100,052	\$ -	\$ -	\$ 100,052
Charges for services	14,471,986	24,634,899	-	78,334	70,011	39,255,230
Liens - charges for services	1,053,421	2,109,135	-	-	-	
Total Operating Revenues	<u>15,525,407</u>	<u>26,744,034</u>	<u>100,052</u>	<u>78,334</u>	<u>70,011</u>	<u>39,355,282</u>
<u>OPERATING EXPENSES:</u>						
Cost of services and administration	11,760,284	21,918,109	217,591	106,671	329,749	34,332,404
Depreciation	1,680,025	1,193,866	85,898	-	-	2,959,789
Employee benefits	-	-	-	-	-	
Total Operating Expenses	<u>13,440,309</u>	<u>23,111,975</u>	<u>303,489</u>	<u>106,671</u>	<u>329,749</u>	<u>37,292,193</u>
OPERATING INCOME (LOSS)	<u>2,085,098</u>	<u>3,632,059</u>	<u>(203,437)</u>	<u>(28,337)</u>	<u>(259,738)</u>	<u>5,225,645</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>						
Investment income	31,366	153,682	301	301	-	185,650
Interest expense	(92,288)	(512,845)	(43,737)	-	-	(648,870)
TOTAL NONOPERATING REVENUES (EXPENSES), NET	<u>(60,922)</u>	<u>(359,163)</u>	<u>(43,436)</u>	<u>301</u>	<u>-</u>	<u>(463,220)</u>
INCOME (LOSS) BEFORE TRANSFERS	2,024,176	3,272,896	(246,873)	(28,036)	(259,738)	4,762,425
Capital Contributions	-	1,400,000	-	-	-	1,400,000
TRANSFERS:						
Transfers in	600,000	2,400,000	419,837	-	291,032	3,710,869
Change in Net Position	2,624,176	7,072,896	172,964	(28,036)	31,294	9,873,294
NET POSITION AT BEGINNING OF YEAR	<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>
NET POSITION AT END OF YEAR	<u>\$ 43,649,284</u>	<u>\$ 61,139,568</u>	<u>\$ 2,066,967</u>	<u>\$ 110,628</u>	<u>\$ 478,511</u>	<u>\$ 107,444,958</u>

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

CITY OF SOMERVILLE, MASSACHUSETTS

PROPRIETARY FUNDS

Statement of Revenues, Expenses and Changes in Fund Net Assets

Fiscal Year Ended June 30, 2021 (1)

	Business-Type Activities-Enterprise Funds					Total
	Water	Sewer	Veterans Memorial Ice Rink	Dilboy Stadium	Kennedy School Pool	
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	<u>14,761,070</u>	<u>24,361,609</u>	<u>467,827</u>	<u>51,031</u>	<u>20,475</u>	<u>39,662,012</u>
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	<u>12,110,804</u>	<u>23,093,892</u>	<u>528,103</u>	<u>181,541</u>	<u>275,240</u>	<u>36,189,580</u>
OPERATING INCOME (LOSS)	<u>2,650,266</u>	<u>1,267,717</u>	<u>(60,276)</u>	<u>(130,510)</u>	<u>(254,765)</u>	<u>3,472,432</u>
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	<u>(157,514)</u>	<u>(58,548)</u>	<u>(58,581)</u>	<u>94</u>	<u>-</u>	<u>(274,549)</u>
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	0	0	0	(310,133)
Total Transfers	<u>651,695</u>	<u>1,238,172</u>	<u>742,774</u>	<u>58,192</u>	<u>460,628</u>	<u>3,151,461</u>
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	<u>37,880,661</u>	<u>51,619,331</u>	<u>1,270,086</u>	<u>210,888</u>	<u>241,354</u>	<u>91,222,320</u>
NET POSITION AT END OF YEAR	<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>

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

**CITY OF SOMERVILLE, MASSACHUSETTS
 PROPRIETARY FUNDS
 Statement of Revenues, Expenses and Changes in Fund Net Assets
 June 30, 2020 (1)**

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

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

CITY OF SOMERVILLE, MASSACHUSETTS

PROPRIETARY FUNDS

Statement of Revenues, Expenses and Changes in Fund Net Assets

Fiscal Year Ended June 30, 2019 (1)

	Business-Type Activities-Enterprise Funds				Total
	Water	Sewer	Veterans Memorial Ice Rink	Dilboy Stadium	
<u>OPERATING REVENUES:</u>					
Charges for services	\$ 13,332,166	\$ 22,664,175	\$ 570,342	\$ 160,379	\$ 36,727,062
Liens - charges for services	439,140	750,380	-	-	1,189,520
Total Operating Revenues	<u>13,771,306</u>	<u>23,414,555</u>	<u>570,342</u>	<u>160,379</u>	<u>37,916,582</u>
<u>OPERATING EXPENSES:</u>					
Cost of services and administration	10,558,981	18,470,037	516,536	144,238	29,689,792
Depreciation	1,319,031	616,778	85,898	-	2,021,707
Total Operating Expenses	<u>11,878,012</u>	<u>19,086,815</u>	<u>602,434</u>	<u>144,238</u>	<u>31,711,499</u>
OPERATING INCOME (LOSS)	<u>1,893,294</u>	<u>4,327,740</u>	<u>(32,092)</u>	<u>16,141</u>	<u>6,205,083</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>					
Investment income	240,921	119,060	589	589	361,159
Interest expense	(213,397)	(241,491)	(90,581)	-	(545,469)
TOTAL NONOPERATING REVENUES (EXPENSES), NET	<u>27,524</u>	<u>(122,431)</u>	<u>(89,992)</u>	<u>589</u>	<u>(184,310)</u>
INCOME (LOSS) BEFORE TRANSFERS	1,920,818	4,205,309	(122,084)	16,730	6,020,773
Capital Contributions	2,236,914	5,654,101	-	-	7,891,015
TRANSFERS:					
Transfers in	-	-	158,000	-	158,000
Change in Net Position	4,157,732	9,859,410	35,916	16,730	14,069,788
NET POSITION AT BEGINNING OF YEAR	<u>34,686,403</u>	<u>35,823,688</u>	<u>1,136,483</u>	<u>273,639</u>	<u>71,920,213</u>
NET POSITION AT END OF YEAR	<u>\$ 38,844,135</u>	<u>\$ 45,683,098</u>	<u>\$ 1,172,399</u>	<u>\$ 290,369</u>	<u>\$ 85,990,001</u>

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

CITY OF SOMERVILLE, MASSACHUSETTS

PROPRIETARY FUNDS

Statement of Revenues, Expenses and Changes in Fund Net Assets

Fiscal Year Ended June 30, 2018 (1)

	Business-Type Activities-Enterprise Funds				Total
	Water	Sewer	Veterans Memorial Ice Rink	Dilboy Stadium	
<u>OPERATING REVENUES:</u>					
Charges for services	\$ 13,557,291	\$ 21,513,572	\$ 634,804	\$ 232,101	\$ 35,937,768
Liens - charges for services	470,429	882,472	-	-	1,352,901
Total Operating Revenues	<u>14,027,720</u>	<u>22,396,044</u>	<u>634,804</u>	<u>232,101</u>	<u>37,290,669</u>
<u>OPERATING EXPENSES:</u>					
Cost of services and administration	10,083,312	18,011,863	546,105	143,967	28,785,247
Depreciation	1,260,686	544,040	85,898	-	1,890,624
Total Operating Expenses	<u>11,343,998</u>	<u>18,555,903</u>	<u>632,003</u>	<u>143,967</u>	<u>30,675,871</u>
OPERATING INCOME (LOSS)	<u>2,683,722</u>	<u>3,840,141</u>	<u>2,801</u>	<u>88,134</u>	<u>6,614,798</u>
<u>NONOPERATING REVENUES (EXPENSES):</u>					
Investment income	138,502	131,767	328	328	270,925
Interest expense	(73,360)	(54,254)	(81,300)	-	(208,914)
TOTAL NONOPERATING REVENUES (EXPENSES), NET	<u>65,142</u>	<u>77,513</u>	<u>(80,972)</u>	<u>328</u>	<u>62,011</u>
INCOME (LOSS) BEFORE TRANSFERS	<u>2,748,864</u>	<u>3,917,654</u>	<u>(78,171)</u>	<u>88,462</u>	<u>6,676,809</u>
TRANSFERS:					
Transfers in	-	-	199,000	-	199,000
Transfers out	(631,696)	(655,701)	-	-	(1,287,397)
Total Operating Transfers	<u>(631,696)</u>	<u>(655,701)</u>	<u>199,000</u>	<u>-</u>	<u>(1,088,397)</u>
Change in Net Position	2,117,168	3,261,953	120,829	88,462	5,588,412
NET POSITION AT BEGINNING OF YEAR	<u>32,569,235</u>	<u>32,561,735</u>	<u>1,015,654</u>	<u>185,177</u>	<u>66,331,801</u>
NET POSITION AT END OF YEAR	<u>\$ 34,686,403</u>	<u>\$ 35,823,688</u>	<u>\$ 1,136,483</u>	<u>\$ 273,639</u>	<u>\$ 71,920,213</u>

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

Free Cash

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 and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy.

The following table sets forth the recent trend in Free Cash for the City.

<u>Year</u>	<u>Free Cash (July 1)</u>
2022	\$ 38,970,525
2021	24,949,530
2020	16,711,066
2019	19,654,550
2018	14,524,715
2017	11,621,352

Stabilization Fund

The City maintains two stabilization funds, which are accounted for in the Trust Funds. Funded by an appropriation, the general stabilization fund plus interest income may be appropriated at any City Council meeting for any municipal purpose. The water/sewer stabilization fund plus interest income may be appropriated at any City Council meeting for any water or sewer purpose. The following table lists the Stabilization Fund balances for the following fiscal years.

<u>Year</u>	<u>General Stabilization Fund Balance (June 30)</u>	<u>Water/Sewer Stabilization Fund Balance (June 30)</u>
2022	\$51,809,079	\$18,941,247
2021	49,955,283	14,949,958
2020	31,612,782	12,530,081
2019	31,150,176	12,035,137
2018	31,444,517	10,474,860

Tax Increment Financing for Development Districts

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

In 2010, the City established one such Development District - Assembly Row. In December 2017, Phase 1 of the Union Square DIF was passed by the City Council. City staff has identified District Improvement Financing (DIF), authorized under M.G.L. Chapter 40Q, as an effective tool to provide the City with enhanced borrowing terms to implement needed infrastructure investments in Union Square. These investments will address long-needed improvements to city infrastructure that serves over 60% of Somerville residents and unlock the development potential of Union Square, generating a new stream of tax revenue that can in turn be used to help pay the debt service for the infrastructure improvements. The City anticipates investment of approximately \$141 million in utility and streetscape improvements. The City anticipates that over 4.45 million square feet of new commercial and residential development will occur on private property located within the USQ Development District. The Union Square Neighborhood Plan articulates a vision of establishing Union Square as a transit-oriented, 18-hour, mixed-used urban employment center. In June 2022, The City Council approved a DIF Development District borrowing authorization for Clarendon Hills. This development district is located in the Northwestern section of the city and the related DIF financed infrastructure will support a residential development of 591 units consisting of 295 market rate and 2165 affordable units, a net increase of 80 affordable units. The project will be built over two phases and include a mix of mid-rise apartments and townhomes.

INDEBTEDNESS

Authorization Procedure and Debt Limitation

Bonds and notes are generally authorized on behalf of the City by a vote of two-thirds of all the members of the City Council on the recommendation of the Mayor. Provision is made for a referendum on the filing of a petition bearing the requisite number of signatures. Borrowings for certain purposes require state administrative approval. Under State law the Treasurer with the approval of the Mayor, is authorized to borrow in anticipation of current revenues and state and federal grants.

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

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

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

Types of Obligations

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

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

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

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

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

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

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements for any purpose for which the city or town may incur debt that may be payable over a term of 5 years or longer. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth’s Clean Water or Drinking Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition, cities and towns which are members of the New England Power Pool may issue electric revenue bonds, and notes in anticipation of such bonds, subject to the approval of the Department of Public Utilities. This paragraph is not intended to summarize laws relating to revenue bonds or to notes issued in anticipation of them. Industrial revenue bonds are also outside the scope of this paragraph.

**GENERAL OBLIGATION DEBT
DIRECT DEBT SUMMARY
As of June 30, 2022**

Long Term Debt:

General Obligation Bonds:		
Sewer (1)	\$ 15,002,394	
Water (2)	16,384,895	
General (3)	78,476,018	
Rink	1,100,000	
School (4)	155,829,383	
DIF (5)	22,050,000	
CPA	7,550,000	
Total Long-Term Debt Outstanding		\$ 296,392,689

This Issue of New Money of Bonds to be Dated June 1, 2023 34,275,000

Short Term Debt:

Bond Anticipation Notes Outstanding (6)	67,161,732	
Less:		
To be Retired With This Issue of Bond Proceeds	(24,912,362)	
To be Retired With Available Funds	(6,672)	
To be Retired With MSBA Grant Funds	(1,866,853)	
This Issue of New Money Bond Anticipation Notes	23,826,974	
Total Short-Term Debt Outstanding After This Issue (7)		64,202,819

Total Direct Debt: \$ 394,870,508

- (1) \$11,364,000 is not subject to the City’s debt limit.
- (2) \$16,049,895 is not subject to the City’s debt limit.
- (3) Subject to the City’s debt limit. Includes bonds for street, equipment, building remodeling, parks, computers, library and land acquisition.
- (4) \$133,307,575 is not subject to the City’s debt limit and \$127,936,718 is exempt from the limits of Proposition 2 ½. School construction will be reimbursed by the State at the rate of 90% of principal and interest over the life of outstanding school bonds.
- (5) Outside the City’s debt limit.
- (6) Payable June 2, 2023.
- (7) Concurrent issue of Bond Anticipation Notes, payable May 30, 2024.

Debt Ratios

The table below sets forth debt as a percentage of assessed valuation and per capita debt at the end of the following fiscal years. The table considers the principal amount of general obligation 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.

Fiscal Year End	General Obligation Bonds Outstanding	2020 Federal Census Population	State Equalized Valuation	Per Capita Debt	Bonds as a % of Equalized Valuation
2022	\$ 296,392,689	81,045	\$ 19,987,384,600	\$ 3,657	1.5 %
2021	266,242,923	81,045	19,987,384,600	3,285	1.3
2020	131,465,758	81,045	15,170,069,800	1,622	0.9
2019	127,508,592	81,045	15,170,069,800	1,573	0.8
2018	108,719,425	81,045	12,444,120,100	1,341	0.9

Principal Payments by Purpose

The following table sets forth principal payments by purpose for the City's outstanding general obligation debt.

GENERAL OBLIGATION BONDS PRINCIPAL PAYMENTS BY PURPOSE AS OF JUNE 30, 2022

Fiscal Year	Sewer (1)	Water (2)	General (3)	Rink	School (4)	DIF (5)	CPA	Total Long-Term Debt
2023	\$ 656,329	\$ 1,298,045	\$ 5,132,268	\$ 200,000	\$ 4,620,492	\$ 785,000	\$ 185,000	\$ 12,877,134
2024	671,178	1,171,900	5,007,500	210,000	4,767,322	815,000	195,000	12,837,900
2025	694,978	1,188,300	4,943,000	220,000	4,956,622	850,000	210,000	13,062,900
2026	694,978	1,120,800	4,825,000	230,000	5,099,622	885,000	215,000	13,070,400
2027	719,978	1,150,800	4,770,000	240,000	5,299,622	920,000	230,000	13,330,400
2028	619,978	993,750	4,793,250	-	5,362,422	955,000	240,000	12,964,400
2029	644,977	1,029,800	4,310,000	-	5,449,622	980,000	255,000	12,669,400
2030	620,000	800,500	4,320,000	-	5,684,622	1,005,000	265,000	12,695,122
2031	610,000	575,500	3,785,000	-	5,894,622	1,035,000	275,000	12,175,122
2032	630,000	600,500	3,550,000	-	6,109,622	1,060,000	285,000	12,235,122
2033	420,000	320,000	2,705,000	-	6,269,622	1,100,000	295,000	11,109,622
2034	445,000	335,000	2,575,000	-	6,035,517	1,135,000	305,000	10,830,517
2035	450,000	340,000	2,575,000	-	5,545,517	1,175,000	320,000	10,405,517
2036	465,000	345,000	2,315,000	-	5,630,517	1,210,000	325,000	10,290,517
2037	475,000	360,000	2,085,000	-	5,715,517	1,250,000	330,000	10,215,517
2038	490,000	370,000	1,490,000	-	5,220,517	1,290,000	345,000	9,205,517
2039	510,000	380,000	1,490,000	-	5,330,517	1,330,000	350,000	9,390,517
2040	520,000	390,000	1,540,000	-	5,435,517	1,380,000	365,000	9,630,517
2041	545,000	405,000	1,580,000	-	5,555,517	1,420,000	370,000	9,875,517
2042	550,000	415,000	1,605,000	-	5,675,517	1,470,000	385,000	10,100,517
2043	565,000	435,000	1,600,000	-	5,540,517	-	390,000	8,530,517
2044	590,000	445,000	1,635,000	-	5,455,000	-	405,000	8,530,000
2045	605,000	455,000	1,680,000	-	5,590,000	-	410,000	8,740,000
2046	455,000	330,000	1,655,000	-	5,675,000	-	295,000	8,410,000
2047	445,000	315,000	1,445,000	-	5,810,000	-	305,000	8,320,000
2048	235,000	150,000	1,470,000	-	5,955,000	-	-	7,810,000
2049	245,000	155,000	1,505,000	-	6,095,000	-	-	8,000,000
2050	255,000	165,000	1,055,000	-	5,055,000	-	-	6,530,000
2051	175,000	170,000	840,000	-	995,000	-	-	2,180,000
2052	-	175,000	195,000	-	-	-	-	370,000
Total	\$15,002,394	\$16,384,895	\$78,476,018	\$1,100,000	\$155,829,383	\$22,050,000	\$7,550,000	\$296,392,689

- (1) \$11,364,000 is not subject to the City's debt limit.
- (2) \$16,049,895 is not subject to the City's debt limit.
- (3) Subject to the City's debt limit. Includes bonds for street, equipment, building remodeling, parks, computers, library and land acquisition.
- (4) \$133,307,575 is not subject to the City's debt limit and \$127,936,718 is exempt from the limits of Proposition 2 ½. School construction will be reimbursed by the State at the rate of 90% of principal and interest over the life of outstanding school bonds.
- (5) Outside the City's debt limit.

Debt Service Requirements

The following table sets forth the required principal and interest payments on outstanding general obligation bonds of the City.

GENERAL OBLIGATION BONDS DEBT SERVICE REQUIREMENTS AS OF JUNE 30, 2022

Fiscal Year	Total Principal	Total Interest	Total Net Debt Service
2023	\$ 12,877,134	\$ 9,297,562	\$ 22,174,696
2024	12,837,900	8,881,057	21,718,956
2025	13,062,900	8,333,514	21,396,414
2026	13,070,400	7,778,488	20,848,887
2027	13,330,400	7,226,058	20,556,457
2028	12,964,400	6,681,237	19,645,637
2029	12,669,400	6,160,163	18,829,563
2030	12,695,122	5,646,858	18,341,980
2031	12,175,122	5,142,347	17,317,469
2032	12,235,122	4,686,477	16,921,599
2033	11,109,622	4,288,606	15,398,228
2034	10,830,517	3,986,947	14,817,464
2035	10,405,517	3,702,227	14,107,744
2036	10,290,517	3,439,387	13,729,904
2037	10,215,517	3,175,235	13,390,752
2038	9,205,517	2,906,668	12,112,185
2039	9,390,517	2,678,627	12,069,144
2040	9,630,517	2,442,485	12,073,002
2041	9,875,517	2,195,859	12,071,376
2042	10,100,517	1,942,308	12,042,825
2043	8,530,517	1,688,035	10,218,552
2044	8,530,000	1,471,638	10,001,638
2045	8,740,000	1,253,481	9,993,481
2046	8,410,000	1,029,019	9,439,019
2047	8,320,000	812,463	9,132,463
2048	7,810,000	596,966	8,406,966
2049	8,000,000	394,103	8,394,103
2050	6,530,000	200,028	6,730,028
2051	2,180,000	75,416	2,255,416
2052	370,000	14,800	384,800
Total	<u>\$ 296,392,689</u>	<u>\$ 108,128,059</u>	<u>\$ 404,520,748</u>

Authorized Unissued Debt

Following the delivery of this issue, the City will have approximately \$259 million authorized but unissued debt as follows: \$9.9 million for the construction of a new high school, \$30 million for streetscape and infrastructure improvements along Somerville Avenue and the balance for miscellaneous equipment and public improvements.

Overlapping Debt

The City of Somerville is a member of the MWRA and the MBTA.

The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of the MWRA and the MBTA and the City's gross share of such debt and the fiscal 2023 dollar assessment for each.

Overlapping Entity	Outstanding Debt	Somerville's Estimated Share (1)	Fiscal 2023 Dollar Assessment (2)
Massachusetts Water Resources Authority(3):			
Water	\$ 1,857,602,000	3.29 %	\$ 5,392,535
Sewer	2,971,349,000	3.35	11,176,625
Massachusetts Bay Transportation Authority(4)	5,896,383,000	3.13	5,614,530

(1) Estimated share based on debt service only.

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

(3) SOURCE: Massachusetts Water Resources Authority. Outstanding debt as of June 30, 2022. The MWRA provides wholesale drinking water services and wastewater collection and treatment services to certain cities, towns and special purpose entities. Under its enabling legislation, as amended, the aggregate principal amount of all bonds issued by the MWRA for its corporate purposes may not exceed \$6.45 billion outstanding at any time. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities, towns and special purpose entities, which continue to provide direct retail water and sewer services to users. The cities, towns and other entities collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.

(4) SOURCE: Massachusetts Bay Transportation Authority. Outstanding debt as of June 30, 2022. The MBTA was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. The MBTA also is authorized to issue bonds of the purpose of refunding bonds. Under the MBTA's enabling act debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted population formula as provided in the enabling act. The aggregate amount of such assessments is generally not permitted to increase by more than 2.5 percent per year. (See "Tax Limitations" under "PROPERTY TAXATION" above.)

Contractual Obligations

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

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

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

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

The City has a limited number of such contractual obligations, the largest of which are for rubbish disposal, school transportation, and equipment leasing. All are subject to annual appropriation by the City Council.

The City has a ten-year contract expiring on June 30, 2023 with Waste Management, Inc. for the disposal of rubbish. The cost in fiscal 2020, fiscal 2021, and fiscal 2022 was approximately \$1,258,543, \$1,327,488, and \$1,302,751, respectively. The City budgeted \$1,300,000 for this contract for fiscal 2023.

The City has a contract expiring on December 31, 2024 with Boston Carting for the hauling of trash, recycling, and yard waste. The total cost of this contract in fiscal 2022 was \$3,406,170. The City budgeted \$4,296,214 for this purpose in fiscal 2023.

The City has a contract expiring on July 31, 2024 with Casella Recycling LLC for the tipping of recyclables. The total cost of this contract is \$2,284,560.

The City has three contracts with J. C. Cannistraro for city and school building HVAC maintenance. These contracts expire on June 30, 2023 and December 4, 2025 and the total cost of these contracts is \$3,131,819.

The School Department has two transportation contracts. The first contract is for Special Education students which expires June 30, 2025. The cost of this three year contract is \$2,409,580. The second contract is for pupil transportation with Eastern Bus which expires on June 30, 2025. The total cost of this two year contract is \$304,500.

Additionally, the City has a number of net metering and solar power purchase agreements extending through March 2041 with an approximate value of \$11,095,000.

RETIREMENT PLAN

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

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

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

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

and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

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

The teachers and certain administrative and other professional employees of the City's school department participate individually in a contributory retirement plan administered by the Massachusetts Teachers' Retirement Board. The City does not contribute to this plan.

Substantially all other employees of the City are participants in the City of Somerville Contributory Retirement System (the System). Under the provisions of the System, active employees contribute certain percentages of their pay (5%, 7% or 8%, depending upon date of employment) and are eligible for retirement benefits after meeting the prescribed age and period of service criteria. In addition, the City and the Somerville Housing Authority contribute to the System an annual amount, determined by the State Division of the Public Employee Retirement Administration, primarily on the basis of projected annual benefit payments for the year (the "pay-as-you-go" method).

Generally accepted accounting principles require the System to perform an actuarial valuation to determine the pension benefit obligation at least biennially, with an actuarial update to the date 12 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 \$149,923,863 at January 1, 2021 as follows:

Total pension benefit obligation	\$495,186,850
Net assets available for benefits, at market value	<u>345,262,987</u>
Unfunded pension benefit obligation	<u>\$149,923,863</u>

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

Investments of system assets in bonds are valued at amortized cost and equity investments are valued in the manner determined by the State Commissioner of Insurance. The assets of the system were approximately \$345,262,987 as of January 1, 2021. The estimated unfunded actuarial liability of the contributory retirement system as of January 1, 2021 is approximately \$149,923,863 assuming a 7.75% interest rate of return.

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 each retirement system for the 2018 through 2022 fiscal years and budgeted for fiscal year 2023 are as follows:

<u>Fiscal Year</u>	<u>Contributory</u>	<u>Non-Contributory</u>
2023 (budgeted)	\$15,936,990	\$94,133
2022	15,500,453	94,133
2021	14,854,185	122,644
2020	14,273,369	85,603
2019	14,364,292	108,112
2018	13,808,937	134,096

Current Funding Schedule

Appropriation Forecast

Fiscal Year	Employee Payroll*	Employee Contribution	Employer Normal Cost with Interest	Amortization Payments with Interest	Employer Total Cost with Interest	Employer Total Cost % of Payroll	Funded Ratio %*
2022	\$88,312,485	\$8,026,913	\$2,502,059	\$14,125,760	\$16,627,819	18.8	69.7
2023	\$91,844,984	\$8,440,542	\$2,506,070	\$14,656,314	\$17,162,384	18.7	70.8
2024	\$94,600,334	\$8,789,087	\$2,482,298	\$15,614,837	\$18,097,135	19.1	72.2
2025	\$97,438,344	\$9,150,949	\$2,454,844	\$16,636,048	\$19,090,892	19.6	73.8
2026	\$100,361,494	\$9,526,612	\$2,423,509	\$17,724,045	\$20,147,554	20.1	75.6
2027	\$103,372,339	\$9,916,579	\$2,388,084	\$18,883,198	\$21,271,282	20.6	77.6
2028	\$106,473,509	\$10,321,370	\$2,348,353	\$20,118,159	\$22,466,512	21.1	79.9
2029	\$109,667,715	\$10,741,523	\$2,304,089	\$21,433,886	\$23,737,975	21.6	82.4
2030	\$112,957,746	\$11,177,597	\$2,255,055	\$22,835,663	\$25,090,718	22.2	85.2
2031	\$116,346,478	\$11,630,167	\$2,201,006	\$24,329,115	\$26,530,121	22.8	88.3
2032	\$119,836,873	\$12,099,832	\$2,141,684	\$25,920,239	\$28,061,923	23.4	91.8
2033	\$123,431,979	\$12,587,210	\$2,076,822	\$27,615,423	\$29,692,245	24.1	95.7
2034	\$127,134,938	\$13,092,940	\$2,006,141	\$0	\$2,006,141	1.6	100.0
2035	\$130,948,986	\$13,617,686	\$1,929,349	\$0	\$1,929,349	1.5	100.0
2036	\$134,877,456	\$14,162,133	\$1,846,145	\$0	\$1,846,145	1.4	100.0
2037	\$138,923,780	\$14,586,997	\$1,901,529	\$0	\$1,901,529	1.4	100.0
2038	\$143,091,493	\$15,024,607	\$1,958,575	\$0	\$1,958,575	1.4	100.0
2039	\$147,384,238	\$15,475,345	\$2,017,332	\$0	\$2,017,332	1.4	100.0
2040	\$151,805,765	\$15,939,605	\$2,077,852	\$0	\$2,077,852	1.4	100.0
2041	\$156,359,938	\$16,417,793	\$2,140,188	\$0	\$2,140,188	1.4	100.0
2042	\$161,050,736	\$16,910,327	\$2,204,394	\$0	\$2,204,394	1.4	100.0
2043	\$165,882,258	\$17,417,637	\$2,270,525	\$0	\$2,270,525	1.4	100.0
2044	\$170,858,726	\$17,940,166	\$2,338,641	\$0	\$2,338,641	1.4	100.0
2045	\$175,984,488	\$18,478,371	\$2,408,800	\$0	\$2,408,800	1.4	100.0
2046	\$181,264,022	\$19,032,722	\$2,481,064	\$0	\$2,481,064	1.4	100.0
2047	\$186,701,943	\$19,603,704	\$2,555,496	\$0	\$2,555,496	1.4	100.0
2048	\$192,303,001	\$20,191,815	\$2,632,161	\$0	\$2,632,161	1.4	100.0
2049	\$198,072,091	\$20,797,570	\$2,711,126	\$0	\$2,711,126	1.4	100.0
2050	\$204,014,254	\$21,421,497	\$2,792,460	\$0	\$2,792,460	1.4	100.0
2051	\$210,134,682	\$22,064,142	\$2,876,234	\$0	\$2,876,234	1.4	100.0
2052	\$216,438,722	\$22,726,066	\$2,962,521	\$0	\$2,962,521	1.4	100.0
2053	\$222,931,884	\$23,407,848	\$3,051,396	\$0	\$3,051,396	1.4	100.0

* Calendar basis

** Beginning of Fiscal Year

Source: January 1, 2021 Actuarial Valuation Report of the Somerville Contributory Retirement System, Sherman Actuarial Services.

Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities 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:

<u>Fiscal Year</u>	<u>Amount</u>
2022	\$ 8,290,608
2021	8,143,969
2020	7,794,637
2019	7,703,595
2018	7,880,627

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

As of June 30, 2022, the total OPEB liability for benefits was \$172,187,991 and the fiduciary net position was \$16,673,914, resulting in a net OPEB liability of \$155,514,077, assuming a 7.5% investment rate of return.

The City established an irrevocable trust fund on March 8, 2012 to fund the other post-employment benefit (OPEB) liability and appropriated \$200,000 to the fund before June 30, 2012. The balance in the fund as of June 30, 2022 was \$16,673,914. On August 1, 2009, contributions for the indemnity plan changed from 99% City - 1% retiree to 60% City - 40% retiree. Additionally, HMO and PPO plans changed from 90% City - 10% retiree to 75% City - 25% retiree. These changes will significantly reduce the OPEB liability.

EMPLOYEE RELATIONS

The City employs approximately 2,200 full and part-time workers, of whom 1,200 are employed by the School Department, 163 by the Police Department, 169 by the Fire Department, 141 by the Department of Public Works and the remainder by various other departments of the City. City and town employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment.

Of the approximately 2,200 employees of the City, approximately 1,495 employees are represented by unions including employees of the School, Police and Fire Departments.

Union	Contract Expiration Date (1)
AFSCME Cafeteria	8/31/2023
AFSCME Secretarial	6/30/2023
Somerville Administrators Association	6/30/2024
SEU Instructional Paraprofessionals	6/30/2025
SEU Unit A, Teachers	6/30/2025
SEU Unit D, Scale Employees Union	6/30/2024
UAW Community School	6/30/2024
UAW Scale Program Administrators	8/31/2024
Somerville Municipal Employees' Association (SMEA) Unit D (a residual unit)	6/30/2022
SMEA Unit A (supervisory employees)	6/30/2022
SMEA Unit B (clerical, technical and trades employees, and librarians)	6/30/2022
SEIU/National Conference of Firemen and Oilers (school custodians)	6/30/2022
Service Employees International Union, Local 888 (911 call takers)	6/30/2023
Service Employees International Union, Local 888 (crossing guards)	6/30/2023
Somerville Police Superior Officers Association	6/30/2021
Somerville Police Employees Association	6/30/2021
Firefighters Association of Somerville, Local 76 (fire suppression)	6/30/2023
Firefighters Association of Somerville, Local 76 (fire alarm operators)	6/30/2023
SMEA Unit C (school nurses)	6/30/2023
SEU Unit E, SFLC liasons	8/31/2025

(1) Expired contracts are currently in negotiations.

LITIGATION

The City is involved in various litigation in various state and federal courts and other forums in the Commonwealth of Massachusetts. In the opinion of the City Administration, none of the pending litigation, either individually or in the aggregate, is likely to result in final judgments against the City which would have a materially adverse effect on the City's financial position.

May 17, 2023

CITY OF SOMERVILLE, MASSACHUSETTS
/s/ Linda Dubuque, Treasurer/Collector

CITY OF SOMERVILLE

MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Year Ended June 30, 2022

Katjana Ballantyne, Mayor
Edward Bean, Finance Director

Prepared by the City of Somerville Finance Department

On the Cover – Assembly Row

Photo provided by Federal Realty Investment Trust.

CITY OF SOMERVILLE, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended
June 30, 2022



Prepared by the City of Somerville Finance Department

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CITY OF SOMERVILLE, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30, 2022

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Introductory Section



The Armory
Photo by Rie Lowenstein

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Introductory Section



City of Somerville, Massachusetts
Katjana Ballantyne
MAYOR

February 22, 2023

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, 2022. 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, 2022, 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, 2022, 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, 2022, 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, 2022, 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 81,175, 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) is 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. The district 4-year graduation rate has steadily improved (86.9% overall in 2021, 91.9% SHS), while the drop-out rate has remained consistently low over the last several years. (1.9% overall in 2021, 1.1% 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, UAspire, area institutions of higher learning, Lesley STEAM, Teen Empowerment, Groundwork Somerville, Breakthrough Greater Boston, Enroot, Becoming a Man (BAM), Working on Womanhood (WOW), 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.

Somerville offers tremendous diversity of mobility options for our residents, workers and visitors. As of 2022, the City is served by fourteen (14) MBTA bus routes and three (3) MBTA subway routes. This mass transit ecosystem contributes to one of America’s highest rates of transit utilization, and when the MBTA Green Line Extension project is completed in late 2022, roughly 85% of Somerville households will be located within a ½ mile distance of a rapid transit station. The City emphasizes safety and accessibility in all transportation policy and planning; safety investments are guided by Somerville’s Vision Zero Action Plan, while accessibility investments are guided by Somerville’s ADA Transition Plan. The City has been awarded “Gold” status by the League of American Bicyclists, and will complete its first-ever Citywide Bicycle Network Plan in late 2022.

Somerville’s growth has been guided by its unique brand of inclusive, community-driven comprehensive planning. In 2009, the Somerville community came together to hammer out a guiding document for the city. The resulting comprehensive plan, SomerVision 2030, included more than 584 values-driven goals, policies, and actions. Since then, SomerVision 2030 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 to move forward. The comprehensive plan was updated in 2021 as SomerVision 2040, following a robust community process by the citizen-led SomerVision Task Force. The revised plan is divided into topic areas including Climate and Sustainability; Commercial Development, Business and Arts; Community and Governance; Housing; Infrastructure; Mobility; Public Space and the Natural Environment; and Youth and Education, with a major emphasis on equity and displacement throughout. This new plan will guide Somerville’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. In September 2022, Money Magazine ranked Somerville #7 on its annual list of Best Places to Live in America.

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.



Photo courtesy of Federal Realty Investment Trust

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 have 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 can 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, west of the recently completed The Row Hotel, 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 Miscela, 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 Assembly Innovation Park (AIP, formerly "XMBLY") is under construction. Alta Revolution was the first building and is a 329-unit residential building with ground floor retail space. The remainder of the site is being developed by Biomed Realty, which has broken ground on a 374,000 square foot lab building and an adjacent parking garage that will include a new fire station for the neighborhood. Biomed Realty is permitting two additional lab buildings

Across Middlesex Avenue, Greystar has broken ground on 74M, an 18-story, 468,000 square foot lab building. Another biotech laboratory building has been permitted at 200 Middlesex Avenue. Additionally, Tulip Software moved into the Assembly Market Place building (formerly the Ford assembly plant). 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 those seven redevelopment parcels. 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. In 2017, Union Square was rezoned to reflect the goals of the neighborhood plan and the Somerville Planning Board approved US2's Coordinated Development Special Permit, which entitles US2's 2.3 million square foot development program, including housing, retail, office and lab space on the key redevelopment parcels. The first phase of the redevelopment 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 District Increment Financing Plan and the first phase of projects, which included \$63 million of Somerville Ave water, sewer, and streetscape work. The project 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 at the heart of the square.

Union Square has in this time also 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. Now ten years on, some of the earliest startups are now maturing, and we are thrilled that many continue to choose Somerville in their expansion – SparkCharge for instance has grown into a new facility in Assembly Square.

Boynton Yards

The extension of the Green Line into Union Square has generated new interest in Boynton Yards; the transit stop lies at the northwest corner of the 35-acre district of what has been for many years a collection of low-slung auto-oriented uses and recycling facilities. 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.

Surrounding the focal point at the new MBTA Green Line Union Square Station, Boynton Yards and Union Square will become a regional employment destination with a broad mix of art, shopping, dining, and entertainment at the ground floor with upper floors devoted to a blend of research labs, office space, and residential units.

Development activity in Boynton Yards is increasing quickly. US2 has acquired the property located at 50 Webster Avenue, a key part of the D-3 development site US2 has entitled as part of the Union Square redevelopment project. Construction will begin there on a 280,000 sq ft lab building in 2023. Just down the block, the team at CV Properties is underway on construction of a 313,000 sq ft lab building with the address of 495 Columbia St. Most of the Boynton Yards district is owned by a partnership formed by DLJ Capital Partners and Leggat McCall. The partnership has opened its first of four major lab buildings, 101 South Street, which is just about fully tenanted. The second building 808 Windsor St is in construction now with some tenants lined up already, and a third is in permitting. A fourth lab building, and a 320-unit residential building are anticipated to begin permitting in 2023 and 2024. In addition to all this work, the partnership of DLJ and Leggat McCall are in the process of entitling an additional three, mixed-use buildings and 1.25 acres of open space in the Boynton Yards District. When completed this district will support over 3.5 million square feet of new mixed-use development and include the creation of approximately 2.5 acres of new public open space, a 20,000 sq ft community center, and vastly improved infrastructure throughout the area.

Inner Belt/Brickbottom

The Inner Belt is a 160-acre manufacturing and warehouse district that is anticipated to transition to include a broader mix of manufacturing, research, and office uses. The district is home to many of the City's largest industrial employers, including ABM Industries, the Angelica Corporation, Triumvirate Environmental and Finch Therapeutics as well as a large new MBTA Green Line maintenance facility. To facilitate Inner Belt's transition to higher-intensity development, 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.

New development in the Inner Belt neighborhood has started to take shape. At the edge of the district, a 205-unit residential building has broken ground at 20 Innerbelt Road and an adjacent lab building has received zoning

approval at 10 Washington Street. Down the street and near the East Somerville 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 in partnership with additional private development on the site.

Across the railroad tracks, the Brickbottom district also has promise for new development while retaining its arts and industrial history. The Brickbottom Small Area Plan is expected to be adopted in early 2023, and closely followed by new zoning, which will further unlock the area's potential. One new, 200,000 square foot lab building is under construction at 100 Chestnut Street and additional development will likely follow after adoption of new zoning. Additional lab and office uses are expected providing more jobs and high-density residential is envisioned to take advantage of the new Green Line station. All of this new growth is expected to be complemented with programming and set asides to promote Brickbottom as a mixed-use arts district.

Improving direct connections to the East Somerville Green Line Station from both the Brickbottom neighborhood and the Innerbelt neighborhood are key next steps to unlocking further economic development in the Inner Belt and Brickbottom neighborhoods. The City is working closely with the MBTA and private development partners to realize new connections and make these districts accessible to the region's workforce.

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 is now a lead tenant in the new building at 222 Jacobs 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 250 Water Street, located entirely within Somerville, will serve as a research and development center for Bristol Meyers Squibb with 550 employees expected to move in early in 2023.

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 early 2023. Scape and Asana Partners are both creating contextual redevelopment of the parcels along Elm Street that will serve to provide new office space and a daytime workforce that can patronize Davis Square businesses.

Transportation Improvements

Over the past decade, the City of Somerville has transformed mass transit options citywide. In 2014, following a ten-year planning process, the MBTA opened a new Orange Line heavy rail subway station at Assembly Square. In early 2022, following a six-year construction process and decades-long planning and advocacy effort, the MBTA opened a new Green Line light rail subway station at Union Square. In late 2022, the MBTA will open four more Green Line light rail stations in Somerville. These transportation improvements are the result of decades-

long advocacy campaigns, planning processes, financial partnerships and construction management in New England’s most densely populated community.

The City of Somerville reconstructs urban streets and sidewalks every year, with an explicit focus on improving accessibility, pedestrian and bicycle safety, and bus transit priority. On average, the City reconstructs two miles of City-owned sidewalk per year. Street repaving is planned based on an established prioritization system that reflects pavement condition and deterioration projections, subsurface utility condition and rehabilitation, and network connectivity value for pedestrian and bicycle mobility. The City has constructed eight (8) dedicated bus lane projects since 2017 to improve reliability and travel times for MBTA bus service. The City has installed four (4) miles of protected bike lanes since 2017 to improve safety and create streetscapes that are appropriate for bike riders of all ages and abilities.

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. The City has adopted a legal level of spending where expenditures typically cannot exceed the salaries, expenses and capital authorized for an appropriation account.

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 2022 is \$38,970,525. The following table sets forth the recent trend in Free Cash for the City.

Free Cash (July 1)	
2022	\$38,970,525
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

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	
2022	\$71,146,220
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

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 five-year Capital Investment Table that is used as a guide for capital expenditures in future years. The Capital Investment Plan for the General Fund for the period FY2023 through FY2028 has an estimated cost of \$215,982,603. The Capital Investment Plan for the Sewer Enterprise Fund for FY2023 through FY2028 has an estimated cost of \$361,833,992. The Capital Investment Plan for the Water Enterprise Fund for FY2023 through FY2028 has an estimated cost of \$86,548,367. 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, 2022, totaled \$315.0 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
2022	\$315,029,410	\$20,853,025,605	\$3,881	1.51
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

Property Valuations

Based on valuations of all real and personal property as of January 1, 2022, the total value of all property in the City is \$20.9 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 2021. 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		
2022	\$20,406,408,345	\$446,617,260	\$20,853,025,605	\$10.18	\$16.85	\$200,839,916	\$2,474
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

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, 2022.

The total unfunded pension benefit obligation applicable to the City's employees was \$74,243,446 at December 31, 2021.

Total pension benefit obligation	\$526,894,678
Net Position available for benefits, at fair value	<u>(452,651,232)</u>
Unfunded pension benefit obligation	<u>\$ 74,243,446</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 2022 fiscal years are as follows:

Year	Contributory	Non-Contributory
2022	\$15,500,453	\$94,133
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

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
2022	8,655,912
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

The City implemented GASB Statement #75 in 2018 and in FY22 recognized an unfunded OPEB liability of \$155,514,077.

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, 2022 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, ten 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 Katjana Ballantyne





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Somerville
Massachusetts**

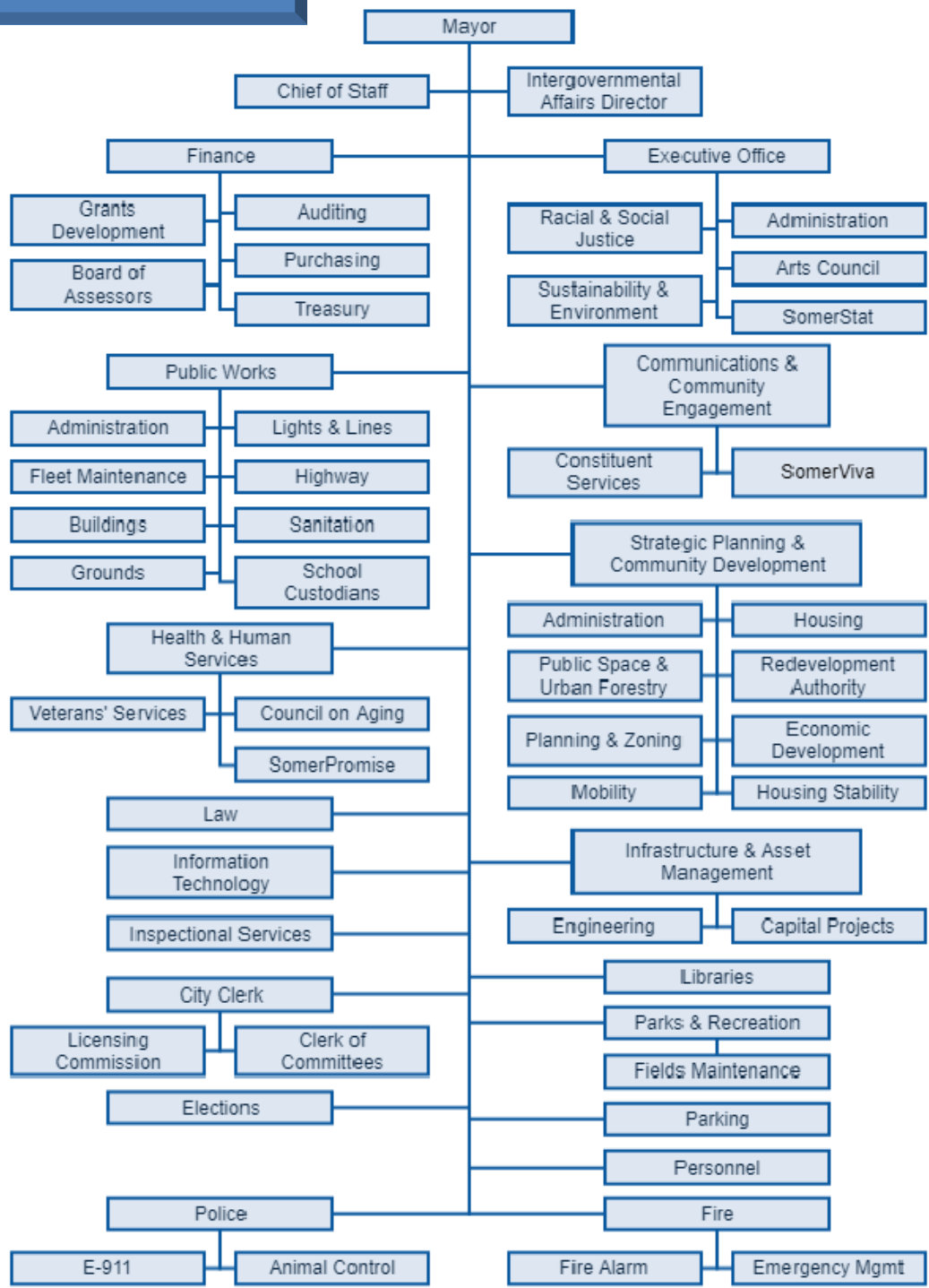
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Organizational Chart





As of June 30, 2022

City Government – Term Expires **Katjana Ballantyne, Mayor - January 2024**

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 2024

Matthew McLaughlin, Ward 1, President

Ben Ewen-Campen, Ward 3, Vice President

Willie Burnley, Jr, At-large

Charlotte Kelly, At-large

Kristen E. Strezo, At-large

Jake Wilson, At-Large

Jefferson Thomas Scott, Ward 2

Jesse Clingan, Ward 4

Beatriz Gomez Mouakad, Ward 5

Lance L. Davis, Ward 6

Judy Pineda Neufield, Ward 7

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Financial Section



Fire Department Trucks at Assemble Row
Photo by Rie Lowenstein.

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Financial Section

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Somerville, Massachusetts, as of and for the year ended June 30, 2022 (except for the Somerville Contributory Retirement System which is as of and for the year ended December 31, 2021), and the related notes to the financial statements, which collectively comprise the City of Somerville, Massachusetts' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Somerville, Massachusetts, as of June 30, 2022 (except for the Somerville Contributory Retirement System which is as of and for the year ended December 31, 2021), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle and Establishment of Internal Service Fund

As discussed in Note 7 to the financial statements, during the year ending June 30, 2022, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. The City established an Internal Service Fund for Workers Compensation at the beginning of the fiscal year. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation,

and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Somerville, Massachusetts' basic financial statements. The accompanying combining statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Somerville, Massachusetts' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Somerville, Massachusetts' internal control over financial reporting and compliance.

Powers & Sullivan, LLC

February 22, 2023

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, 2022. 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. The City maintains two types of propriety funds.

Enterprise funds are used for the same functions presented as business-type activities in the government-wide financial statements. The City uses proprietary funds to account for its water, sewer, Veteran's Memorial Ice Rink, Dilboy Stadium, and Kennedy School Pool operations.

The internal service fund is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to workers' compensation.

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 \$16.7 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 \$234.4 million at the close of 2022, which was an increase of \$113.5 million from the prior year balances.

Net position of \$347.2 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, \$74.9 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 \$187.8 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 assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$126.9 million and the business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$107.4 million at the close of the most recent year.

Governmental Activities

The City of Somerville's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$126.9 million at the close of 2022.

	2022	2021
Assets:		
Current assets.....	\$ 354,790,484	\$ 270,689,088
Capital assets, nondepreciable.....	80,832,787	316,151,387
Capital assets, net of accumulated depreciation....	458,707,774	179,055,661
Total assets.....	894,331,045	765,896,136
Deferred outflows of resources.....	32,870,230	26,752,019
Liabilities:		
Current liabilities (excluding debt).....	91,061,897	56,006,476
Noncurrent liabilities (excluding debt).....	227,929,712	249,639,512
Current debt.....	74,568,288	55,644,775
Noncurrent debt.....	268,951,311	250,501,472
Total liabilities.....	662,511,208	611,792,235
Deferred inflows of resources.....	137,768,588	157,544,227
Net position:		
Net investment in capital assets.....	257,843,923	224,503,253
Restricted.....	74,949,473	66,536,393
Unrestricted.....	(205,871,917)	(267,727,953)
Total net position.....	\$ 126,921,479	\$ 23,311,693

The largest portion of the City of Somerville's net position \$257.8 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, \$74.9 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 \$122.3 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 \$205.9 million deficit of unrestricted net position at June 30, 2022. 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, 2022, has a balance of \$16.7 million and is reported within the Fiduciary Funds in the City's financial statements.

Long-term liabilities include \$282.5 million in long-term debt; \$4.8 million in compensated absence liabilities for unused vacation, special leave, and enhanced longevity benefits payable; \$1.2 million in future year workers' compensation benefits payable; \$67.8 million in future pension benefits; and \$154.7 million in future other postemployment benefits.

Governmental activities net position increased by \$103.6 million in 2022.

	<u>2022</u>	<u>2021</u>
Program Revenues:		
Charges for services.....	\$ 57,999,681	\$ 31,705,357
Operating grants and contributions.....	73,736,046	84,413,765
Capital grants and contributions.....	11,569,917	17,842,610
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	198,666,774	182,102,385
Tax and other liens.....	818,802	847,056
Motor vehicle and other excise taxes.....	10,628,882	8,775,394
Community preservation tax.....	2,597,943	2,374,574
Penalties and interest on taxes.....	980,761	1,134,120
Payments in lieu of taxes.....	1,622,603	1,506,512
Grants and contributions not restricted to specific programs.....	28,743,447	28,447,539
Unrestricted investment income.....	716,412	901,578
Gain on sale of capital assets.....	118,412	12,007,693
Miscellaneous.....	1,226,545	544,795
Total revenues.....	<u>389,426,225</u>	<u>372,603,378</u>
Expenses:		
General government.....	42,785,665	45,787,511
Public safety.....	48,123,032	58,365,215
Education.....	136,469,075	128,235,260
Public works.....	34,709,306	29,042,535
Community development.....	4,264,877	5,387,639
Health and human services.....	1,512,279	1,753,478
Culture and recreation.....	5,663,962	5,644,695
Community preservation.....	1,517,068	3,278,789
Interest.....	7,060,306	6,596,003
Total expenses.....	<u>282,105,570</u>	<u>284,091,125</u>
Excess (Deficiency) before transfers.....	107,320,655	88,512,253
Transfers.....	<u>(3,710,869)</u>	<u>(3,151,461)</u>
Change in net position.....	103,609,786	85,360,792
Net position, beginning of year.....	<u>23,311,693</u>	<u>(62,049,099)</u>
Net position, end of year.....	<u>\$ 126,921,479</u>	<u>\$ 23,311,693</u>

Charges for services increased approximately \$26.3 million due to the City issuing many more building permits than in past fiscal years.

The primary reasons for the \$103.6 million increase in net position relates to a net decrease of \$30.0 million in the City's OPEB liability net with the change in deferred outflows and deferred inflows of resources related to OPEB. Also contributing was the decrease in the City's Net Pension liability net with the change in deferred outflows and deferred inflows of resources related to pensions of \$18.0 million, the receipt of \$11.6 million of capital grants primarily related to the High School reimbursements from the Massachusetts School Business Authority (MSBA) and a \$15.5 million operational surplus in the general fund.

The governmental expenses decreased slightly due to decreases in the net other postemployment benefits liability and the net pension liability and were offset by increased budgetary expenditures in the general fund.

Business-type Activities

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

	2022	2021
Assets:		
Current assets.....	\$ 52,064,780	\$ 42,028,372
Capital assets, nondepreciable.....	36,979,338	39,221,400
Capital assets, net of accumulated depreciation....	96,002,021	79,126,851
Total assets.....	185,046,139	160,376,623
Deferred outflows of resources.....	608,281	614,008
Liabilities:		
Current liabilities (excluding debt).....	1,694,605	3,559,274
Noncurrent liabilities (excluding debt).....	2,285,705	5,168,372
Current debt.....	39,339,204	31,644,441
Noncurrent debt.....	30,332,914	19,770,425
Total liabilities.....	73,652,428	60,142,512
Deferred inflows of resources.....	4,557,034	3,276,455
Net position:		
Net investment in capital assets.....	89,341,086	70,703,535
Unrestricted.....	18,103,872	26,868,129
Total net position.....	\$ 107,444,958	\$ 97,571,664

Business-type net position of \$89.3 million represents investments in capital assets net of related debt. The remaining \$18.1 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 \$9.9 million in net position reported in connection with the enterprise funds.

	2022	2021
Program Revenues:		
Charges for services.....	\$ 42,517,838	\$ 39,662,012
Capital grants and contributions.....	1,400,000	-
General Revenues:		
Unrestricted investment income.....	185,650	239,152
Total revenues.....	44,103,488	39,901,164
Expenses:		
Water.....	13,532,597	12,286,441
Sewer.....	23,624,820	23,373,281
Veteran's Memorial Ice Rink.....	347,226	586,778
Dilboy Stadium.....	106,671	181,541
Kennedy School Pool.....	329,749	275,240
Total expenses.....	37,941,063	36,703,281
Excess (Deficiency) before transfers.....	6,162,425	3,197,883
Transfers.....	3,710,869	3,151,461
Change in net position.....	9,873,294	6,349,344
Net position, beginning of year.....	97,571,664	91,222,320
Net position, end of year.....	\$ 107,444,958	\$ 97,571,664

The water enterprise fund net position increased \$2.6 million. This is due to the decrease in the other post-employment benefits liability net of deferred inflows/outflows of \$776,000, a decrease in the net pension liability net of deferred inflows/outflows of \$382,000, a decrease in interest expense, and the receipt of a general fund transfer of \$600,000 to subsidize the operations.

The sewer enterprise fund net position increased by \$7.1 million. This is primarily due to the general fund transferring \$2.4 million into the sewer stabilization fund, the receipt of a capital grant of \$1.4 million, and the receipt of \$2.1 million of unbudgeted tax liens. Also contributing was a decrease in the other post-employment benefits liability net of deferred inflows/outflows of \$65,000, and a decrease in the net pension liability net of deferred inflows/outflows of \$394,000.

The Veterans Memorial Ice Rink enterprise fund net position increased by \$173,000. 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 \$28,000. User fees were not able to cover the operating costs due to decreased activity resulting from the COVID-19 pandemic. This resulted in an operating loss, the City decided against an operational subsidy from the general fund.

The Kennedy School Pool enterprise fund net position increased by \$31,000. This was the net result of a subsidy transfer from the general fund of \$291,000 offset by an operating loss of \$260,000.

The City established an internal service fund to account for workers compensation activities. Due to the accrual for future worker's compensation payments, the fund is in a deficit of \$1.1 million as of June 30, 2022,

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 \$181.9 million, of which balances of \$104.9 million was reported in the general fund, \$17.1 million in the Strategic Planning and Community Development fund, \$181,000 in the ARPA fund, \$5.3 million in the capital projects fund and \$54.5 million in the nonmajor governmental funds.

Cumulatively, there was an increase in the governmental funds of \$25.9 million from prior year. This is due to a \$15.5 million general fund surplus and an increase of \$14.5 million in the capital projects fund, primarily due to the timing of the issuance and the expenditure of bond proceeds totaling \$28.7 million. 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 \$46.2 million and was comprised of two components: an unreserved fund balance of \$41.9 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 \$53.1 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 16.0% of total general fund expenditures, while total fund balance equaled 36.3% of the same amount. Please see Note 8 for further details.

The City's general fund increased \$15.5 million in the current year. The change was primarily due to better than expected budgetary results, offset by the net activity of the Health Claims trust fund reported as a component of the general fund of (\$3.3) million.

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

The 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 has received a total of \$69.6 million dollars of federal funding. The City recorded \$997,000 of expenditures and recognized an equal amount as revenue. The City has reported the remaining \$68.6 million received as unearned revenue and will recognize these funds as revenue when the qualifying expenditures are incurred. The remaining \$181,000 in fund balance represents investment income for which there is no restriction on use and therefore considered earned.

The City's capital projects fund increased by \$14.5 million. The increase is due to the net effect of \$55.6 million of capital expenditures on current and prior year's projects, offset by the issuance of \$28.7 million in bonds, the receipt of a \$1.5 million bond premium, transfers from the general fund and nonmajor funds totaling \$29.3 million and school construction aid in the amount of \$10.4 million from the Massachusetts School Building Authority (MSBA).

General Fund Budgetary Highlights

The City's final general fund operating budget included \$315.3 million in total current year appropriations and amounts carried forward from the prior year, to be funded with \$286.1 million in estimated receipts and transfers in and \$30.2 million of free cash and amounts reserved for continuing appropriations.

The \$24.7 million increase between the original budget and the final amended budget was due to several council orders issued throughout the year to appropriate available funds. The most notable components of this increase include available funds (free cash) appropriated to fund stabilization reserves, capital improvements, other postemployment benefits trust, and various additional departmental appropriations.

The actual general fund revenues came in \$23.6 million higher than budgeted. The City does not budget revenue for tax liens which totaled \$512,000. Additionally, motor vehicle excise, departmental and other, and miscellaneous revenue reported budgetary surpluses of \$2.3 million, \$20.8 million, and \$679,000 respectively.

The City's general fund reported expenditures and encumbrances less than appropriations by \$14.5 million. The most significant turnbacks were related to general government, public safety and public works which turned back \$6.0 million, \$2.0 million and \$3.5 million respectively.

Capital Asset and Debt Administration

Capital assets. The City of Somerville's investment in capital assets for its governmental activities as of June 30, 2022, amounts to \$539.5 million (net of accumulated depreciation) and its business-type activities amounted to \$133.0 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 \$44.3 million and business-type assets was \$14.6 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;
- Purchase 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 long-term debt outstanding of \$282.5 million. Additionally, the City reported governmental short-term borrowing of \$61.0 million related to road reconstruction and improvement projects, Somerville High School construction, Somerville Avenue streetscape improvements, and various other projects around the City.

During 2022, the City's governmental long-term debt increased \$19.5 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 \$15.0 million, \$16.4 million, and \$1.1 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 2022, \$1,135,491 of such assistance was received.

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 2022, the City has recorded capital grant proceeds totaling \$110.0 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 funding once the final close-out audit has been completed by the MSBA. The City cannot reasonably determine the amount to ultimately to be reimbursed and therefore will not record a receivable. The City will recognize these additional reimbursements in the year they are received.

In the prior year, the government defeased general obligation bonds related to the Union Square Revitalization Project by placing the proceeds from the sale of land covered by the bonds in an irrevocable trust account to provide for all future debt service payments. At June 30, 2022, \$7.7 million of defeased bonds remain outstanding. These bonds are not callable until October 15, 2025, October 1, 2026, and June 1, 2027, respectively.

See Notes 6 & 7 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 December 2022 was 2.1%. This compares favorably to the state's average seasonally adjusted unemployment rate of 3.2% and the national average of 3.5%.
- According to the City's Board of Assessors, for 2022, the average single-family parcel in the City is valued at \$1,023,536; the average two-family home is valued at \$1,084,457; the average 2022 commercial and industrial property is valued at \$3,011,030. 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

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STATEMENT OF NET POSITION

JUNE 30, 2022

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 294,902,989	\$ 38,076,210	\$ 332,979,199
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	2,873,637	-	2,873,637
Tax liens.....	1,957,135	-	1,957,135
Community preservation fund surtax.....	32,648	-	32,648
Motor vehicle and other excise taxes.....	1,087,100	-	1,087,100
User charges.....	-	13,988,570	13,988,570
Departmental and other.....	2,535,880	-	2,535,880
Intergovernmental.....	19,275,228	-	19,275,228
Community preservation state share.....	789,000	-	789,000
Loans.....	31,336,867	-	31,336,867
Total current assets.....	<u>354,790,484</u>	<u>52,064,780</u>	<u>406,855,264</u>
NONCURRENT:			
Capital assets, nondepreciable.....	80,832,787	36,979,338	117,812,125
Capital assets, net of accumulated depreciation.....	<u>458,707,774</u>	<u>96,002,021</u>	<u>554,709,795</u>
Total noncurrent assets.....	<u>539,540,561</u>	<u>132,981,359</u>	<u>672,521,920</u>
TOTAL ASSETS.....	<u>894,331,045</u>	<u>185,046,139</u>	<u>1,079,377,184</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	771,843	-	771,843
Deferred outflows related to pensions.....	29,342,547	608,172	29,950,719
Deferred outflows related to other postemployment benefits.....	<u>2,755,840</u>	<u>109</u>	<u>2,755,949</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>32,870,230</u>	<u>608,281</u>	<u>33,478,511</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	10,850,985	1,507,565	12,358,550
Accrued payroll.....	3,669,898	87,033	3,756,931
Unearned revenue.....	68,725,605	-	68,725,605
Tax refunds payable.....	1,869,000	-	1,869,000
Accrued interest.....	1,838,703	99,207	1,937,910
Other liabilities.....	3,593,306	-	3,593,306
Compensated absences.....	222,400	800	223,200
Workers' compensation.....	292,000	-	292,000
Notes payable.....	60,977,477	37,184,830	98,162,307
Long-term debt.....	<u>13,590,811</u>	<u>2,154,374</u>	<u>15,745,185</u>
Total current liabilities.....	<u>165,630,185</u>	<u>41,033,809</u>	<u>206,663,994</u>
NONCURRENT:			
Compensated absences.....	4,532,000	83,600	4,615,600
Workers' compensation.....	876,000	-	876,000
Net pension liability.....	67,804,384	1,405,356	69,209,740
Net other postemployment benefits liability.....	154,717,328	796,749	155,514,077
Long-term debt.....	<u>268,951,311</u>	<u>30,332,914</u>	<u>299,284,225</u>
Total noncurrent liabilities.....	<u>496,881,023</u>	<u>32,618,619</u>	<u>529,499,642</u>
TOTAL LIABILITIES.....	<u>662,511,208</u>	<u>73,652,428</u>	<u>736,163,636</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	71,450,379	1,480,925	72,931,304
Deferred inflows related to other postemployment benefits.....	<u>66,318,209</u>	<u>3,076,109</u>	<u>69,394,318</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>137,768,588</u>	<u>4,557,034</u>	<u>142,325,622</u>
NET POSITION			
Net investment in capital assets.....	257,843,923	89,341,086	347,185,009
Restricted for:			
Streets.....	4,335,157	-	4,335,157
Community Development.....	9,920,968	-	9,920,968
Loans.....	31,336,867	-	31,336,867
Permanent funds:			
Expendable.....	178,479	-	178,479
Nonexpendable.....	433,126	-	433,126
Gifts and grants.....	10,400,812	-	10,400,812
Community preservation.....	18,344,064	-	18,344,064
Unrestricted.....	<u>(205,871,917)</u>	<u>18,103,872</u>	<u>(187,768,045)</u>
TOTAL NET POSITION.....	<u>\$ 126,921,479</u>	<u>\$ 107,444,958</u>	<u>\$ 234,366,437</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

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.....	\$ 42,785,665	\$ 35,184,888	\$ 5,969,984	\$ -	\$ (1,630,793)
Public safety.....	48,123,032	14,836,270	2,452,912	-	(30,833,850)
Education.....	136,469,075	3,852,627	52,994,776	9,463,690	(70,157,982)
Public works.....	34,709,306	2,816,210	1,478,201	915,331	(29,499,564)
Community development.....	4,264,877	-	6,901,410	-	2,636,533
Health and human services.....	1,512,279	819,238	2,464,993	-	1,771,952
Culture and recreation.....	5,663,962	490,448	319,225	-	(4,854,289)
Community preservation.....	1,517,068	-	-	1,190,896	(326,172)
Interest.....	7,060,306	-	1,154,545	-	(5,905,761)
Total Governmental Activities.....	282,105,570	57,999,681	73,736,046	11,569,917	(138,799,926)
<i>Business-Type Activities:</i>					
Water.....	13,532,597	15,525,407	-	-	1,992,810
Sewer.....	23,624,820	26,744,034	-	1,400,000	4,519,214
Veteran's Memorial Ice Rink.....	347,226	100,052	-	-	(247,174)
Dilboy Stadium.....	106,671	78,334	-	-	(28,337)
Kennedy School Pool.....	329,749	70,011	-	-	(259,738)
Total Business-Type Activities.....	37,941,063	42,517,838	-	1,400,000	5,976,775
Total Primary Government.....	\$ 320,046,633	\$ 100,517,519	\$ 73,736,046	\$ 12,969,917	\$ (132,823,151)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (138,799,926)	\$ 5,976,775	\$ (132,823,151)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	198,666,774	-	198,666,774
Tax and utility liens.....	818,802	-	818,802
Motor vehicle and other excise taxes.....	10,628,882	-	10,628,882
Community preservation tax.....	2,597,943	-	2,597,943
Penalties and interest on taxes.....	980,761	-	980,761
Payments in lieu of taxes.....	1,622,603	-	1,622,603
Grants and contributions not restricted to specific programs.....	28,743,447	-	28,743,447
Unrestricted investment income.....	716,412	185,650	902,062
Gain on sale of assets.....	118,412	-	118,412
Miscellaneous.....	1,226,545	-	1,226,545
<i>Transfers, net</i>	<u>(3,710,869)</u>	<u>3,710,869</u>	<u>-</u>
Total general revenues and transfers.....	<u>242,409,712</u>	<u>3,896,519</u>	<u>246,306,231</u>
Change in net position.....	103,609,786	9,873,294	113,483,080
<i>Net position:</i>			
Beginning of year.....	<u>23,311,693</u>	<u>97,571,664</u>	<u>120,883,357</u>
End of year.....	\$ <u><u>126,921,479</u></u>	\$ <u><u>107,444,958</u></u>	\$ <u><u>234,366,437</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2022

	General	Strategic Planning & Community Development	ARPA Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents.....	\$ 114,068,150	\$ 237,706	\$ 68,823,394	\$ 71,979,063	\$ 39,762,573	\$ 294,870,886
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	2,873,637	-	-	-	-	2,873,637
Tax liens.....	1,938,219	-	-	-	18,916	1,957,135
Community preservation fund surtax.....	-	-	-	-	32,648	32,648
Motor vehicle and other excise taxes.....	1,087,100	-	-	-	-	1,087,100
Departmental and other.....	2,535,880	-	-	-	-	2,535,880
Intergovernmental.....	-	9,920,968	-	-	9,354,260	19,275,228
Community preservation state share.....	-	-	-	-	789,000	789,000
Loans.....	-	16,448,506	-	-	14,888,361	31,336,867
Due from other funds.....	3,181,381	-	-	-	-	3,181,381
TOTAL ASSETS.....	\$ 125,684,367	\$ 26,607,180	\$ 68,823,394	\$ 71,979,063	\$ 64,845,758	\$ 357,939,762
LIABILITIES						
Warrants payable.....	\$ 5,140,520	\$ -	\$ -	\$ 5,710,465	\$ -	\$ 10,850,985
Accrued payroll.....	3,110,598	13,875	36,399	1,170	496,498	3,658,540
Unearned revenue.....	-	-	68,605,543	-	120,062	68,725,605
Tax refunds payable.....	1,869,000	-	-	-	-	1,869,000
Due to other funds.....	-	-	-	-	3,181,381	3,181,381
Other liabilities.....	2,786,984	-	-	-	806,322	3,593,306
Notes payable.....	-	-	-	60,977,477	-	60,977,477
TOTAL LIABILITIES.....	12,907,102	13,875	68,641,942	66,689,112	4,604,263	152,856,294
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue.....	7,906,836	9,473,556	-	-	5,777,676	23,158,068
FUND BALANCES						
Nonspendable.....	-	-	-	-	433,126	433,126
Restricted.....	-	17,119,749	181,452	22,536,430	54,030,693	93,868,324
Committed.....	53,082,671	-	-	-	-	53,082,671
Assigned.....	5,584,905	-	-	-	-	5,584,905
Unassigned.....	46,202,853	-	-	(17,246,479)	-	28,956,374
TOTAL FUND BALANCES.....	104,870,429	17,119,749	181,452	5,289,951	54,463,819	181,925,400
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 125,684,367	\$ 26,607,180	\$ 68,823,394	\$ 71,979,063	\$ 64,845,758	\$ 357,939,762

See notes to basic financial statements.

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

JUNE 30, 2022

Total governmental fund balances.....		\$ 181,925,400
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		539,540,561
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		23,158,068
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.....		(104,898,358)
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		20,745
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(1,838,703)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(282,542,122)	
Net pension liability.....	(67,804,384)	
Net other postemployment benefits liability.....	(154,717,328)	
Workers' compensation.....	(1,168,000)	
Compensated absences.....	<u>(4,754,400)</u>	
Net effect of reporting long-term liabilities.....		<u>(510,986,234)</u>
Net position of governmental activities.....		<u>\$ 126,921,479</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2022

	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.....	\$ 198,544,652	\$ -	\$ -	\$ -	\$ -	\$ 198,544,652
Tax liens.....	512,067	-	-	-	-	512,067
Motor vehicle and other excise taxes.....	10,565,990	-	-	-	-	10,565,990
Penalties and interest on taxes.....	980,761	-	-	-	-	980,761
Payments in lieu of taxes.....	1,622,603	-	-	-	-	1,622,603
Intergovernmental - Teachers Retirement.....	12,654,025	-	-	-	-	12,654,025
Intergovernmental.....	51,218,779	1,942,823	997,014	10,362,104	27,167,638	91,688,358
Departmental and other.....	44,013,694	-	-	-	14,656,766	58,670,460
Community preservation taxes.....	-	-	-	-	2,597,943	2,597,943
Community preservation state match.....	-	-	-	-	1,038,656	1,038,656
Contributions and donations.....	2,321,432	25,736	-	-	990,453	3,337,621
Investment income.....	500,694	2,871	168,604	-	44,243	716,412
Miscellaneous.....	973,433	-	-	258,029	762	1,232,224
TOTAL REVENUES.....	323,908,130	1,971,430	1,165,618	10,620,133	46,496,461	384,161,772
EXPENDITURES:						
Current:						
General government.....	31,278,736	-	997,014	19,119,825	5,631,882	57,027,457
Public safety.....	44,770,903	-	-	-	6,714,938	51,485,841
Education.....	84,633,351	-	-	29,108,063	18,985,282	132,726,696
Public works.....	29,746,535	-	-	7,413,884	2,036,398	39,196,817
Community development.....	-	4,062,741	-	-	209,384	4,272,125
Health and human services.....	124,071	-	-	-	1,388,208	1,512,279
Culture and recreation.....	4,321,634	-	-	-	522,908	4,844,542
Community preservation.....	-	-	-	-	1,517,068	1,517,068
Pension benefits.....	15,449,632	-	-	-	-	15,449,632
Pension benefits - Teachers Retirement.....	12,654,025	-	-	-	-	12,654,025
Employee benefits.....	32,285,964	-	-	-	-	32,285,964
State and county charges.....	14,228,726	-	-	-	-	14,228,726
Debt service:						
Principal.....	9,378,511	-	-	-	180,000	9,558,511
Interest.....	9,862,716	-	-	-	264,894	10,127,610
TOTAL EXPENDITURES.....	288,734,804	4,062,741	997,014	55,641,772	37,450,962	386,887,293
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	35,173,326	(2,091,311)	168,604	(45,021,639)	9,045,499	(2,725,521)
OTHER FINANCING SOURCES (USES):						
Issuance of bonds.....	-	-	-	28,668,138	-	28,668,138
Premium from issuance of bonds.....	-	-	-	1,516,905	1,396,673	2,913,578
Capital purchase financing.....	600,298	-	-	-	-	600,298
Proceeds from the sale of assets.....	8,412	-	-	-	110,000	118,412
Transfers in.....	2,163,868	139,096	-	29,336,673	-	31,639,637
Transfers out.....	(22,405,368)	-	-	-	(12,945,138)	(35,350,506)
TOTAL OTHER FINANCING SOURCES (USES).....	(19,632,790)	139,096	-	59,521,716	(11,438,465)	28,589,557
NET CHANGE IN FUND BALANCES.....	15,540,536	(1,952,215)	168,604	14,500,077	(2,392,966)	25,864,036
FUND BALANCES AT BEGINNING OF YEAR.....	89,329,893	19,071,964	12,848	(9,210,126)	56,856,785	156,061,364
FUND BALANCES AT END OF YEAR.....	\$ 104,870,429	\$ 17,119,749	\$ 181,452	\$ 5,289,951	\$ 54,463,819	\$ 181,925,400

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, 2022

Net change in fund balances - total governmental funds.....	\$	25,864,036
<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.....		56,044,029
Depreciation expense.....		<u>(11,710,516)</u>
Net effect of reporting capital assets.....		44,333,513
<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>		
		5,146,041
<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.....		(28,668,138)
Premium from issuance of bonds.....		(2,913,578)
Capital financing.....		(600,298)
Net amortization of premium from issuance of bonds.....		3,132,628
Net change in deferred charge on refunding.....		(267,600)
Debt service principal payments.....		<u>9,558,511</u>
Net effect of reporting long-term debt.....		(19,758,475)
<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.....		70,400
Net change in accrued interest on long-term debt.....		202,276
Net change in deferred outflow/(inflow) of resources related to pensions.....		(9,603,936)
Net change in net pension liability.....		27,595,396
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...		35,765,386
Net change in net other postemployment benefits liability.....		(5,801,596)
Net change in workers' compensation liability.....		<u>(224,000)</u>
Net effect of recording long-term liabilities.....		48,003,926
The net activity of internal service funds is reported with Governmental Activities.....		<u>20,745</u>
Change in net position of governmental activities.....	\$	<u><u>103,609,786</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2022

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Water	Sewer	Veterans Memorial Ice Rink	Dilboy Stadium	Kennedy School Pool	Total	
ASSETS							
CURRENT:							
Cash and cash equivalents.....	\$ 11,586,505	\$ 25,335,885	\$ 553,562	\$ 113,478	\$ 486,780	\$ 38,076,210	\$ 32,103
Receivables, net of allowance for uncollectibles:							
User charges.....	4,863,535	9,125,035	-	-	-	13,988,570	-
Total current assets.....	16,450,040	34,460,920	553,562	113,478	486,780	52,064,780	32,103
NONCURRENT:							
Capital assets, nondepreciable.....	7,016,641	29,962,697	-	-	-	36,979,338	-
Capital assets, net of accumulated depreciation.....	46,079,366	47,302,753	2,619,902	-	-	96,002,021	-
Total noncurrent assets.....	53,096,007	77,265,450	2,619,902	-	-	132,981,359	-
TOTAL ASSETS.....	69,546,047	111,726,370	3,173,464	113,478	486,780	185,046,139	32,103
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions.....	230,616	377,556	-	-	-	608,172	-
Deferred outflows related to other postemployment benefits.....	85	24	-	-	-	109	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	230,701	377,580	-	-	-	608,281	-
LIABILITIES							
CURRENT:							
Warrants payable.....	292,742	1,214,823	-	-	-	1,507,565	-
Accrued payroll.....	39,557	36,357	-	2,850	8,269	87,033	11,358
Accrued interest.....	23,095	69,615	6,497	-	-	99,207	-
Compensated absences.....	100	700	-	-	-	800	-
Workers' compensation.....	-	-	-	-	-	-	292,000
Notes payable.....	4,773,749	32,411,081	-	-	-	37,184,830	-
Long-term debt.....	1,298,045	656,329	200,000	-	-	2,154,374	-
Total current liabilities.....	6,427,288	34,388,905	206,497	2,850	8,269	41,033,809	303,358
NONCURRENT:							
Compensated absences.....	19,500	64,100	-	-	-	83,600	-
Workers' compensation.....	-	-	-	-	-	-	876,000
Net pension liability.....	532,905	872,451	-	-	-	1,405,356	-
Net other postemployment benefits liability.....	621,011	175,738	-	-	-	796,749	-
Long-term debt.....	15,086,850	14,346,064	900,000	-	-	30,332,914	-
Total noncurrent liabilities.....	16,260,266	15,458,353	900,000	-	-	32,618,619	876,000
TOTAL LIABILITIES.....	22,687,554	49,847,258	1,106,497	2,850	8,269	73,652,428	1,179,358
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions.....	561,561	919,364	-	-	-	1,480,925	-
Deferred inflows related to other postemployment benefits.....	2,878,349	197,760	-	-	-	3,076,109	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	3,439,910	1,117,124	-	-	-	4,557,034	-
NET POSITION							
Net investment in capital assets.....	40,615,878	47,205,306	1,519,902	-	-	89,341,086	-
Unrestricted.....	3,033,406	13,934,262	547,065	110,628	478,511	18,103,872	(1,147,255)
TOTAL NET POSITION.....	\$ 43,649,284	\$ 61,139,568	\$ 2,066,967	\$ 110,628	\$ 478,511	\$ 107,444,958	\$ (1,147,255)

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2022

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Water	Sewer	Veterans Memorial Ice Rink	Dilboy Stadium	Kennedy School Pool	Total	
OPERATING REVENUES:							
Employer contributions.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 844,600
Charges for services.....	14,471,986	24,634,899	100,052	78,334	70,011	39,355,282	-
Liens - charges for services.....	1,053,421	2,109,135	-	-	-	3,162,556	-
TOTAL OPERATING REVENUES	15,525,407	26,744,034	100,052	78,334	70,011	42,517,838	844,600
OPERATING EXPENSES:							
Cost of services and administration.....	11,760,284	21,918,109	217,591	106,671	329,749	34,332,404	-
Depreciation.....	1,680,025	1,193,866	85,898	-	-	2,959,789	-
Employee benefits.....	-	-	-	-	-	-	1,047,855
TOTAL OPERATING EXPENSES.....	13,440,309	23,111,975	303,489	106,671	329,749	37,292,193	1,047,855
OPERATING INCOME (LOSS).....	2,085,098	3,632,059	(203,437)	(28,337)	(259,738)	5,225,645	(203,255)
NONOPERATING REVENUES (EXPENSES):							
Investment income.....	31,366	153,682	301	301	-	185,650	-
Interest expense.....	(92,288)	(512,845)	(43,737)	-	-	(648,870)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(60,922)	(359,163)	(43,436)	301	-	(463,220)	-
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS.....	2,024,176	3,272,896	(246,873)	(28,036)	(259,738)	4,762,425	(203,255)
CAPITAL CONTRIBUTIONS.....	-	1,400,000	-	-	-	1,400,000	-
TRANSFERS:							
Transfers in.....	600,000	2,400,000	419,837	-	291,032	3,710,869	-
CHANGE IN NET POSITION.....	2,624,176	7,072,896	172,964	(28,036)	31,294	9,873,294	(203,255)
NET POSITION AT BEGINNING OF YEAR.....	41,025,108	54,066,672	1,894,003	138,664	447,217	97,571,664	(944,000)
NET POSITION AT END OF YEAR.....	\$ 43,649,284	\$ 61,139,568	\$ 2,066,967	\$ 110,628	\$ 478,511	\$ 107,444,958	\$ (1,147,255)

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022

Business-type Activities - Enterprise Funds							
	Water	Sewer	Veterans Memorial Ice Rink	Dilboy Stadium	Kennedy School Pool	Total	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers and users.....	\$ 15,615,249	\$ 26,529,740	\$ 100,052	\$ 78,334	\$ 70,011	\$ 42,393,386	\$ -
Receipts from interfund services provided.....	-	-	-	-	-	-	844,600
Payments to vendors.....	(12,384,215)	(21,229,210)	(144,091)	(76,365)	(43,656)	(33,877,537)	(812,497)
Payments to employees.....	(871,740)	(1,198,532)	(76,962)	(27,456)	(292,494)	(2,467,184)	-
NET CASH FROM OPERATING ACTIVITIES.....	2,359,294	4,101,998	(121,001)	(25,487)	(266,139)	6,048,665	32,103
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Transfers in.....	600,000	2,400,000	419,837	-	291,032	3,710,869	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Proceeds from the issuance of bonds and notes.....	10,699,260	39,202,432	-	-	-	49,901,692	-
Capital grants.....	-	1,400,000	-	-	-	1,400,000	-
Acquisition and construction of capital assets.....	(6,548,234)	(12,523,564)	-	-	-	(19,071,798)	-
Principal payments on bonds and notes.....	(4,069,179)	(27,385,261)	(190,000)	-	-	(31,644,440)	-
Interest expense.....	(95,357)	(472,088)	(51,237)	-	-	(618,682)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(13,510)	221,519	(241,237)	-	-	(33,228)	-
CASH FLOWS FROM INVESTING ACTIVITIES:							
Investment income.....	31,366	153,682	301	301	-	185,650	-
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	2,977,150	6,877,199	57,900	(25,186)	24,893	9,911,956	32,103
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	8,609,355	18,458,686	495,662	138,664	461,887	28,164,254	-
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 11,586,505	\$ 25,335,885	\$ 553,562	\$ 113,478	\$ 486,780	\$ 38,076,210	\$ 32,103
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:							
Operating income (loss).....	\$ 2,085,098	\$ 3,632,059	\$ (203,437)	\$ (28,337)	\$ (259,738)	\$ 5,225,645	\$ (203,255)
Adjustments to reconcile operating income to net cash from operating activities:							
Depreciation.....	1,680,025	1,193,866	85,898	-	-	2,959,789	-
Deferred (outflows)/inflows related to pensions.....	14,394	82,177	-	-	-	96,571	-
Deferred (outflows)/inflows related to other postemployment benefits.....	1,167,610	22,125	-	-	-	1,189,735	-
Changes in assets and liabilities:							
User charges.....	89,842	(214,294)	-	-	-	(124,452)	-
Departmental and other.....	-	-	-	-	-	-	-
Warrants payable.....	(326,923)	(75,500)	-	-	-	(402,423)	-
Accrued payroll.....	(2,907)	(2,513)	(3,462)	2,850	(6,401)	(12,433)	11,358
Compensated absences.....	(8,000)	28,200	-	-	-	20,200	-
Workers' compensation.....	-	-	-	-	-	-	224,000
Net pension liability.....	(396,182)	(476,578)	-	-	-	(872,760)	-
Other postemployment benefits.....	(1,943,663)	(87,544)	-	-	-	(2,031,207)	-
Total adjustments.....	274,196	469,939	82,436	2,850	(6,401)	823,020	235,358
NET CASH FROM OPERATING ACTIVITIES.....	\$ 2,359,294	\$ 4,101,998	\$ (121,001)	\$ (25,487)	\$ (266,139)	\$ 6,048,665	\$ 32,103
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:							
Acquisition of capital assets on account.....	\$ (149,164)	\$ (1,329,737)	\$ -	\$ -	\$ -	\$ (1,478,901)	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2022

	Total Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents.....	\$ 11,472,926	\$ 96,738
Investments:		
Investments in Pension Reserve Investment Trust.....	9,123,799	-
U.S. treasury notes.....	1,923,602	-
Real estate and alternative investment mutual funds.....	20,695,272	-
Bond mutual funds.....	65,491,419	-
Equity securities.....	324,394,157	-
Equity mutual funds.....	31,286,297	-
Fixed income mutual funds.....	2,265,605	-
Fixed income.....	2,920,397	-
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	68,074	-
TOTAL ASSETS.....	469,641,548	96,738
LIABILITIES		
Warrants payable.....	316,403	-
NET POSITION		
Restricted for pensions.....	452,651,232	-
Restricted for other postemployment benefits.....	16,673,913	-
Held in trust for other purposes.....	-	96,738
TOTAL NET POSITION.....	\$ 469,325,145	\$ 96,738

(1) The Pension Trust Fund is as of December 31, 2021.

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2022

	Total Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 21,155,973	\$ -
Employer contributions for other postemployment benefit payments...	8,655,912	-
Member contributions.....	9,107,959	-
Retirement benefits - transfers from other systems.....	650,364	-
Retirement benefits - 3(8)c contributions from other systems.....	640,580	-
Retirement benefits - workers compensation settlements.....	21,300	-
Retirement benefits - state COLA reimbursements.....	114,010	-
Retirement benefits - member makeup payments and redeposits.....	49,438	-
Retirement benefits - interest not refunded.....	79,384	-
Retirement benefits - reimbursement of 91A overearnings.....	2,500	-
Private donations.....	-	1,145
	<u>40,477,420</u>	<u>1,145</u>
Total contributions.....		
Net investment income:		
Investment income.....	3,277,469	253
Net change in fair value of investments.....	67,877,814	-
Less: investment expense.....	<u>(1,756,984)</u>	<u>-</u>
Net investment income (loss).....	<u>69,398,299</u>	<u>253</u>
TOTAL ADDITIONS.....	<u>109,875,719</u>	<u>1,398</u>
DEDUCTIONS:		
Administration.....	591,990	-
Retirement benefits - transfers to other systems.....	1,144,720	-
Retirement benefits - 3(8)c transfer to other systems.....	1,369,284	-
Retirement benefits and refunds.....	33,111,751	-
OPEB Benefits.....	<u>8,655,912</u>	<u>-</u>
TOTAL DEDUCTIONS.....	<u>44,873,657</u>	<u>-</u>
NET INCREASE (DECREASE) IN NET POSITION.....	65,002,062	1,398
NET POSITION AT BEGINNING OF YEAR.....	<u>404,323,083</u>	<u>95,340</u>
NET POSITION AT END OF YEAR.....	<u>\$ 469,325,145</u>	<u>\$ 96,738</u>

(1) The Pension Trust Fund is as of December 31, 2021.

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.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to workers' compensation.

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 assets that applies to a future period(s) and so will not be recognized as an outflow of

resources (expense/expenditure) until then. The City reported deferred 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reported deferred inflows 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 transfers in and 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 transfers in and 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, 2022, 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 with combined average maturities of approximately 27 days.

The City Treasurer is the custodian of funds held in the Other Postemployment Benefit (OPEB) Trust Fund. As of June 30, 2022, \$16,673,913 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 \$302,558,770 and the bank balance totaled \$311,045,604. Of the bank balance, \$6,763,939 was covered by Federal Depository Insurance, \$276,210,650 was collateralized and \$28,071,015 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2021, carrying amount of deposits for the System totaled \$6,639,519, and the bank balance totaled \$1,958,954. The entire bank balance of the System was covered by Federal Depository Insurance and is collateralized.

Investments

As of June 30, 2022, the City of Somerville had the following investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>			<u>Ratings</u>
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	
<u>Debt securities:</u>					
U.S. treasury notes.....	\$ 1,923,602	\$ 99,767	\$ 1,389,324	\$ 434,511	AA+
Government sponsored enterprises.....	956,487	224,748	557,474	174,265	AA+
Corporate bonds.....	1,963,910	224,950	1,467,277	271,683	BBB to AAA
Total debt securities.....	\$ 4,843,999	\$ 549,465	\$ 3,414,075	\$ 880,459	
<u>Other investments:</u>					
Equity securities.....	4,837,237				
Equity mutual funds.....	3,872,651				
Fixed income mutual funds.....	2,265,605				
Money market mutual funds.....	854,421				
MMDT - Cash portfolio.....	30,517,167				
Total investments.....	\$ 47,191,080				

As of December 31, 2021, the System had the following investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>				<u>Rating</u>
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>	<u>Over 10 Years</u>	
<u>Debt securities:</u>						
Fixed income fund.....	\$ 65,491,457	\$ 13,098,292	\$ 31,632,374	\$ 15,259,509	\$ 5,501,282	BAA/NR
<u>Other investments:</u>						
Equity securities.....	319,556,920					
Equity mutual funds.....	27,413,608					
Real estate investment trust.....	20,695,272					
Money market mutual funds.....	3,978,986					
Pension Reserve Investment Trust (PRIT)....	9,123,799					
Total investments.....	\$ 446,260,042					

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 notes of \$1,923,602, government sponsored enterprises of \$956,487, corporate bonds of \$1,963,910, and equity securities of \$4,837,237, the City has custodial credit risk exposure of \$9,681,236, because the related securities are uninsured, unregistered and held by the counterparty.

Of the System’s \$319,556,920 in equity securities, the System has custodial credit risk exposure of \$319,556,920, 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 AA+ 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, 2022:

Investment Type	June 30, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 1,923,602	\$ 1,923,602	\$ -	\$ -
Government sponsored enterprises.....	956,487	956,487	-	-
Corporate bonds.....	1,963,910	-	1,963,910	-
Total debt securities.....	4,843,999	2,880,089	1,963,910	-
<u>Other investments:</u>				
Equity securities.....	4,837,237	4,837,237	-	-
Equity mutual funds.....	3,872,651	3,872,651	-	-
Fixed income mutual funds.....	2,265,605	2,265,605	-	-
Money market mutual funds.....	854,421	854,421	-	-
Total other investments.....	11,829,914	11,829,914	-	-
Total investments measured at fair value.....	16,673,913	\$ 14,710,003	\$ 1,963,910	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	30,517,167			
Total investments.....	\$ 47,191,080			

U.S. Treasury notes, government sponsored enterprises, equity securities, equity mutual funds, fixed income mutual funds, and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique.

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, 2021:

Investment Type	December 31, 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>				
Fixed income mutual funds.....	\$ 65,491,457	\$ 65,491,457	\$ -	\$ -
<u>Other investments:</u>				
Equity securities.....	319,556,920	319,556,920	-	-
Equity mutual funds.....	27,413,608	27,413,608	-	-
Real estate investment trust.....	20,695,272	-	-	20,695,272
Money market mutual funds.....	3,978,986	3,978,986	-	-
Total other investments.....	371,644,786	350,949,514	-	20,695,272
Total investments measured at fair value.....	437,136,243	\$ 416,440,971	\$ -	\$ 20,695,272
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	9,123,799			
Total investments.....	\$ 446,260,042			

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, 2022, 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.....	\$ 3,034,098	\$ (160,461)	\$ 2,873,637
Tax liens.....	1,957,135	-	1,957,135
Community preservation fund surtax.....	32,648	-	32,648
Motor vehicle and other excise taxes.....	2,367,829	(1,280,729)	1,087,100
Departmental and other.....	8,847,292	(6,311,412)	2,535,880
Intergovernmental.....	19,275,228	-	19,275,228
Community preservation state share.....	789,000	-	789,000
Loans.....	31,336,867	-	31,336,867
Total.....	<u>\$ 67,640,097</u>	<u>\$ (7,752,602)</u>	<u>\$ 59,887,495</u>

At June 30, 2022, 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.....	\$ 4,863,535	\$ -	\$ 4,863,535
Sewer user charges.....	9,125,035	-	9,125,035
Total.....	<u>\$ 13,988,570</u>	<u>\$ -</u>	<u>\$ 13,988,570</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.....	\$ 2,345,637	\$ -	\$ -	\$ 2,345,637
Tax liens.....	1,938,219	-	18,916	1,957,135
Community preservation fund surtax.....	-	-	32,648	32,648
Motor vehicle and other excise taxes.....	1,087,100	-	-	1,087,100
Departmental and other.....	2,535,880	-	-	2,535,880
Intergovernmental - highway improvements.....	-	-	4,335,157	4,335,157
Community development block grants.....	-	9,473,556	601,955	10,075,511
Community preservation state share.....	-	-	789,000	789,000
Total.....	<u>\$ 7,906,836</u>	<u>\$ 9,473,556</u>	<u>\$ 5,777,676</u>	<u>\$ 23,158,068</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 48,870,323	\$ 5,000,329	\$ -	\$ 53,870,652
Construction in progress.....	267,281,064	19,159,871	(259,478,800)	26,962,135
Total capital assets not being depreciated....	316,151,387	24,160,200	(259,478,800)	80,832,787
<u>Capital assets being depreciated:</u>				
Land improvements.....	44,824,688	18,261,587	(728,664)	62,357,611
Books and periodicals.....	2,626,489	-	(689,466)	1,937,023
Buildings and improvements.....	207,036,713	269,966,570	-	477,003,283
Machinery and equipment.....	7,846,331	436,965	-	8,283,296
Vehicles.....	15,861,529	-	(626,438)	15,235,091
Infrastructure.....	50,384,741	2,697,507	-	53,082,248
Total capital assets being depreciated.....	328,580,491	291,362,629	(2,044,568)	617,898,552
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(19,891,704)	(1,867,553)	728,664	(21,030,593)
Books and periodicals.....	(2,626,490)	-	689,466	(1,937,024)
Buildings and improvements.....	(89,070,234)	(6,241,237)	-	(95,311,471)
Machinery and equipment.....	(5,963,934)	(414,612)	-	(6,378,546)
Vehicles.....	(9,566,052)	(1,621,400)	626,438	(10,561,014)
Infrastructure.....	(22,406,416)	(1,565,714)	-	(23,972,130)
Total accumulated depreciation.....	(149,524,830)	(11,710,516)	2,044,568	(159,190,778)
Total capital assets being depreciated, net.....	179,055,661	279,652,113	-	458,707,774
Total governmental activities capital assets, net.....	\$ 495,207,048	\$ 303,812,313	\$ (259,478,800)	\$ 539,540,561
Water:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 7,709,524	\$ 162,573	\$ (855,456)	\$ 7,016,641
<u>Capital assets being depreciated:</u>				
Buildings.....	16,087	-	-	16,087
Machinery and equipment.....	5,227,721	-	-	5,227,721
Vehicles.....	569,000	-	(66,536)	502,464
Infrastructure.....	52,397,877	7,091,953	(58,292)	59,431,538
Total capital assets being depreciated.....	58,210,685	7,091,953	(124,828)	65,177,810
<u>Less accumulated depreciation for:</u>				
Buildings.....	(13,271)	(804)	-	(14,075)
Machinery and equipment.....	(4,093,565)	(320,487)	-	(4,414,052)
Vehicles.....	(239,927)	(88,393)	66,536	(261,784)
Infrastructure.....	(13,196,484)	(1,270,341)	58,292	(14,408,533)
Total accumulated depreciation.....	(17,543,247)	(1,680,025)	124,828	(19,098,444)
Total capital assets being depreciated, net.....	40,667,438	5,411,928	-	46,079,366
Total water activities capital assets, net.....	\$ 48,376,962	\$ 5,574,501	\$ (855,456)	\$ 53,096,007

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 31,511,876	\$ 983,406	(2,532,585)	\$ 29,962,697
<u>Capital assets being depreciated:</u>				
Vehicles.....	715,966	-	(212,340)	503,626
Infrastructure.....	51,241,335	12,743,006	-	63,984,341
Total capital assets being depreciated.....	51,957,301	12,743,006	(212,340)	64,487,967
<u>Less accumulated depreciation for:</u>				
Vehicles.....	(376,657)	(128,478)	212,340	(292,795)
Infrastructure.....	(15,827,031)	(1,065,388)	-	(16,892,419)
Total accumulated depreciation.....	(16,203,688)	(1,193,866)	212,340	(17,185,214)
Total capital assets being depreciated, net.....	35,753,613	11,549,140	-	47,302,753
Total sewer activities capital assets, net.....	\$ 67,265,489	\$ 12,532,546	\$ (2,532,585)	\$ 77,265,450
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.....	(730,134)	(85,898)	-	(816,032)
Total rink activities capital assets, net.....	\$ 2,705,800	\$ (85,898)	\$ -	\$ 2,619,902

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

Governmental Activities:	
General government.....	\$ 1,270,942
Public safety.....	772,155
Education.....	5,642,420
Public works.....	2,767,521
Culture and recreation.....	1,257,478
Total depreciation expense - governmental activities.....	\$ 11,710,516
Business-Type Activities:	
Water.....	\$ 1,680,025
Sewer.....	1,193,866
Veterans Memorial Ice Rink.....	85,898
Total depreciation expense - business-type activities.....	\$ 2,959,789

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The City’s interfund balances at June 30, 2022, consisted of \$3.2 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, 2022, are summarized as follows:

Transfers Out:	Transfers In:							Total
	General fund	Strategic Planning & Community Development	Capital Projects fund	Sewer Enterprise fund	Water Enterprise fund	Rink Enterprise fund	Kennedy School Pool Enterprise fund	
General fund.....	\$ -	\$ 139,096	\$ 18,555,403	\$ 2,400,000	\$ 600,000	\$ 419,837	\$ 291,032	\$ 22,405,368 (1)
Nonmajor governmental funds.....	2,163,868	-	10,781,270	-	-	-	-	12,945,138 (2)
Total.....	\$ 2,163,868	\$ 139,096	\$ 29,336,673	\$ 2,400,000	\$ 600,000	\$ 419,837	\$ 291,032	\$ 35,350,506

- (1) Represents budgeted transfers out of the general fund to the strategic planning & community development fund, various capital projects, nonmajor funds, the sewer and water stabilization funds, and a subsidy transfer to the Veteran’s Memorial Ice Rink and the Kennedy School Pool funds.
- (2) Represents transfers from various nonmajor funds to the general fund to fund the operating budget and to the capital projects fund to fund the Somerville High School Construction project.

NOTE 6 – 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, 2022, is as follows:

Governmental Activities

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2021	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2022
Governmental Funds:							
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)	-
BAN	Armory Building Acquisition.....	0.75%	07/22/22	-	5,000,575	-	5,000,575 (1)
BAN	High School Construction.....	1.50%	08/19/22	-	26,000,000	-	26,000,000 (2)
BAN	High School Construction.....	3.50%	06/02/23	-	11,821,537	-	11,821,537
BAN	Somerville Ave Streetscape Improvements.....	3.50%	06/02/23	-	11,815,873	-	11,815,873
BAN	Public Safety Building Construction/Design.....	3.50%	06/02/23	-	1,383,245	-	1,383,245
BAN	Union Square Streetscape Plaza and Design.....	3.50%	06/02/23	-	1,000,000	-	1,000,000
BAN	City Hall, High School & Edgerly School Design.....	3.50%	06/02/23	-	1,463,885	-	1,463,885
BAN	90 Washington Street Demolition.....	3.50%	06/02/23	-	807,000	-	807,000
BAN	Street and Sidewalk Reconstruction.....	3.50%	06/02/23	-	850,000	-	850,000
BAN	Spring Hill Sewer Separation Project - Streetscape.....	3.50%	06/02/23	-	810,362	-	810,362
BAN	Public Safety Building Pre-Construction Services.....	3.50%	06/02/23	-	25,000	-	25,000
Total Governmental Funds Short-Term Debt.....				\$ 43,095,000	\$ 60,977,477	\$ (43,095,000)	\$ 60,977,477

- (1) On July 22, 2022, the City paid down the previously issued short debt totaling \$5,000,575 utilizing proceeds from the May 24, 2022, bond issuance.
- (2) On August 19, 2022, the City paid down short-term debt totaling \$26,000,000 with proceeds from the May 24, 2022 bond issuance and the June 3, 2022 bond anticipation note issuance as well as the use of available funds.

Enterprise Activities

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2021	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2022
Water Enterprise Fund:							
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)	-
BAN	Somerville Ave Water Improvements.....	2.00%	06/02/23	-	3,818,746	-	3,818,746
BAN	Spring Hill Sewer Separation Project - Water.....	2.00%	06/02/23	-	955,003	-	955,003
Total Water Enterprise Fund.....				2,921,170	4,773,749	(2,921,170)	4,773,749
Sewer Enterprise Fund:							
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)	-
BAN	Somerville Ave Sewer Improvements.....	3.50%	06/02/23	-	27,529,463	-	27,529,463
BAN	Sewer Pump Station and Force Main (Poplar Street).....	3.50%	06/02/23	-	1,952,158	-	1,952,158
BAN	Spring Hill Sewer Separation Project Design Phase.....	3.50%	06/02/23	-	1,500,000	-	1,500,000
BAN	Spring Hill Sewer Separation Project - Drainage.....	3.50%	06/02/23	-	1,129,460	-	1,129,460
BAN	Poplar Street Sewer Pump Station.....	3.50%	06/02/23	-	300,000	-	300,000
Total Sewer Enterprise Fund.....				26,905,183	32,411,081	(26,905,183)	32,411,081
Total Enterprise Funds.....				\$ 29,826,353	\$ 37,184,830	\$ (29,826,353)	\$ 37,184,830

NOTE 7 – 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 \$41,385,000 of new general obligation bonds. The current year financial statements have recognized bond proceeds in the amount of \$28,668,138 in the governmental funds, \$5,925,511 in the water enterprise fund, and \$6,791,351 in the sewer enterprise fund.

The City implemented GASB Statement #87, *Leases* in the year ended June 30, 2022. Therefore, the City’s agreements to finance the acquisition of information technology equipment previously reported as leases have been reclassified as capital financing long-term debt.

Details related to the general obligation bonds outstanding at June 30, 2022, and the debt service requirements are as follows:

Long-term Debt Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
General Obligation Bonds Payable:				
MSBA - February 12, 2008.....	2033	\$ 7,282,102	7.1 - 8.0%	\$ 4,005,157
Municipal Purpose - February 23, 2011.....	2025	5,020,000	2.0 - 5.0%	1,150,000
Municipal Purpose - May 17, 2013.....	2042	15,750,000	2.0 - 5.0%	12,705,000
Municipal Purpose - October 9, 2013.....	2033	13,940,000	2.0 - 5.0%	6,975,000
MSBA - September 25, 2013.....	2043	6,250,000	2.0%	4,525,858
Municipal Purpose - October 15, 2015.....	2038	8,603,000	2.125 - 5.0%	1,495,000
Municipal Purpose - October 5, 2016.....	2039	17,771,000	2.0 - 4.0%	13,185,000
Municipal Purpose - June 1, 2017.....	2042	1,235,000	3.0 - 5.0%	8,040,000
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%	6,650,000
Municipal Purpose - December 7, 2017 - Refunding...	2029	7,810,975	4.0%	4,976,250
Municipal Purpose - June 6, 2019.....	2047	16,095,000	3.0 - 5.0%	14,465,000
Municipal Purpose - June 4, 2020.....	2045	2,350,000	2.0 - 5.0%	6,300,000
Municipal Purpose - October 22, 2020.....	2051	123,960,000	1.75 - 4.75%	122,995,000
Municipal Purpose - June 3, 2021.....	2051	28,032,000	2.0 - 5.0%	27,270,000
Municipal Purpose - May 25, 2022.....	2052	23,398,138	3.3 - 5.0%	<u>28,668,138</u>
Subtotal General Obligation Bonds Payable.....				263,905,403
Capital Financing Payable:				
IT Equipment Capital Financing.....	2025	600,298	4.0%	<u>458,934</u>
Add: Unamortized premium on bonds.....				<u>18,177,785</u>
Total long-term debt, net.....				<u>\$ 282,542,122</u>

Debt service requirements for principal and interest for Governmental and Enterprise long-term debt in future years are as follows:

Governmental Funds

Year	General Obligation Bonds Payable			Capital Financing Payable		
	Principal	Interest	Total	Principal	Interest	Total
2023..... \$	10,722,760	\$ 8,298,850	\$ 19,021,610	\$ 147,019	\$ 18,357	\$ 165,376
2024.....	10,784,822	7,910,031	18,694,853	152,899	12,477	165,376
2025.....	10,959,622	7,423,480	18,383,102	159,016	6,360	165,376
2026.....	11,024,622	6,928,901	17,953,523	-	-	-
2027.....	11,219,622	6,437,112	17,656,734	-	-	-
2028.....	11,350,672	5,950,231	17,300,903	-	-	-
2029.....	10,994,622	5,479,961	16,474,583	-	-	-
2030.....	11,274,622	5,017,587	16,292,209	-	-	-
2031.....	10,989,622	4,564,595	15,554,217	-	-	-
2032.....	11,004,622	4,155,124	15,159,746	-	-	-
2033.....	10,369,624	3,803,454	14,173,078	-	-	-
2034.....	10,050,517	3,526,444	13,576,961	-	-	-
2035.....	9,615,517	3,267,775	12,883,292	-	-	-
2036.....	9,480,517	3,027,052	12,507,569	-	-	-
2037.....	9,380,517	2,785,725	12,166,242	-	-	-
2038.....	8,345,517	2,542,457	10,887,974	-	-	-
2039.....	8,500,517	2,340,910	10,841,427	-	-	-
2040.....	8,720,517	2,132,041	10,852,558	-	-	-
2041.....	8,925,517	1,913,819	10,839,336	-	-	-
2042.....	9,135,517	1,690,035	10,825,552	-	-	-
2043.....	7,530,518	1,466,357	8,996,875	-	-	-
2044.....	7,495,000	1,281,652	8,776,652	-	-	-
2045.....	7,680,000	1,096,413	8,776,413	-	-	-
2046.....	7,625,000	906,077	8,531,077	-	-	-
2047.....	7,560,000	716,911	8,276,911	-	-	-
2048.....	7,425,000	527,956	7,952,956	-	-	-
2049.....	7,600,000	340,484	7,940,484	-	-	-
2050.....	6,110,000	162,449	6,272,449	-	-	-
2051.....	1,835,000	54,569	1,889,569	-	-	-
2052.....	195,000	7,800	202,800	-	-	-
Total..... \$	<u>263,905,403</u>	<u>\$ 95,756,248</u>	<u>\$ 359,661,651</u>	<u>\$ 458,934</u>	<u>\$ 37,194</u>	<u>\$ 496,128</u>

Long-term Debt Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
General Obligation Bonds Payable:				
Municipal Purpose - June 7, 2018.....	2046	\$ 490,000	3.0 - 4.0%	\$ 460,000
Municipal Purpose - December 7, 2017 - Refunding.....	2030	844,925	4.0%	672,550
Municipal Purpose - June 6, 2019.....	2047	3,195,000	3.0 - 5.0%	2,995,000
Municipal Purpose - June 4, 2020.....	2045	2,400,000	2.0 - 5.0%	2,280,000
Municipal Purpose - June 3, 2021.....	2030	370,000	4.0 - 5.0%	335,000
Municipal Purpose - May 24, 2022.....	2052	4,370,511	3.3 - 5.0%	4,370,511
Subtotal General Obligation Bonds Payable.....				<u>11,113,061</u>
Direct Borrowings Bonds Payable:				
Massachusetts Water Resource Authority - MWRA.....	2025	875,000	0.0%	262,500
Massachusetts Water Resource Authority - MWRA.....	2023	1,242,340	0.0%	124,234
Massachusetts Water Resource Authority - MWRA.....	2027	1,660,000	0.0%	830,000
Massachusetts Water Resource Authority - MWRA.....	2029	2,543,000	0.0%	1,780,100
Massachusetts Water Resource Authority - MWRA.....	2030	900,000	0.0%	720,000
Massachusetts Water Resource Authority - MWRA.....	2032	1,555,000	0.0%	1,555,000
Subtotal Direct Borrowings Bonds Payable.....				<u>5,271,834</u>
Total Water Enterprise Long-term Debt.....				<u>\$ 16,384,895</u>
Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
General Obligation Bonds Payable:				
Municipal Purpose - June 7, 2018.....	2046	\$ 680,000	3.0 - 4.0%	\$ 460,000
Municipal Purpose - December 7, 2017.....	2027	809,100	4.0%	396,200
Municipal Purpose - June 6, 2019.....	2047	4,240,000	3.0 - 5.0%	3,755,000
Municipal Purpose - June 4, 2020.....	2045	3,004,070	2.0 - 5.0%	2,855,000
Municipal Purpose - June 3, 2021.....	2030	433,000	2.0 - 5.0%	395,000
Municipal Purpose - May 24, 2022.....	2051	6,791,351	3.3 - 5.0%	6,791,351
Subtotal General Obligation Sewer Bonds Payable.....				<u>14,652,551</u>
Direct Borrowings Bonds Payable				
Massachusetts Water Resource Authority - MWRA.....	2029	499,775	0.0%	349,842
Total Sewer Enterprise Long-term Debt.....				<u>\$ 15,002,393</u>
Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2022
General Obligation Bonds Payable				
Rink Enterprise Debt - October 9, 2013.....	2027	\$ 13,940,000	2.0 - 5.0%	\$ <u>1,100,000</u>

Enterprise Funds

Year	General Obligation Bonds Payable			Direct Borrowings Bonds Payable		
	Principal	Interest	Total	Principal	Interest	Total
2023.....	\$ 1,226,862	\$ 998,274	\$ 2,225,136	\$ 927,512	\$ -	\$ 927,512
2024.....	1,249,800	970,438	2,220,238	803,278	-	803,278
2025.....	1,300,000	909,422	2,209,422	803,278	-	803,278
2026.....	1,330,000	848,998	2,178,998	715,778	-	715,778
2027.....	1,395,000	788,353	2,183,353	715,778	-	715,778
2028.....	1,063,950	730,411	1,794,361	549,778	-	549,778
2029.....	1,125,000	679,612	1,804,612	549,774	-	549,774
2030.....	1,175,000	628,681	1,803,681	245,500	-	245,500
2031.....	1,030,000	577,312	1,607,312	155,500	-	155,500
2032 - 2036.....	4,195,000	2,320,946	6,515,946	155,500	-	155,500
2037 - 2041.....	4,445,000	1,680,588	6,125,588	-	-	-
2042 - 2046.....	4,845,000	939,681	5,784,681	-	-	-
2047 - 2051.....	2,310,000	276,550	2,586,550	-	-	-
2052.....	175,000	7,000	182,000	-	-	-
Total.....	\$ 26,865,612	\$ 12,356,264	\$ 39,221,876	\$ 5,621,676	\$ -	\$ 5,621,676

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, 2022, the outstanding principal amount of these loans totaled \$5.6 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 2022, \$1,135,491 of such assistance was received, which was the last payment on this program.

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 2022, the City has recorded capital grant proceeds totaling \$110.0 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 funding once the final close-out audit has been completed by the MSBA. The City cannot reasonably determine the amount to ultimately to be reimbursed and therefore will not record a receivable. The City will recognize these additional reimbursements in the year they are received.

In the prior year, the government defeased general obligation bonds related to the Union Square Revitalization Project by placing the proceeds from the sale of land covered by the bonds in an irrevocable trust account to provide for all future debt service payments related to the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government’s financial statements. At June 30, 2022, \$7.7 million of defeased bonds remain outstanding. These bonds are not callable until October 15, 2025, October 1, 2026 and June 1, 2027, respectively.

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, 2022, the City had the following authorized and unissued debt:

Purpose	Amount
High School Construction.....	\$ 10,599,653
Winter Hill Community Innovation School Repairs.....	1,468,259
Street, Sidewalks, and ADA Ramp Improvements.....	1,626,728
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
Paving and Sidewalk Improvements.....	600,000
Public Safety Building Construction/Design.....	1,830,000
Davis Square Improvements.....	600,000
Sewer Improvements.....	640,000
Union Square Streetscape & Plaza Design.....	1,000,000
City Hall, High School & Edgerly School Design.....	1,993,000
90 Washington St. Demonstration Project.....	807,000
Sewer System Evaluation Study & Infiltration/Inflow Assessment.....	1,021,844
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.....	3,222,489
Central Hill Campus Improvements.....	2,713,765
Conway Park Renovation.....	1,186,250
Dilboy Stadium Improvements.....	291,206
School and Municipal Buildings HVAC Improvements.....	2,500,000
Building Improvements.....	730,773
Spring Hill Sewer Improvement Drainage.....	11,318,094
Spring Hill Sewer Improvement Streetscape.....	8,002,417
Spring Hill Sewer Separation - Water.....	9,415,818
Water Meters.....	5,703,000
Land Acquisition.....	471
Marginal Interceptor Sewer Rehabilitation (MWRA).....	1,163,149
Sewer & Drain Pipes.....	4,050,000
Sewer System Evaluation Study.....	1,600,000
Public Safety Building Pre-Construction Services.....	725,000
Street & Sidewalk Improvement.....	3,604,801
Poplar Street Sewer Pump Station.....	3,300,000
Lead Line Replacement.....	355,000
Clarendon Hill Development Program.....	10,000,000
Clarendon Hill Redevelopment Project - Affordable House Construction.....	4,000,000
Annual Rehabilitation of Water Distribution Systems.....	7,112,000
City-Owned Buildings Repairs & Improvements.....	2,680,000
Sewershed CA Preliminary Design.....	2,000,000
Sewershed S2.....	1,500,000
Total.....	\$ <u>172,810,717</u>

Changes in Long-term Liabilities

During the year ended June 30, 2022, 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 general obligation bonds payable.....	\$ 244,654,412	\$ 28,668,138	\$ (9,417,147)	\$ -	\$ -	\$ 263,905,403	\$ 10,722,760
Long-term capital financing payable.....	-	600,298	(141,364)	-	-	458,934	147,019
Add: Unamortized premium on bonds.....	18,396,835	-	-	2,913,578	(3,132,628)	18,177,785	2,721,032
Total long-term debt payable.....	263,051,247	29,268,436	(9,558,511)	2,913,578	(3,132,628)	282,542,122	13,590,811
Compensated absences.....	4,824,800	-	-	138,400	(208,800)	4,754,400	222,400
Workers' compensation.....	944,000	-	-	460,000	(236,000)	1,168,000	292,000
Net pension liability.....	95,399,780	-	-	31,063,976	(58,659,372)	67,804,384	-
Other postemployment benefits.....	148,915,732	-	-	6,963,780	(1,162,184)	154,717,328	-
Total governmental activity long-term liabilities.....	\$ 513,135,559	\$ 29,268,436	\$ (9,558,511)	\$ 41,539,734	\$ (63,398,984)	\$ 510,986,234	\$ 14,105,211
Business-Type Activities:							
Long-term general obligation bonds payable.....	\$ 16,616,225	\$ 12,716,862	\$ (912,475)	\$ -	\$ -	\$ 28,420,612	\$ 1,382,362
Long-term direct borrowings payable.....	4,972,288	-	(905,612)	-	-	4,066,676	772,012
Total long-term debt payable.....	21,588,513	12,716,862	(1,818,087)	-	-	32,487,288	2,154,374
Compensated absences.....	64,200	-	-	22,100	(1,900)	84,400	800
Net pension liability.....	2,278,116	-	-	643,852	(1,516,612)	1,405,356	-
Other postemployment benefits.....	2,827,956	-	-	35,862	(2,067,069)	796,749	-
Total business-type activity long-term liabilities.....	\$ 26,758,785	\$ 12,716,862	\$ (1,818,087)	\$ 701,814	\$ (3,585,581)	\$ 34,773,793	\$ 2,155,174

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term liabilities are included as part of the governmental activities totals above and include accrued liabilities totaling \$1.2 million for workers' compensation. Except for the amounts related to the internal service funds, the governmental activities long-term liabilities are generally liquidated by the general fund and the business-type activities long-term liabilities are generally liquidated by the applicable enterprise fund.

NOTE 8 – 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, 2022, 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.....	-	17,119,749	-	-	-	17,119,749
ARPA.....	-	-	181,452	-	-	181,452
Various governmental capital projects.....	-	-	-	22,536,430	-	22,536,430
School special revenue funds.....	-	-	-	-	2,302,263	2,302,263
School federal grants.....	-	-	-	-	724,059	724,059
School state & private grants.....	-	-	-	-	3,416,336	3,416,336
City federal grant funds.....	-	-	-	-	4,900	4,900
City state grant funds.....	-	-	-	-	732,175	732,175
City revolving funds.....	-	-	-	-	219,334	219,334
City receipts reserved.....	-	-	-	-	3,064,455	3,064,455
City private grants.....	-	-	-	-	3,221,079	3,221,079
School lunch.....	-	-	-	-	2,583,062	2,583,062
Community preservation.....	-	-	-	-	18,344,064	18,344,064
Other special revenue funds.....	-	-	-	-	19,240,487	19,240,487
Other permanent funds.....	-	-	-	-	178,479	178,479
Committed to:						
Health claims fund.....	2,078,678	-	-	-	-	2,078,678
Max-Pak stabilization fund.....	21,007	-	-	-	-	21,007
East Somerville stabilization fund.....	107,246	-	-	-	-	107,246
Street tree stabilization fund.....	427,430	-	-	-	-	427,430
Alpine restaurant stabilization fund.....	2,623	-	-	-	-	2,623
Rockwell restaurant stabilization fund.....	9,458	-	-	-	-	9,458
Capital projects stabilization fund.....	6,023,010	-	-	-	-	6,023,010
Construction stabilization fund.....	2,411,977	-	-	-	-	2,411,977
Traffic safety stabilization fund.....	1,153,795	-	-	-	-	1,153,795
Mitigation stabilization fund.....	101,072	-	-	-	-	101,072
270 Cedar Street LLC stabilization fund.....	1,048	-	-	-	-	1,048
Workforce training stabilization fund.....	430	-	-	-	-	430
Bicycle stabilization fund.....	2,282	-	-	-	-	2,282
Linwood Street sidewalk improvement stabilization fund.....	12,282	-	-	-	-	12,282
Davis Square traffic and Sign stabilization fund.....	298	-	-	-	-	298
Trash transfer station stabilization fund.....	626	-	-	-	-	626
Salary and wage stabilization fund.....	4,096,678	-	-	-	-	4,096,678
Open space improvement stabilization fund.....	617,638	-	-	-	-	617,638
Union Square revitalization stabilization fund.....	13,117	-	-	-	-	13,117
Facility construction & renovation stabilization fund.....	4,449,087	-	-	-	-	4,449,087
Street reconstruction & resurfacing stabilization fund.....	3,582,499	-	-	-	-	3,582,499
Elmwood stabilization fund.....	38,528	-	-	-	-	38,528
377 Broadway stabilization fund.....	4,483	-	-	-	-	4,483
Green Line extension stabilization fund.....	8,298,989	-	-	-	-	8,298,989
Highland Ave stabilization fund.....	10,191	-	-	-	-	10,191
Medical marijuana stabilization fund.....	2,780,891	-	-	-	-	2,780,891
Infiltration/ inflow stabilization fund.....	3,136,874	-	-	-	-	3,136,874
Algonquin mitigation stabilization fund.....	11	-	-	-	-	11
Boynton Yards stabilization fund.....	1,484	-	-	-	-	1,484
Washington stabilization fund.....	8,397	-	-	-	-	8,397
259 McGrath stabilization fund.....	3,523	-	-	-	-	3,523
378 Highland Ave stabilization fund.....	3,019	-	-	-	-	3,019
Small business assistance stabilization fund.....	218,923	-	-	-	-	218,923
Water transportation public safety stabilization fund.....	150,359	-	-	-	-	150,359
Union Square community benefit stabilization fund.....	619,576	-	-	-	-	619,576
Alpine Street stabilization fund.....	10,064	-	-	-	-	10,064
Open space acquisition and improvement stabilization fund.....	50,067	-	-	-	-	50,067
Racial and social justice stabilization fund.....	1,003,800	-	-	-	-	1,003,800
COVID-19 stabilization fund.....	5,405,175	-	-	-	-	5,405,175
COVID-19 small business emergency relief stabilization fund.....	2,537,945	-	-	-	-	2,537,945
Energy stabilization fund.....	851,184	-	-	-	-	851,184
Encore artist and culture stabilization fund.....	100,107	-	-	-	-	100,107
Xmby square transit area improvement stabilization fund.....	103,146	-	-	-	-	103,146
Xmby square public realm improvement stabilization fund.....	550,110	-	-	-	-	550,110
Xmby square off-site infrastructure stabilization fund.....	687,638	-	-	-	-	687,638
Participatory budgeting stabilization fund.....	1,000,012	-	-	-	-	1,000,012
Compensated absences liability fund.....	395,894	-	-	-	-	395,894
Assigned to:						
General government.....	1,090,604	-	-	-	-	1,090,604
Public safety.....	629,090	-	-	-	-	629,090
Education.....	613,077	-	-	-	-	613,077
Public works.....	2,957,250	-	-	-	-	2,957,250
Culture and recreation.....	294,884	-	-	-	-	294,884
Unassigned.....	46,202,853	-	-	(17,246,479)	-	28,956,374
Total Fund Balances.....	\$ 104,870,429	\$ 17,119,749	\$ 181,452	\$ 5,289,951	\$ 54,463,819	\$ 181,925,400

NOTE 9 – 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. As of the beginning of the fiscal year, the City established an internal service fund to account for workers compensation activity. 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, 2022, the amount of the liability for workers’ compensation claims totaled \$1.2 million.

Changes in the reported liability since July 1, 2020, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2021.....	\$ 1,111,000	\$ 257,904	\$ (424,904)	\$ 944,000	\$ 236,000
2022.....	944,000	645,954	(421,954)	1,168,000	292,000

NOTE 10 - 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, 2021. The City’s portion of the collective pension expense, contributed by the

Commonwealth, of \$12,654,025 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 \$157,690,742 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, 2021.

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, 2021, the System membership consists of the following:

Active members.....	1,266
Inactive members.....	551
Disabled members.....	129
Retirees and beneficiaries currently receiving benefits.....	<u>829</u>
 Total.....	 <u><u>2,775</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, 2021 was \$16,627,819, 17.73% 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 \$15,500,453, which equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2022, were as follows:

Total pension liability.....	\$	526,894,678
Total pension plan's fiduciary net position.....		<u>(452,651,232)</u>
Total net pension liability.....	\$	<u>74,243,446</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....		85.91%

At June 30, 2022, the City reported a liability of \$69,209,740 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. 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, 2021, the City's proportion was 93.22% which changed from its proportion measured at December 31, 2020, of 93.80%.

Pension Expense

For the year ended June 30, 2022, the City recognized a pension expense of (\$3,267,196). At June 30, 2022, the City reported deferred outflows of resources related to pensions of \$29,950,719, and deferred inflows of resources related to pensions of \$72,931,304.

The balances of deferred outflows and inflows at June 30, 2022 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 13,605,780	\$ (192,402)	\$ 13,413,378
Differences between projected and actual earnings, net.....	-	(71,757,666)	(71,757,666)
Changes in assumptions.....	16,051,583	-	16,051,583
Changes in proportion and proportionate share of contributions...	<u>293,356</u>	<u>(981,236)</u>	<u>(687,880)</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>29,950,719</u>	\$ <u>(72,931,304)</u>	\$ <u>(42,980,585)</u>

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

<u>Year ended June 30:</u>	
2023.....	\$ (6,373,872)
2024.....	(18,851,087)
2025.....	(14,312,699)
2026.....	(4,118,935)
2027.....	<u>676,008</u>
Total.....	\$ <u>(42,980,585)</u>

Actuarial Assumptions

The total pension liability in the January 1, 2022, actuarial valuation was determined using the following actuarial assumptions:

Valuation date.....	January 1, 2022
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Amortization method.....	Payments increasing at 2.00%
Remaining amortization period.....	Increasing amortization of unfunded actuarial accrued liability over 11 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 \$15,000.
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.....	7.50%, 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, 2022, 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, 2021, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 20.47%. 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, 2021, was 7.50%, which did decreased from 7.75% in 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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
<u>December 31, 2021 Measurement Date</u>			
The City's proportionate share of the net pension liability.....	\$ 121,231,874	\$ 69,209,740	\$ 25,021,097
<u>December 31, 2021 Measurement Date</u>			
System total net pension liability.....	\$ 130,049,209	\$ 74,243,446	\$ 26,840,911

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 2022 totaled \$94,133.

Changes in Assumptions

The discount rate decreased from 7.75% in the previous valuation to 7.50%. The amortization method percentage changed from 6.54% to 2.00%.

Changes in Plan Provisions

Cost-of-living increases have been assumed to be 2.75% of the lesser pension amount and \$15,000 per year. The previous valuation used \$14,000.

NOTE 11 – 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 2022, the City's benefit payments totaled \$8,655,912, and the City contributed another \$4.5 million to the OPEB Trust fund. For the year ended June 30, 2022, the City's average contribution rate was 9.97% 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 2022, the City pre-funded future OPEB liabilities by contributing \$4.5 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, 2022, the balance of this fund totaled \$16.7 million.

The annual money-weighted rate of return on OPEB plan investments was 0.55%. 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, 2022:

Active members.....	1,658
Retirees and beneficiaries.....	<u>1,771</u>
Total.....	<u><u>3,429</u></u>

Components of OPEB Liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2022:

Total OPEB liability.....	\$	172,187,990
Less: OPEB plan's fiduciary net position.....		<u>(16,673,913)</u>
Net OPEB liability.....	\$	<u><u>155,514,077</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....		9.68%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2022, 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, 2022
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Fair 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.

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 7.50% as of June 30, 2022, which did not change from June 30, 2021. 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 7.50%, 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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net OPEB liability.....	\$ 177,401,101	\$ 155,514,077	\$ 144,618,389

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%)
Net OPEB liability.....	\$ 136,147,883	\$ 155,514,077	\$ 190,174,107

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, 2021.....	\$ 165,014,137	\$ 13,270,449	\$ 151,743,688
Changes for the year:			
Service cost.....	3,940,156	-	3,940,156
Interest.....	11,863,002	-	11,863,002
Contributions - employer.....	-	13,184,065	(13,184,065)
Differences between expected and actual experience..	26,607	-	26,607
Investment income.....	-	(1,124,689)	1,124,689
Benefit payments.....	(8,655,912)	(8,655,912)	-
Net change.....	<u>7,173,853</u>	<u>3,403,464</u>	<u>3,770,389</u>
Balances at June 30, 2022.....	<u>\$ 172,187,990</u>	<u>\$ 16,673,913</u>	<u>\$ 155,514,077</u>

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

For the year ended June 30, 2022, the City recognized an OPEB expense of (\$18,348,752). At June 30, 2022, the City reported deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 21,359	\$ (16,995,408)	\$ (16,974,049)
Difference between projected and actual earnings, net.....	-	(19,569)	(19,569)
Changes in assumptions.....	-	(49,644,751)	(49,644,751)
Changes in proportion.....	2,734,590	(2,734,590)	-
Total deferred outflows/(inflows) of resources.....	<u>\$ 2,755,949</u>	<u>\$ (69,394,318)</u>	<u>\$ (66,638,369)</u>

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

<u>Years ended June 30:</u>	
2023.....	\$ (26,716,650)
2024.....	(25,719,624)
2025.....	(14,395,863)
2026.....	193,402
2027.....	<u>366</u>
 Total.....	 \$ <u>(66,638,369)</u>

NOTE 12 – 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, 2021)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 10,618,505	\$ 854,421	\$ 11,472,926
Investments:			
Investments in Pension Reserve Investment Trust.....	9,123,799	-	9,123,799
U.S. treasury notes.....	-	1,923,602	1,923,602
Real estate and alternative investment mutual funds.....	20,695,272	-	20,695,272
Bond mutual funds.....	65,491,419	-	65,491,419
Equity securities.....	319,556,920	4,837,237	324,394,157
Equity mutual funds.....	27,413,646	3,872,651	31,286,297
Fixed income mutual funds.....	-	2,265,605	2,265,605
Other fixed income investments.....	-	2,920,397	2,920,397
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	<u>68,074</u>	<u>-</u>	<u>68,074</u>
 TOTAL ASSETS.....	 <u>452,967,635</u>	 <u>16,673,913</u>	 <u>469,641,548</u>
LIABILITIES			
Warrants payable.....	<u>316,403</u>	<u>-</u>	<u>316,403</u>
NET POSITION			
Restricted for pensions.....	452,651,232	-	452,651,232
Restricted for other postemployment benefits.....	<u>-</u>	<u>16,673,913</u>	<u>16,673,913</u>
 TOTAL NET POSITION.....	 <u>\$ 452,651,232</u>	 <u>\$ 16,673,913</u>	 <u>\$ 469,325,145</u>

	Pension Trust Fund (as of December 31, 2021)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 16,627,820	\$ 4,528,153	\$ 21,155,973
Employer contributions for other postemployment benefit payments.....	-	8,655,912	8,655,912
Member contributions.....	9,107,959	-	9,107,959
Retirement benefits - transfers from other systems.....	650,364	-	650,364
Retirement benefits - 3(8)c contributions from other systems.....	640,580	-	640,580
Retirement benefits - workers compensation settlements.....	21,300	-	21,300
Retirement benefits - state COLA reimbursements.....	114,010	-	114,010
Retirement benefits - member makeup payments and redeposits.....	49,438	-	49,438
Retirement benefits - interest not refunded.....	79,384	-	79,384
Retirement benefits - reimbursement of 91A overearnings.....	2,500	-	2,500
Total contributions.....	27,293,355	13,184,065	40,477,420
Net investment income:			
Investment income (loss).....	4,402,158	(1,124,689)	3,277,469
Net change in fair value of investments.....	67,877,814	-	67,877,814
Less: investment expense.....	(1,756,984)	-	(1,756,984)
Net investment income (loss).....	70,522,988	(1,124,689)	69,398,299
TOTAL ADDITIONS.....	97,816,343	12,059,376	109,875,719
DEDUCTIONS:			
Administration.....	591,990	-	591,990
Retirement benefits - transfers to other systems.....	1,144,720	-	1,144,720
Retirement benefits - 3(8)c transfer to other systems.....	1,369,284	-	1,369,284
Retirement benefits and refunds.....	33,111,751	-	33,111,751
Other postemployment benefit payments.....	-	8,655,912	8,655,912
TOTAL DEDUCTIONS.....	36,217,745	8,655,912	44,873,657
NET INCREASE (DECREASE) IN NET POSITION.....	61,598,598	3,403,464	65,002,062
NET POSITION AT BEGINNING OF YEAR.....	391,052,634	13,270,449	404,323,083
NET POSITION AT END OF YEAR.....	\$ 452,651,232	\$ 16,673,913	\$ 469,325,145

NOTE 13 – 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 City has entered into, or is planning to enter into, contracts totaling approximately \$172.8 million. The Somerville High School reconstruction, and various street, sidewalk, and infrastructure projects 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 \$5.6 million.

NOTE 14 – 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, 2022, 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, 2022, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2022.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 22, 2023, which is the date the financial statements were available to be issued.

NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2022, the following GASB pronouncements were implemented:

- GASB Statement #87, *Leases*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.
- GASB Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This pronouncement did not impact the basic financial statements.
- GASB Statement #92, *Omnibus 2020*. This pronouncement did not impact the basic financial statements.
- GASB Statement #93, *Replacement of Interbank Offered Rates*. This pronouncement did not impact the basic financial statements.
- GASB 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*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- 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 #99, Omnibus 2022, which is required to be implemented in 2023.
- The GASB issued Statement #100, Accounting Changes and Error Corrections, which is required to be implemented in 2024.
- The GASB issued Statement #101, Compensated Absences, which is required to be implemented in 2025.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

Required Supplementary Information

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 198,989,410	\$ 198,989,410	\$ 199,127,690	\$ 199,001,852	\$ -	\$ (125,838)
Tax liens.....	-	-	-	-	512,067	-	512,067
Motor vehicle and other excise taxes.....	-	8,244,858	8,244,858	8,244,858	10,565,990	-	2,321,132
Penalties and interest on taxes.....	-	512,237	512,237	512,237	980,761	-	468,524
Payments in lieu of taxes.....	-	1,595,911	1,595,911	1,595,911	1,622,603	-	26,692
Intergovernmental - other.....	-	52,277,587	52,277,587	52,277,587	51,218,779	-	(1,058,808)
Departmental and other.....	-	19,859,985	19,859,985	19,859,985	40,639,656	-	20,779,671
Investment income.....	-	350,000	350,000	350,000	339,336	-	(10,664)
Miscellaneous.....	-	272,837	272,837	272,837	952,316	-	679,479
TOTAL REVENUES.....	-	282,102,825	282,102,825	282,241,105	305,833,360	-	23,592,255
EXPENDITURES:							
GENERAL GOVERNMENT							
City Council							
Salaries.....	-	459,194	459,194	445,694	445,000	-	694
Expenses.....	-	181,212	181,212	90,660	36,151	-	54,509
TOTAL.....	-	640,406	640,406	536,354	481,151	-	55,203
Clerk of Committees							
Salaries.....	-	101,959	101,959	101,959	75,679	-	26,280
Expenses.....	-	1,000	1,000	1,000	405	-	595
TOTAL.....	-	102,959	102,959	102,959	76,084	-	26,875
Executive Office							
Salaries.....	-	4,989,836	4,989,836	4,969,309	4,030,218	-	939,091
Expenses.....	54,223	1,276,331	1,330,554	1,355,942	772,200	41,774	541,968
Special items.....	10,200	413,000	423,200	413,000	276,812	-	136,188
Capital.....	-	360,000	360,000	360,000	243,050	11,656	105,294
TOTAL.....	64,423	7,039,167	7,103,590	7,098,251	5,322,280	53,430	1,722,541
Racial and Social Justice							
Salaries.....	-	607,541	607,541	607,541	313,413	-	294,128
Expenses.....	-	360,000	360,000	360,000	46,159	26,861	286,980
TOTAL.....	-	967,541	967,541	967,541	359,572	26,861	581,108
Auditor's Office							
Salaries.....	-	1,098,612	1,098,612	1,098,612	1,023,604	-	75,008
Expenses.....	26,274	103,637	129,911	126,161	120,484	4,325	1,352
TOTAL.....	26,274	1,202,249	1,228,523	1,224,773	1,144,088	4,325	76,360
Grants Management							
Salaries.....	-	234,300	234,300	234,300	205,017	-	29,283
Expenses.....	-	11,650	11,650	11,650	5,504	565	5,581
TOTAL.....	-	245,950	245,950	245,950	210,521	565	34,864
Purchasing							
Salaries.....	-	527,425	527,425	527,425	455,941	-	71,484
Expenses.....	-	26,345	26,345	26,345	20,867	-	5,478
TOTAL.....	-	553,770	553,770	553,770	476,808	-	76,962
Assessing							
Salaries.....	-	644,169	644,169	644,169	594,340	-	49,829
Expenses.....	185	150,300	150,485	150,450	125,858	9,500	15,092
TOTAL.....	185	794,469	794,654	794,619	720,198	9,500	64,921
Treasurer's/ Collector's Office							
Salaries.....	-	821,002	821,002	821,002	732,340	-	88,662
Expenses.....	23,660	262,665	286,325	276,325	167,565	24,775	83,985
TOTAL.....	23,660	1,083,667	1,107,327	1,097,327	899,905	24,775	172,647
Law Department							
Salaries.....	-	934,377	934,377	934,377	870,069	-	64,308
Expenses.....	80,835	546,212	627,047	677,770	450,980	154,099	72,691
TOTAL.....	80,835	1,480,589	1,561,424	1,612,147	1,321,049	154,099	136,999
Personnel Department							
Salaries.....	-	1,353,587	1,353,587	1,358,587	1,273,006	-	85,581
Expenses.....	54,147	521,728	575,875	562,054	415,024	78,770	68,260
Special Items.....	-	74,000	74,000	69,000	18,701	-	50,299
TOTAL.....	54,147	1,949,315	2,003,462	1,989,641	1,706,731	78,770	204,140

(Continued)

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Information Technology							
Salaries.....	-	1,081,240	1,081,240	1,081,240	942,810	-	138,430
Expenses.....	202,913	3,422,107	3,625,020	3,614,986	3,282,179	302,541	30,266
TOTAL.....	202,913	4,503,347	4,706,260	4,696,226	4,224,989	302,541	168,696
Communications							
Salaries.....	-	628,204	628,204	628,204	595,748	-	32,456
Expenses.....	10,804	241,092	251,896	246,135	152,892	55,113	38,130
TOTAL.....	10,804	869,296	880,100	874,339	748,640	55,113	70,586
SomerViva Office of Immigrant Affairs							
Salaries.....	-	516,683	516,683	688,621	512,958	-	175,663
Expenses.....	-	151,994	151,994	204,044	98,698	11,608	93,738
TOTAL.....	-	668,677	668,677	892,665	611,656	11,608	269,401
City Clerk							
Salaries.....	-	651,407	651,407	755,459	716,102	-	39,357
Expenses.....	3,050	222,977	226,027	225,882	160,660	1,655	63,567
TOTAL.....	3,050	874,384	877,434	981,341	876,762	1,655	102,924
Elections							
Salaries.....	-	470,843	470,843	523,324	440,768	-	82,556
Expenses.....	59,975	141,490	201,465	287,265	271,449	-	15,816
TOTAL.....	59,975	612,333	672,308	810,589	712,217	-	98,372
Licensing Committee							
Salaries.....	-	11,628	11,628	11,628	10,356	-	1,272
Community Development							
Salaries.....	-	7,546,514	7,546,514	7,565,812	6,517,385	-	1,048,427
Expenses.....	390,718	2,311,098	2,701,816	2,650,076	1,996,356	367,362	286,358
TOTAL.....	390,718	9,857,612	10,248,330	10,215,888	8,513,741	367,362	1,334,785
Veterans Benefits							
Salaries.....	-	142,819	142,819	142,819	142,819	-	-
Expenses.....	-	682,350	682,350	682,350	185,733	-	496,617
TOTAL.....	-	825,169	825,169	825,169	328,552	-	496,617
Building Insurance							
Expenses.....	628	1,028,500	1,029,128	1,028,500	891,962	-	136,538
Person and Property Insurance							
Expenses.....	-	175,000	175,000	575,000	553,212	-	21,788
Contingency Account							
Expenses.....	-	1,726,678	1,726,678	346,156	207,515	-	138,641
Total General Government.....	917,612	37,212,706	38,130,318	37,480,833	30,397,989	1,090,604	5,992,240
PUBLIC SAFETY							
Police Department							
Salaries.....	-	17,485,919	17,485,919	18,721,621	18,076,854	150,000	494,767
Expenses.....	63,178	517,700	580,878	563,706	486,311	54,534	22,861
TOTAL.....	63,178	18,003,619	18,066,797	19,285,327	18,563,165	204,534	517,628
Fire Department							
Salaries.....	-	19,857,045	19,857,045	20,357,045	20,054,894	-	302,151
Expenses.....	122,551	482,400	604,951	566,072	440,916	39,756	85,400
Special items.....	5,350	54,834	60,184	54,834	5,350	-	49,484
TOTAL.....	127,901	20,394,279	20,522,180	20,977,951	20,501,160	39,756	437,035
Emergency Management							
Salaries.....	-	20,826	20,826	20,826	20,429	-	397
Expenses.....	3,900	10,690	14,590	13,830	4,845	-	8,985
TOTAL.....	3,900	31,516	35,416	34,656	25,274	-	9,382
Animal Control							
Salaries.....	-	132,922	132,922	134,646	134,623	-	23
Expenses.....	2,408	15,100	17,508	15,442	14,279	222	941
TOTAL.....	2,408	148,022	150,430	150,088	148,902	222	964
Traffic and Parking							
Salaries.....	-	3,015,506	3,015,506	3,015,506	2,776,662	-	238,844
Expenses.....	131,998	1,437,848	1,569,846	1,556,449	986,964	225,574	343,911
TOTAL.....	131,998	4,453,354	4,585,352	4,571,955	3,763,626	225,574	582,755

(Continued)

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Board of Health							
Salaries.....	-	1,575,528	1,575,528	1,551,916	1,129,569	-	422,347
Expenses.....	23,898	625,373	649,271	628,025	405,363	159,004	63,658
TOTAL.....	23,898	2,200,901	2,224,799	2,179,941	1,534,932	159,004	486,005
Total Public Safety.....	353,283	45,231,691	45,584,974	47,199,918	44,537,059	629,090	2,033,769
EDUCATION							
Operational.....	822,580	84,267,002	85,089,582	84,993,850	84,206,153	613,077	174,620
PUBLIC WORKS							
Administration							
Salaries.....	-	739,908	739,908	739,908	635,324	-	104,584
Expenses.....	82,581	698,198	780,779	747,400	671,194	12,935	63,271
TOTAL.....	82,581	1,438,106	1,520,687	1,487,308	1,306,518	12,935	167,855
Electrical							
Salaries.....	-	410,728	410,728	410,728	361,416	-	49,312
Expenses.....	76,011	382,500	458,511	404,388	182,296	101,146	120,946
TOTAL.....	76,011	793,228	869,239	815,116	543,712	101,146	170,258
Engineering							
Salaries.....	-	507,070	507,070	507,069	329,034	-	178,035
Expenses.....	-	480,800	480,800	480,800	254,031	199,192	27,577
TOTAL.....	-	987,870	987,870	987,869	583,065	199,192	205,612
Snow Removal							
Expenses.....	313,250	1,534,338	1,847,588	2,629,526	2,369,545	40,238	219,743
Highway							
Salaries.....	-	3,081,268	3,081,268	3,081,268	2,425,115	-	656,153
Expenses.....	246,058	1,080,700	1,326,758	1,318,022	1,107,339	181,710	28,973
TOTAL.....	246,058	4,161,968	4,408,026	4,399,290	3,532,454	181,710	685,126
Sanitation							
Expenses.....	576,253	6,633,175	7,209,428	6,343,527	5,418,258	448,051	477,218
Building and Grounds							
Salaries.....	-	1,987,136	1,987,136	1,902,136	1,485,598	-	416,538
Expenses.....	1,865,246	9,454,750	11,319,996	11,028,290	9,032,771	1,568,875	426,644
TOTAL.....	1,865,246	11,441,886	13,307,132	12,930,426	10,518,369	1,568,875	843,182
Fleet							
Expenses.....	25,193	468,000	493,193	478,457	295,534	56,621	126,302
DPW Grounds							
Salaries.....	-	1,059,184	1,059,184	1,144,183	1,126,932	-	17,251
Expenses.....	-	960,000	960,000	959,999	504,245	340,436	115,318
TOTAL.....	-	2,019,184	2,019,184	2,104,182	1,631,177	340,436	132,569
School Custodians							
Salaries.....	-	2,505,735	2,505,735	2,505,734	2,299,554	-	206,180
Expenses.....	88,200	1,210,000	1,298,200	1,292,311	986,945	8,046	297,320
TOTAL.....	88,200	3,715,735	3,803,935	3,798,045	3,286,499	8,046	503,500
Total Public Works.....	3,272,792	33,193,490	36,466,282	35,973,746	29,485,131	2,957,250	3,531,365
CULTURE AND RECREATION							
Library							
Salaries.....	-	2,414,109	2,414,109	2,414,109	2,118,675	-	295,434
Expenses.....	150	543,729	543,879	543,854	537,167	451	6,236
TOTAL.....	150	2,957,838	2,957,988	2,957,963	2,655,842	451	301,670
Recreation and Youth Programs							
Salaries.....	-	1,354,442	1,354,442	1,354,442	1,146,171	-	208,271
Expenses.....	184,377	839,100	1,023,477	935,747	519,375	294,433	121,939
TOTAL.....	184,377	2,193,542	2,377,919	2,290,189	1,665,546	294,433	330,210
Total Culture and Recreation.....	184,527	5,151,380	5,335,907	5,248,152	4,321,388	294,884	631,880

(Continued)

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

YEAR ENDED JUNE 30, 2022

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
OTHER							
Pension Benefits							
Pension benefits.....	-	15,500,453	15,500,453	15,500,453	15,500,453	-	-
Non-contributory pension.....	-	94,133	94,133	94,133	94,133	-	-
Total Pension Benefits.....	-	15,594,586	15,594,586	15,594,586	15,594,586	-	-
Employee Benefits							
Health and life insurance.....	-	28,477,586	28,477,586	29,727,587	28,382,171	-	1,345,416
Worker's Compensation.....	-	189,250	189,250	695,385	688,742	-	6,643
Unemployment compensation.....	-	215,131	215,131	215,131	43,668	-	171,463
Total Employee Benefits.....	-	28,881,967	28,881,967	30,638,103	29,114,581	-	1,523,522
Debt and Interest							
Debt principal.....	-	9,378,511	9,378,511	9,378,511	9,378,511	-	-
Debt interest.....	-	9,872,718	9,872,718	9,872,718	9,862,716	-	10,002
TOTAL.....	-	19,251,229	19,251,229	19,251,229	19,241,227	-	10,002
State and County Charges							
State and county.....	-	14,850,683	14,850,683	14,850,683	14,228,726	-	621,957
Total Other.....	-	78,578,465	78,578,465	80,334,601	78,179,120	-	2,155,481
TOTAL EXPENDITURES.....	5,550,794	283,634,734	289,185,528	291,231,100	271,126,840	5,584,905	14,519,355
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(5,550,794)	(1,531,909)	(7,082,703)	(8,989,995)	34,706,520	(5,584,905)	38,111,610
OTHER FINANCING SOURCES (USES):							
Proceeds from the sale of assets.....	-	-	-	-	8,412	-	8,412
Transfers in.....	-	2,927,778	2,927,778	3,894,121	4,076,411	-	182,290
Transfers out.....	-	(1,395,869)	(1,395,869)	(24,065,997)	(24,065,997)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	1,531,909	1,531,909	(20,171,876)	(19,981,174)	-	190,702
NET CHANGE IN FUND BALANCE.....	(5,550,794)	-	(5,550,794)	(29,161,871)	14,725,346	(5,584,905)	38,302,312
BUDGETARY FUND BALANCE, Beginning of year.....	-	34,067,883	34,067,883	34,067,883	34,067,883	-	-
BUDGETARY FUND BALANCE, End of year.....	\$(5,550,794)	\$34,067,883	\$28,517,089	\$4,906,012	\$48,793,229	\$(5,584,905)	\$38,302,312

(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	December 31, 2021
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	\$ 8,274,064
Interest.....	29,232,338	31,265,848	30,159,556	30,905,512	31,673,364	35,348,968	36,582,634	37,663,576
Changes in benefit terms.....	-	-	-	-	1,387,482	-	-	1,796,398
Differences between expected and actual experience.....	-	-	(2,943,803)	-	(1,066,376)	17,499,297	3,190,411	7,086,968
Changes in assumptions.....	-	-	2,806,740	-	36,759,494	-	-	12,510,076
Benefit payments.....	(24,693,645)	(26,374,021)	(28,179,587)	(29,318,266)	(31,197,589)	(31,908,147)	(32,631,498)	(35,623,255)
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	31,707,827
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	495,186,851
Total pension liability - ending (a).....	\$ 370,972,221	\$ 382,805,432	\$ 392,656,092	\$ 402,269,188	\$ 448,787,334	\$ 478,449,370	\$ 495,186,851	\$ 526,894,678
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	\$ 16,627,819
Member contributions.....	6,233,959	7,044,521	7,560,253	7,910,511	8,238,138	8,938,882	9,140,078	9,790,391
Net investment income (loss).....	12,996,452	454,830	8,831,845	42,779,686	(9,074,396)	61,477,538	81,599,319	70,585,162
Administrative expenses.....	(380,845)	(397,417)	(468,722)	(500,849)	(647,449)	(596,023)	(602,212)	(651,854)
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)	(35,623,255)
Other receipts.....	-	-	-	739,557	862,254	884,782	1,061,793	870,335
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	61,598,598
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	391,052,634
Fiduciary net position - end of year (b).....	\$ 243,047,867	\$ 239,494,134	\$ 242,801,289	\$ 279,217,264	\$ 262,625,163	\$ 316,649,136	\$ 391,052,634	\$ 452,651,232
Net pension liability - ending (a)-(b).....	\$ 127,924,354	\$ 143,311,298	\$ 149,854,803	\$ 123,051,924	\$ 186,162,171	\$ 161,800,234	\$ 104,134,217	\$ 74,243,446
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%	85.91%
Covered payroll.....	\$ 66,506,738	\$ 69,167,008	\$ 71,454,475	\$ 72,883,565	\$ 75,529,665	\$ 84,595,873	\$ 88,312,485	\$ 93,793,673
Net pension liability as a percentage of covered payroll.....	192.35%	207.20%	209.72%	168.83%	246.48%	191.26%	117.92%	79.16%

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

See notes to required supplementary information.

SCHEDULE OF 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, 2021.....	\$ 16,627,819	\$ (16,627,819)	\$ -	\$ 93,793,673	17.73%
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, 2021.....	20.47%
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, 2021.....	93.22%	\$ 69,209,740	\$ 87,434,463	79.16%	85.91%
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, 2022.....	\$ 15,500,453	\$ (15,500,453)	-	\$ 89,183,152	17.38%
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
2022.....	\$ 157,690,742	\$ 12,654,025	62.03%
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	June 30, 2022
Total OPEB Liability						
Service Cost.....	\$ 11,768,411	\$ 9,597,889	\$ 10,029,794	\$ 10,481,135	\$ 3,770,484	\$ 3,940,156
Interest.....	11,159,516	11,592,912	9,899,647	10,593,394	11,373,126	11,863,002
Differences between expected and actual experience....	-	(40,800,875)	-	(34,868,389)	-	26,607
Changes of assumptions.....	-	-	-	(107,822,190)	-	-
Benefit payments.....	(9,258,566)	(8,485,245)	(8,485,245)	(7,793,272)	(8,143,969)	(8,655,912)
Net change in total OPEB liability.....	13,669,361	(28,095,319)	11,444,196	(129,409,322)	6,999,641	7,173,853
Total OPEB liability - beginning.....	290,405,580	304,074,941	275,979,622	287,423,818	158,014,496	165,014,137
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>	<u>\$ 172,187,990</u>
Plan fiduciary net position						
Employer contributions.....	\$ 10,258,566	\$ 13,985,245	\$ 9,485,245	\$ 8,793,272	\$ 9,143,969	\$ 13,184,065
Net investment income (loss).....	7,508	26,801	556,183	492,428	1,873,762	(1,124,689)
Benefit payments.....	(9,258,566)	(8,485,245)	(8,485,245)	(7,793,272)	(8,143,969)	(8,655,912)
Net change in plan fiduciary net position.....	1,007,508	5,526,801	1,556,183	1,492,428	2,873,762	3,403,464
Plan fiduciary net position - beginning of year.....	813,767	1,821,275	7,348,076	8,904,259	10,396,687	13,270,449
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>	<u>\$ 16,673,913</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>	<u>\$ 155,514,077</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.60%	2.66%	3.10%	6.58%	8.04%	9.68%
Covered-employee payroll.....	\$ 104,221,637	\$ 107,444,987	\$ 111,205,562	\$ 116,071,422	\$ 120,133,922	\$ 132,216,109
Net OPEB liability as a percentage of covered-employee payroll.....	290.01%	250.02%	250.45%	127.18%	126.31%	117.62%

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, 2022.....	\$ 8,655,912	\$ (13,184,065)	\$ (4,528,153)	\$ 132,216,109	9.97%
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, 2022.....	0.55%
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 ACCOUNTABILITY

A. Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Mayor and the Council. The Mayor presents an annual budget to the Council, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The Council, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between and within departments subsequent to the approval of the annual budget, requires majority Council approval via a supplemental appropriation or Council order.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

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

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2022 approved budget authorized \$290.6 million in appropriations and other amounts to be raised. During 2022, the Council also increased appropriations by approximately \$24.7 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, 2022, is depicted below:

Net change in fund balance - budgetary basis.....	\$	14,725,346
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP.....		4,543,784
Health insurance trust recorded in the general fund for GAAP.....		(3,271,394)
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....		(266,000)
Net change in recording 60 day receipts.....		(191,200)
Recognition of revenue for on-behalf payments.....		12,654,025
Recognition of expenditures for on-behalf payments.....		<u>(12,654,025)</u>
Net change in fund balance - GAAP basis.....	\$	<u>15,540,536</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 discount rate decreased from 7.75% in the previous valuation to 7.50%. The amortization method percentage changed from 6.54% to 2.00%.

E. Changes in Plan Provisions

Cost-of-living increases have been assumed to be 2.75% of the lesser pension amount and \$15,000 per year. The previous valuation used \$14,000.

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, 2022, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods including the measurement date.

Valuation date.....	June 30, 2022
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Asset valuation method.....	Fair 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, 2022

	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.....	\$ 2,419,855	\$ 588,658	\$ 2,940,303	\$ 7,500	\$ 361,538	\$ -
Receivables, net of uncollectibles:						
Tax liens.....	-	-	-	-	-	-
Community preservation fund surtax.....	-	-	-	-	-	-
Intergovernmental - other.....	-	146,756	540,984	-	380,847	5,417,131
Community preservation state share.....	-	-	-	-	-	-
Loans.....	-	-	-	-	-	-
TOTAL ASSETS.....	\$ 2,419,855	\$ 735,414	\$ 3,481,287	\$ 7,500	\$ 742,385	\$ 5,417,131
LIABILITIES						
Accrued payroll.....	\$ 117,592	\$ 11,355	\$ 64,951	\$ 2,600	\$ 10,210	\$ -
Unearned revenue.....	-	-	-	-	-	-
Due to other funds.....	-	-	-	-	-	1,081,974
Other liabilities.....	-	-	-	-	-	-
TOTAL LIABILITIES.....	117,592	11,355	64,951	2,600	10,210	1,081,974
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue.....	-	-	-	-	-	4,335,157
FUND BALANCES						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	2,302,263	724,059	3,416,336	4,900	732,175	-
TOTAL FUND BALANCES.....	2,302,263	724,059	3,416,336	4,900	732,175	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 2,419,855	\$ 735,414	\$ 3,481,287	\$ 7,500	\$ 742,385	\$ 5,417,131

(Continued)

Special Revenue Funds

City Revolving Funds	Receipts Reserved	City Private Grants	School Lunch Funds	Other Special Revenue Funds	Community Preservation	COVID-19	Subtotal
\$ 220,334	\$ 3,064,455	\$ 3,223,686	\$ 2,611,834	\$ 16,001,846	\$ 7,710,959	\$ -	\$ 39,150,968
-	-	-	-	-	18,916	-	18,916
-	-	-	-	-	32,648	-	32,648
-	-	-	-	-	-	2,868,542	9,354,260
-	-	-	-	-	789,000	-	789,000
-	-	-	-	4,252,774	10,635,587	-	14,888,361
<u>\$ 220,334</u>	<u>\$ 3,064,455</u>	<u>\$ 3,223,686</u>	<u>\$ 2,611,834</u>	<u>\$ 20,254,620</u>	<u>\$ 19,187,110</u>	<u>\$ 2,868,542</u>	<u>\$ 64,234,153</u>
\$ 1,000	\$ -	\$ 2,607	\$ 28,772	\$ 207,811	\$ 2,482	\$ 47,118	\$ 496,498
-	-	-	-	-	-	120,062	120,062
-	-	-	-	-	-	2,099,407	3,181,381
-	-	-	-	806,322	-	-	806,322
<u>1,000</u>	<u>-</u>	<u>2,607</u>	<u>28,772</u>	<u>1,014,133</u>	<u>2,482</u>	<u>2,266,587</u>	<u>4,604,263</u>
-	-	-	-	-	840,564	601,955	5,777,676
-	-	-	-	-	-	-	-
<u>219,334</u>	<u>3,064,455</u>	<u>3,221,079</u>	<u>2,583,062</u>	<u>19,240,487</u>	<u>18,344,064</u>	<u>-</u>	<u>53,852,214</u>
<u>219,334</u>	<u>3,064,455</u>	<u>3,221,079</u>	<u>2,583,062</u>	<u>19,240,487</u>	<u>18,344,064</u>	<u>-</u>	<u>53,852,214</u>
<u>\$ 220,334</u>	<u>\$ 3,064,455</u>	<u>\$ 3,223,686</u>	<u>\$ 2,611,834</u>	<u>\$ 20,254,620</u>	<u>\$ 19,187,110</u>	<u>\$ 2,868,542</u>	<u>\$ 64,234,153</u>

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**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2022

	Permanent Funds			Total Nonmajor Governmental Funds
	Permanent Funds Principal	Expendable Permanent Funds	Subtotal	
ASSETS				
Cash and cash equivalents.....	\$ 433,126	\$ 178,479	\$ 611,605	\$ 39,762,573
Receivables, net of uncollectibles:				
Tax liens.....	-	-	-	18,916
Community preservation fund surtax.....	-	-	-	32,648
Intergovernmental - other.....	-	-	-	9,354,260
Community preservation state share.....	-	-	-	789,000
Loans.....	-	-	-	14,888,361
TOTAL ASSETS.....	\$ 433,126	\$ 178,479	\$ 611,605	\$ 64,845,758
LIABILITIES				
Accrued payroll.....	\$ -	\$ -	\$ -	\$ 496,498
Unearned revenue.....	-	-	-	120,062
Due to other funds.....	-	-	-	3,181,381
Other liabilities.....	-	-	-	806,322
TOTAL LIABILITIES.....	-	-	-	4,604,263
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue.....	-	-	-	5,777,676
FUND BALANCES				
Nonspendable.....	433,126	-	433,126	433,126
Restricted.....	-	178,479	178,479	54,030,693
TOTAL FUND BALANCES.....	433,126	178,479	611,605	54,463,819
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 433,126	\$ 178,479	\$ 611,605	\$ 64,845,758

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

YEAR ENDED JUNE 30, 2022

	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.....	-	\$ 4,793,838	\$ 5,599,709	\$ 500,335	\$ 1,789,405	\$ 1,195,481
Departmental and other.....	3,622,942	-	-	-	157,761	-
Community preservation taxes.....	-	-	-	-	-	-
Community preservation state match.....	-	-	-	-	-	-
Contributions and donations.....	10,412	-	194,119	-	-	-
Investment income.....	-	-	-	-	40	-
Miscellaneous.....	-	-	-	-	-	-
TOTAL REVENUES.....	3,633,354	4,793,838	5,793,828	500,335	1,947,206	1,195,481
EXPENDITURES:						
Current:						
General government.....	-	-	-	8,653	168,795	-
Public safety.....	-	-	-	310,962	955,769	-
Education.....	2,893,423	4,071,920	5,528,148	-	-	-
Public works.....	-	-	-	-	442,751	1,195,481
Community development.....	-	-	-	-	-	-
Health and human services.....	-	-	-	185,455	179,375	-
Culture and recreation.....	-	-	-	-	86,091	-
Community preservation.....	-	-	-	-	-	-
Debt service:						
Principal.....	-	-	-	-	-	-
Interest.....	-	-	-	-	-	-
TOTAL EXPENDITURES.....	2,893,423	4,071,920	5,528,148	505,070	1,832,781	1,195,481
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	739,931	721,918	265,680	(4,735)	114,425	-
OTHER FINANCING SOURCES (USES):						
Premium from issuance of bonds.....	-	-	-	-	-	-
Proceeds from the sale of capital assets.....	-	-	-	-	-	-
Transfers out.....	-	-	(179,819)	(2,339)	(71)	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	(179,819)	(2,339)	(71)	-
NET CHANGE IN FUND BALANCES.....	739,931	721,918	85,861	(7,074)	114,354	-
FUND BALANCES AT BEGINNING OF YEAR.....	1,562,332	2,141	3,330,475	11,974	617,821	-
FUND BALANCES AT END OF YEAR.....	\$ 2,302,263	\$ 724,059	\$ 3,416,336	\$ 4,900	\$ 732,175	\$ -

(Continued)

Special Revenue Funds

City Revolving Funds	Receipts Reserved	City Private Grants	School Lunch Funds	Other Special Revenue Funds	Community Preservation	COVID-19	Subtotal
\$ -	\$ 125,833	\$ 254,800	\$ 4,279,896	\$ 2,778,116	\$ -	\$ 5,850,225	\$ 27,167,638
213,352	2,827,981	-	12,076	7,822,654	-	-	14,656,766
-	-	-	-	-	2,597,943	-	2,597,943
-	-	-	-	-	1,038,656	-	1,038,656
-	1,020	655,884	-	129,018	-	-	990,453
-	2,237	-	-	31,224	9,102	-	42,603
-	-	-	-	762	-	-	762
<u>213,352</u>	<u>2,957,071</u>	<u>910,684</u>	<u>4,291,972</u>	<u>10,761,774</u>	<u>3,645,701</u>	<u>5,850,225</u>	<u>46,494,821</u>
34,689	888,968	183,112	-	3,588,543	-	759,122	5,631,882
-	-	47,974	-	4,437,012	-	963,221	6,714,938
-	-	354,603	2,993,394	233,550	-	2,910,244	18,985,282
-	-	-	-	107,611	-	290,555	2,036,398
-	-	-	-	-	-	209,384	209,384
-	-	58,797	-	419,009	-	545,572	1,388,208
151,383	-	-	-	111,072	-	172,101	520,647
-	-	-	-	-	1,517,068	-	1,517,068
-	-	-	-	-	180,000	-	180,000
-	-	-	-	-	264,894	-	264,894
<u>186,072</u>	<u>888,968</u>	<u>644,486</u>	<u>2,993,394</u>	<u>8,896,797</u>	<u>1,961,962</u>	<u>5,850,199</u>	<u>37,448,701</u>
<u>27,280</u>	<u>2,068,103</u>	<u>266,198</u>	<u>1,298,578</u>	<u>1,864,977</u>	<u>1,683,739</u>	<u>26</u>	<u>9,046,120</u>
-	-	-	-	1,396,673	-	-	1,396,673
-	110,000	-	-	-	-	-	110,000
-	(8,589,690)	-	-	(4,173,193)	-	(26)	(12,945,138)
-	(8,479,690)	-	-	(2,776,520)	-	(26)	(11,438,465)
27,280	(6,411,587)	266,198	1,298,578	(911,543)	1,683,739	-	(2,392,345)
<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>219,334</u>	\$ <u>3,064,455</u>	\$ <u>3,221,079</u>	\$ <u>2,583,062</u>	\$ <u>19,240,487</u>	\$ <u>18,344,064</u>	\$ <u>-</u>	\$ <u>53,852,214</u>

(Continued)

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

YEAR ENDED JUNE 30, 2022

	Permanent Funds			Total Nonmajor Governmental Funds
	Permanent Funds Principal	Expendable Permanent Funds	Subtotal	
REVENUES:				
Intergovernmental - other.....	\$ -	\$ -	\$ -	\$ 27,167,638
Departmental and other.....	-	-	-	14,656,766
Community preservation taxes.....	-	-	-	2,597,943
Community preservation state match.....	-	-	-	1,038,656
Contributions and donations.....	-	-	-	990,453
Investment income.....	-	1,640	1,640	44,243
Miscellaneous.....	-	-	-	762
TOTAL REVENUES.....	-	1,640	1,640	46,496,461
EXPENDITURES:				
Current:				
General government.....	-	-	-	5,631,882
Public safety.....	-	-	-	6,714,938
Education.....	-	-	-	18,985,282
Public works.....	-	-	-	2,036,398
Community development.....	-	-	-	209,384
Health and human services.....	-	-	-	1,388,208
Culture and recreation.....	-	2,261	2,261	522,908
Community preservation.....	-	-	-	1,517,068
Debt service:				
Principal.....	-	-	-	180,000
Interest.....	-	-	-	264,894
TOTAL EXPENDITURES.....	-	2,261	2,261	37,450,962
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	-	(621)	(621)	9,045,499
OTHER FINANCING SOURCES (USES):				
Premium from issuance of bonds.....	-	-	-	1,396,673
Proceeds from the sale of capital assets.....	-	-	-	110,000
Transfers out.....	-	-	-	(12,945,138)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	(11,438,465)
NET CHANGE IN FUND BALANCES.....	-	(621)	(621)	(2,392,966)
FUND BALANCES AT BEGINNING OF YEAR.....	433,126	179,100	612,226	56,856,785
FUND BALANCES AT END OF YEAR.....	\$ 433,126	\$ 178,479	\$ 611,605	\$ 54,463,819

(Concluded)

Statistical Section



Quincy Street Open Space
Photo by Rie Lowenstein

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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

	2013	2014 (1)	2015	2016	2017 (2)	2018	2019	2020 (3)	2021	2022
Governmental activities										
Net investment in capital assets.....	\$ 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	\$ 257,843,923
Restricted.....	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	74,949,473
Unrestricted.....	(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)	(205,871,917)
Total governmental activities net assets.....	\$ 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	\$ 126,921,479
Business-type activities										
Net investment in capital assets.....	\$ 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	\$ 89,341,086
Unrestricted.....	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	18,103,872
Total business-type activities net assets.....	\$ 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	\$ 107,444,958
Primary government										
Net investment in capital assets.....	\$ 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	\$ 347,185,009
Restricted.....	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	74,949,473
Unrestricted.....	(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)	(187,768,045)
Total primary government net position.....	\$ 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	\$ 234,366,437

(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

Changes in Net Position

Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities:										
General government.....	\$ 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	\$ 42,785,665
Public safety.....	51,377,022	52,091,080	52,579,803	54,345,466	58,162,944	54,307,824	65,598,846	61,568,749	58,365,215	48,123,032
Education.....	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	136,469,075
Public works.....	25,203,877	26,974,196	33,520,992	28,957,827	31,017,581	30,786,736	35,201,167	31,358,498	29,042,535	34,709,306
Community development.....	5,092,521	5,399,251	5,730,544	5,177,605	6,696,020	4,556,946	5,623,403	4,243,725	5,387,539	4,254,877
Human services.....	288,766	227,300	229,633	178,570	244,417	279,442	468,398	882,548	1,753,478	1,512,279
Community preservation.....	-	56,770	77,672	347,016	1,522,282	4,207,687	1,848,792	2,338,365	3,278,789	1,517,068
Culture and recreation.....	4,695,015	3,868,022	4,948,901	4,787,187	5,245,975	5,843,577	5,780,260	4,515,562	5,644,695	5,663,962
Interest.....	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	7,060,306
Total government activities expenses.....	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	282,105,570
Business-type activities:										
Water.....	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	13,532,597
Sewer.....	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	23,624,820
Veteran's memorial ice rink.....	522,392	584,995	750,644	721,990	679,098	713,303	693,015	624,804	586,778	347,226
Dilboy stadium.....	147,794	217,761	160,855	136,199	154,881	143,967	144,238	171,128	181,541	106,671
Kennedy school pool.....	-	-	-	-	-	-	-	616,457	275,240	329,749
Total business-type activities expenses.....	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	37,941,063
Total primary government expenses.....	\$ 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	\$ 320,046,633
Program Revenues										
Governmental activities:										
General government charges for services.....	\$ 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	\$ 35,194,888
Public safety charges for services.....	10,743,269	9,504,549	9,701,430	9,726,266	11,648,005	10,933,048	12,128,811	12,306,646	14,491,168	14,836,270
Education charges for services.....	2,620,430	2,744,125	2,854,004	3,025,441	3,251,770	3,689,921	4,258,895	3,120,517	1,497,752	3,852,627
Other charges for services.....	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	4,125,896
General government operating grants and contributions.....	2,208,949	2,275,935	3,306,728	3,218,143	3,611,794	6,351,895	4,483,922	2,218,332	8,670,741	5,969,984
Public safety operating grants and contributions.....	733,021	1,035,751	787,168	734,344	567,768	780,100	1,504,557	1,977,424	1,737,346	2,452,912
Education operating grants and contributions.....	47,121,192	49,332,811	38,046,566	41,967,740	46,466,462	46,045,575	47,632,509	53,530,987	60,485,179	52,394,776
Public works operating grants and contributions.....	1,201,182	1,030,318	1,151,440	932,462	2,059,979	389,071	1,799,897	268,617	1,093,408	1,478,201
Community development operating grants and contributions.....	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	6,901,410
Other operating grants and contributions.....	991,642	1,028,356	957,692	861,352	888,955	900,158	1,834,924	3,097,493	4,972,600	3,938,763
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	9,463,690
Other capital grants and contributions.....	951,439	365,429	991,751	2,090,371	440,747	2,152,819	5,592,603	3,345,161	4,623,260	2,106,227
Total government activities program revenues.....	92,495,263	81,648,678	81,326,496	79,735,335	88,890,968	109,725,810	135,127,693	141,741,579	133,961,732	143,305,644
Business-type activities:										
Water charges for services.....	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	15,525,407
Sewer charges for services.....	17,012,055	17,055,541	17,304,880	19,298,052	21,673,233	22,396,044	23,414,555	23,846,465	24,361,609	26,744,034
Veteran's memorial ice rink charges for services.....	377,422	530,583	579,538	638,822	587,305	634,804	570,342	464,286	467,827	100,052
Dilboy stadium charges for services.....	147,000	110,200	181,942	227,234	200,074	232,101	160,379	66,338	51,031	78,334
Kennedy School Pool charges for services.....	-	-	-	-	-	-	-	87,136	20,475	70,011
Other capital grant and contributions.....	-	654,755	-	-	-	-	7,891,015	5,456,391	-	1,400,000
Total business-type activities program revenues.....	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	43,917,838
Total primary government program revenues.....	\$ 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	\$ 187,223,482
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (136,665,605)	\$ (158,350,850)	\$ (163,678,256)	\$ (174,025,885)	\$ (187,597,104)	\$ (162,257,395)	\$ (170,252,846)	\$ (142,119,723)	\$ (150,129,393)	\$ (138,799,926)
Business-type activities.....	4,217,979	4,568,039	2,985,916	5,245,281	6,299,306	6,405,884	13,550,629	3,807,073	2,958,731	5,976,775
Total primary government net (expense)/program revenue.....	\$ (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)	\$ (132,823,151)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes.....	\$ 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	\$ 198,666,774
Tax and utility liens.....	465,853	968,105	416,809	297,772	201,283	159,603	771,316	121,868	847,056	818,802
Motor vehicle and other excise taxes.....	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	10,628,882
Penalties and interest on taxes.....	1,070,330	1,121,504	958,956	801,173	729,944	869,868	1,955,547	2,164,439	2,374,574	2,597,943
Payments in lieu of taxes.....	162,347	285,596	304,688	829,780	1,248,682	1,327,790	673,359	511,666	1,134,120	980,761
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	1,622,603
Grants and contributions not restricted.....	23,120,989	23,374,357	25,642,432	24,429,136	25,455,469	26,368,477	27,049,919	28,548,164	28,447,539	28,743,447
Unrestricted investment income.....	258,370	238,031	292,212	303,517	496,273	1,407,965	3,545,866	3,176,974	901,578	716,412
Gain on sale of assets.....	-	-	2,031,564	2,031,564	2,670,584	3,811	58,470	7,140	12,007,693	118,412
Miscellaneous.....	115,049	278,074	113,230	398,206	184,008	537,703	262,746	648,557	544,795	1,226,545
Transfers, net.....	1,075,842	526,840	217,176	949,090	(345,056)	1,088,397	(158,000)	(1,053,571)	(3,151,461)	(3,710,869)
Total governmental activities.....	142,981,453	149,275,914	160,325,673	168,442,753	176,234,502	185,627,178	199,172,873	212,352,986	235,490,185	242,409,712
Business-type activities:										
Unrestricted investment income.....	146,840	152,624	163,536	142,354	160,353	270,925	361,159	371,675	239,152	185,650
Transfers.....	(1,075,842)	(526,840)	(217,176)	(948,090)	345,056	(1,088,397)	158,000	1,053,571	3,151,461	3,710,869
Total business-type activities.....	(929,002)	(374,216)	(53,640)	(805,736)	505,409	(817,472)	519,159	1,425,246	3,390,613	3,896,519
Total primary government general revenues and other changes in net position.....	\$ 142,052,451	\$ 148,901,698	\$ 160,272,033	\$ 167,637,017	\$ 176,739,911	\$ 184,709,706	\$ 199,692,032	\$ 213,778,232	\$ 238,880,798	\$ 246,306,231
Changes in Net Position										
Governmental activities.....	\$ 6,295,848	\$ (9,074,936)	\$ (3,352,583)	\$ (5,883,132)	\$ (11,362,602)	\$ 23,269,783	\$ 28,920,027	\$ 70,233,263	\$ 85,360,792	\$ 103,609,786
Business-type activities.....	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	9,873,294
Total primary government changes in net position.....	\$ 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	\$ 113,483,080

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>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>	<u>2022</u>
General Fund										
Committed.....	\$ 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	\$ 53,082,671
Assigned.....	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	5,584,905
Unassigned.....	17,005,198	15,520,425	13,692,118	15,507,488	20,194,053	19,666,376	26,014,633	36,978,228	31,955,542	46,202,853
Total general fund.....	\$ 47,066,914	\$ 46,535,247	\$ 50,217,701	\$ 54,684,889	\$ 60,635,867	\$ 64,254,363	\$ 68,901,476	\$ 75,162,299	\$ 89,329,893	\$ 104,870,429
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.....	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	93,868,324
Unassigned.....	(8,830,687)	(11,138,192)	(15,052,796)	(14,895,671)	(11,385,014)	(31,035,675)	(38,927,012)	(8,317,055)	(9,210,126)	(17,246,479)
Total all other governmental funds..	\$ 15,642,201	\$ 18,399,965	\$ 18,333,777	\$ 21,982,096	\$ 29,376,280	\$ 16,316,019	\$ 22,190,450	\$ 51,120,240	\$ 66,731,471	\$ 77,054,971

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

Changes in Fund Balances, Governmental Funds

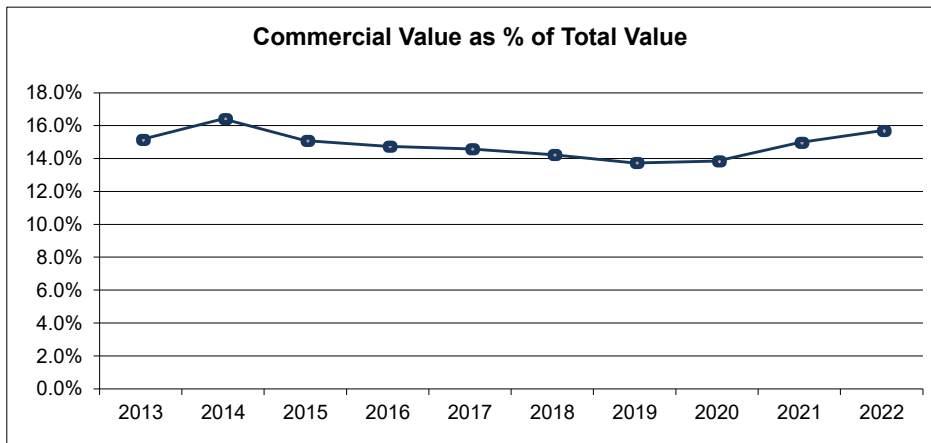
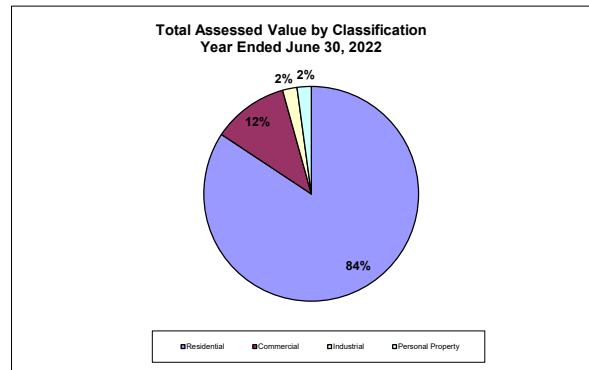
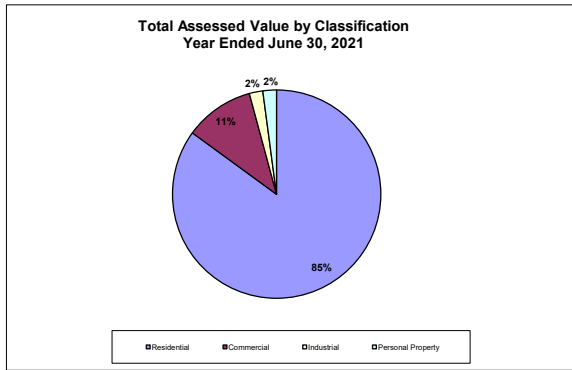
Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Real estate and personal property taxes.....	\$ 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	\$ 198,544,652
Tax liens.....	1,118,479	847,582	654,405	606,130	392,962	192,533	291,986	278,585	356,770	512,067
Motor vehicle and other excise taxes.....	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	10,565,990
Payments in lieu of taxes.....	182,347	285,596	304,688	829,780	1,248,682	1,327,790	1,507,020	1,611,453	1,506,512	1,622,603
Intergovernmental.....	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	104,342,383
Departmental and other.....	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	59,651,221
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	3,636,599
Contributions.....	1,126,151	256,094	3,044,440	757,874	621,388	644,117	855,434	3,014,993	4,151,637	3,337,621
Investment income.....	238,620	238,031	292,212	308,289	500,910	1,415,231	3,535,215	3,176,974	901,578	716,412
Miscellaneous.....	102,500	268,687	113,209	205,935	134,582	537,703	282,746	649,557	544,795	1,232,224
Total Revenue.....	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	384,161,772
Expenditures:										
General government.....	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	37,620,473
Public safety.....	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	50,878,132
Education.....	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	102,564,117
Public works.....	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	33,378,680
Community development.....	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	4,272,125
Health and human services.....	288,766	224,330	229,633	178,570	244,417	276,304	430,234	882,548	1,753,478	1,512,279
Culture and recreation.....	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	4,795,922
Pension benefits.....	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	28,103,657
Employee benefits.....	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	32,285,964
Claims and judgments.....	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	1,517,068
State and county charges.....	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	14,628,726
Capital outlay.....	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	56,044,029
Debt service:										
Principal.....	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	9,558,511
Interest.....	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	10,127,610
Total Expenditures.....	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	386,887,293
Excess of revenues over (under) expenditures.....	(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)	(2,725,521)
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	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	28,668,138
Issuance of refunding bonds.....	-	-	-	-	-	7,810,975	-	-	-	-
Premium from issuance of bonds.....	96,302	962,253	-	930,391	2,970,178	2,119,409	2,950,552	1,970,136	10,440,333	2,913,578
Premium from issuance of refunding bonds.....	-	-	-	-	-	578,540	-	-	-	-
Capital purchase financing.....	-	-	-	-	-	-	-	-	-	600,298
Payments to refunded bond escrow agent.....	-	-	-	-	-	(8,448,080)	-	-	(9,013,030)	-
Proceeds from the sale of assets.....	12,549	9,387	-	-	2,120,152	3,911	68,470	7,140	18,869,818	118,412
Transfers in.....	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	31,639,637
Transfers out.....	(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)	(35,350,506)
Total other financing sources (uses).....	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	28,589,557
Special item:										
MBTA reimbursement.....	-	-	-	-	-	-	-	-	20,000,000	-
Net change in fund balance.....	\$ 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	\$ 25,864,036
Debt service as a percentage of noncapital expenditures...	4.47%	4.31%	4.69%	4.18%	4.28%	4.11%	4.64%	4.24%	4.86%	5.95%

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
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
2022	17,580,229,409	10.18	2,373,619,636	452,559,300	446,617,260	3,272,796,196	16.85	11.23	20,853,025,605



(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

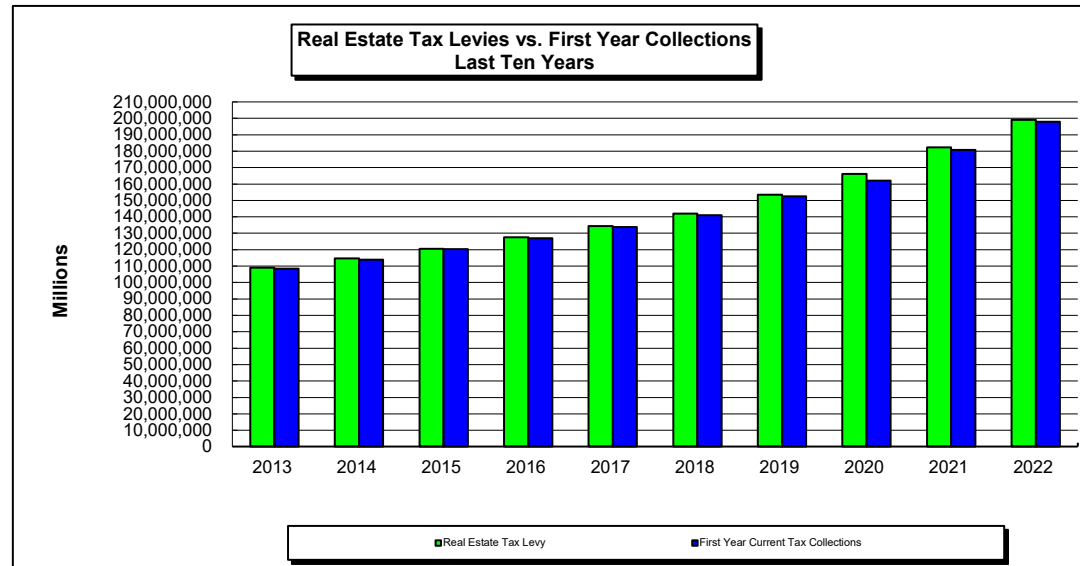
Name	Nature of Business	2022			2013		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Street Retail Inc	Commercial/Residential	\$ 693,228,000	1	7.34%	\$ 46,384,600	4	0.55%
DW Propco EF LLC	Office Building	\$ 327,897,100	2	3.47%	-	-	-
DW NP Property LLC	Electric Company	\$ 157,958,100	3	1.67%	-	-	-
101 South Street Owner LLC	Shopping Mall	\$ 144,057,100	4	1.53%	-	-	-
NSTAR Electric Co	Electric Company	\$ 116,440,590	5	1.23%	\$ 61,485,440	2	0.73%
Assembly Row 5B LLC	Retail Mall	\$ 108,452,200	6	1.15%	-	-	-
NSTAR Gas Co	Retail	\$ 93,755,100	7	0.99%	\$ 22,719,440	10	0.27%
FR Assembly Square LLC	Telecom	\$ 84,255,100	8	0.89%	\$ 63,040,200	1	0.75%
CRP 70 Inner Belt LLC	Residential	\$ 83,096,500	9	0.88%	\$ 34,051,800	7	0.41%
Twin City Plaza LLC	Professional Building	\$ 57,753,700	10	0.61%	\$ 50,000,000	3	0.60%
1-93 Somerville LLC	Retail	-	-	-	\$ 36,036,500	5	0.43%
Claredon Hill Somerville LP	Apartments	-	-	-	\$ 35,424,000	6	0.42%
Kadima Medical Properties	Professional Building	-	-	-	\$ 32,624,000	8	0.39%
Nation Tax Search LLC Trustee	Office Building	-	-	-	\$ 23,000,000	9	0.27%
	Totals	<u>\$1,866,893,490</u>		<u>19.76%</u>	<u>\$404,765,980</u>		<u>4.82%</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
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	1	851,701	114,693,101	100.00%
2015	122,165,461	1,697,496	120,467,965	120,376,618	1	814,165	121,190,783	100.60%
2016	129,147,863	1,680,095	127,467,768	126,959,692	1	874,118	127,833,810	100.29%
2017	136,071,683	1,709,004	134,362,679	133,730,789	1	907,852	134,638,641	100.21%
2018	143,491,095	1,528,746	141,962,349	141,091,495	1	790,340	141,881,835	99.94%
2019	(1) 155,031,240	1,647,702	153,383,538	152,583,237	1	1,035,403	153,618,640	100.15%
2020	167,812,263	1,706,610	166,105,653	162,135,904	1	3,143,085	165,278,989	99.50%
2021	184,014,988	1,721,279	182,293,709	180,761,820	1	1,204,146	181,965,966	99.82%
2022	200,839,916	1,712,226	199,127,690	197,821,262	1	-	197,821,262	99.34%



(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 Financing	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
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%
2022	81,175	4,324,922,825	20,853,025,605	282,083,188	458,934	\$ 3,481	6.53%	1.35%

Year	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Direct Borrowings	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Assessed Value
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%
2022	28,420,612	4,066,676	315,029,410	3,881	7.28%	1.51%

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

Computation of Legal Debt Margin

Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Equalized Valuation.....	\$ 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	\$ 19,987,384,600
Debt Limit -5% of Equalized Valuation...	\$ 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	\$ 999,369,230
Less:										
Outstanding debt applicable to limit....	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	113,621,219
Authorized and unissued debt.....	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	172,810,717
Legal debt margin.....	\$ 411,106,109	\$ 398,485,684	\$ 450,371,131	\$ 422,859,136	\$ 474,304,474	\$ 403,751,783	\$ 530,477,975	\$ 511,786,926	\$ 677,842,863	\$ 712,937,294
Total debt applicable to the limit as a percentage of debt limit.....	10.99%	13.72%	13.78%	19.04%	23.77%	35.11%	30.06%	32.53%	32.17%	28.66%

Source: Official Statement for Sale of Bonds

Direct and Overlapping Governmental Activities Debt

As of June 30, 2022

<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.....	\$ 1,857,602,000	3.29%	\$ 61,028,432
MWRA Sewer.....	2,971,349,000	3.35%	99,423,398
Massachusetts Bay Transportation Authority.....	5,896,383,000	3.05%	<u>179,839,682</u>
Subtotal, overlapping debt.....			<u>340,291,512</u>
City direct debt.....			<u>282,542,122</u>
Total direct and overlapping debt.....			<u><u>\$ 622,833,634</u></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
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%
2022	81,175	4,324,922,825	53,279	31.5	2.2%

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	2022			2013		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Partners Healthcare	Health Care	4,053	1	13.3%	-	-	-
ABM Industries	Janitorial Services	2,000	2	6.6%	1,950	1	8.3%
Cambridge Health Alliance	Health Care	1,014	3	3.3%	990	2	4.2%
J&S Electric Company	Building Equipment	525	4	1.7%	-	-	-
Form Labs	Scientific Research	450	5	1.5%	-	-	-
Angelica	Laundry	412	6	1.4%	546	3	2.3%
Royal Hospitality Services Inc.	Office Supplies	380	7	1.3%	-	-	-
Market Basket	Grocery Store	381	8	1.3%	-	-	-
Rogers Foam Corp.	Foam Products	300	9	1.0%	290	6	1.2%
Recorded Futures	Cybersecurity	280	10	0.9%	-	-	-
Federal Realty Investment Trust	Real Estate	-	-	-	510	4	2.2%
Gentle Giant	Trucking	-	-	-	375	5	1.6%
Van der Weil	Engineering/Consulting	-	-	-	350	7	1.5%
Visiting Nurses	Healthcare	-	-	-	280	8	1.2%
Harvard Vanguard	Healthcare	-	-	-	225	9	1.0%
FISEVR	Data Processing	-	-	-	220	10	0.9%
	Totals	<u>9,795</u>		<u>32.3%</u>	<u>5,736</u>		<u>24.5%</u>

Source: Massachusetts Department of Workforce Development

Full-Time Equivalent City Employees

Last Ten Years

	<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>2022</u>
<u>Full-Time Equivalents</u>										
General government.....	226	232	238	239	246	248	254	252	281	263
Public safety.....	260	267	272	275	282	285	291	289	322	347
School.....	892	908	923	929	937	1107	1139	1074	1096	1089
Public works.....	119	122	124	126	129	130	133	132	147	136
Health and human services.....	24	25	25	26	26	27	27	27	30	29
Culture and recreation.....	11	12	12	12	12	12	13	13	14	53
Community development.....	<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>	<u>91</u>
Total	<u>1,587</u>	<u>1,622</u>	<u>1,652</u>	<u>1,665</u>	<u>1,692</u>	<u>1,869</u>	<u>1,919</u>	<u>1,848</u>	<u>1,958</u>	<u>2,008</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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022*
General Government:										
Registered Voters.....	47,484	47,454	45,655	51,319	51,362	54,672	54,351	58,173	59,627	55,358
Births.....	957	974	863	838	854	798	772	723	655	587
Marriages.....	591	548	513	590	606	557	511	294	361	506
Deaths.....	410	517	589	561	427	415	405	492	405	324
Dogs Licensed.....	1,790	2,127	1,780	2,053	1,831	1,759	1,870	1,899	2,054	1,976
Business Certificates.....	425	483	318	307	274	290	229	192	211	161
Fire:										
Total Fires.....	476	377	431	429	462	442	389	452	407	416
Structure Fires.....	107	56	258	321	354	360	321	365	50	245
Vehicle Fires.....	24	14	24	14	21	17	14	13	24	17
Other Fires.....	345	307	149	94	87	65	54	71	333	153
Civilian										
Injuries.....	5	1	0	8	5	3	2	5	2	3
Fire Service										
Injuries.....	71	38	17	29	23	75	102	56	45	68
Dollar Loss.....	\$ 5,850,000	\$ 1,559,364	\$ 663,875	\$ 3,601,500	\$3,666,101	\$1,703,650	\$2,715,100	\$2,694,950	\$6,008,900	\$3,806,317
Police:										
Violent crime total.....	178	206	183	198	172	184	167	136	152	152
Murder and nonnegligent manslaughter...	0	1	0	0	2	0	0	1	2	1
Forcible rape.....	17	10	8	15	19	26	17	17	17	17
Robbery.....	51	58	40	48	39	44	38	17	30	28
Aggravated assault.....	110	137	135	135	112	114	112	101	103	105
Property crime total.....	1,552	1,253	1,695	1,239	1,104	1062	1053	997	938	996
Burglary.....	430	192	305	207	171	161	140	120	30	97
Larceny-theft.....	1,021	949	1,257	931	834	789	825	784	816	808
Motor vehicle theft.....	101	112	133	101	99	112	88	93	92	91
Traffic and Parking:										
Tickets Issued.....	144,919	128,449	140,974	137,973	125,472	124,855	127,424	97,843	124,704	116,657
Inspectional:										
Building Permit Count.....	1,775	1,775*	2,166	2,034	2,186	2,194	2,033	1,589	1,869	2,207
Education:										
Total enrollment.....	4,922	4,940	4,987	4,931	4,950	4,956	4,909	4,755	4,673	4,779
Library:+										
Total Circulation.....	415,666	411,566	387,222	396,812	378,929	381,074	394,531	358,169	400,163	384,288
Total Holdings.....	194,451	200,522	205,045	211,941	215,289	217,865	221,390	223,095	240,896	228,460
Registered users.....	28,017	29,611	29,351	33,500	34,395	28,626	36,746	37,011	34,127	35,961

NA - Information not available

+ Denotes fiscal year reporting schedule, * Denotes estimates based on prior year and year-to-date data

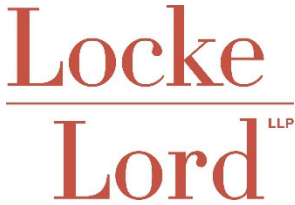
Source: City Departments: Elections, City Clerk, Fire, Police, Parking, ISD nd Mass DoE, MBoLC

Capital Asset Statistics by Function/Program

Last Ten Years

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire:										
Fire stations.....	5	5	5	5	5	5	5	5	5	5
Emergency vehicles.....	8	8	8	8	8	8	8	8	8	38
Police:										
Stations.....	3	3	3	3	3	3	3	3	3	3
Public works:										
Streets (miles).....	108.97	115.11	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.8
Electric:										
Streetlights.....	4,032	4,032	4,056	4,056	4,056	4,056	4,056	4,056	4,056	5,700
Sewer:										
Sanitary sewers (miles).....	68	68	68	68	68	68	68	68	68	135
Storm sewers (miles).....	35	35	35	35	35	35	35	35	35	47
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	69	69	69	69	69	69	69
Acreage.....	51.35	51.35	51.35	58.3	58.3	58.3	57.6	57.6	57.6	57.6
DCR Parks in Somerville										
Number of Parks.....	6	6	6	8	8	8	8	8	8	8
Acreage.....	77.5	77.5	77.5	81.3	81.3	81.3	81.3	81.3	81.3	81.3
Other Open and Public Space										
Number of Spaces.....	28	28	28	10	11	11	13	13	13	13
Acreage.....	50.34	50.34	50.34	19.3	25.0	25.0	32.1	32.1	32.1	32.1
Water:										
Water mains (miles).....	125	125	125	125	125	125	125	125	125	120
Fire hydrants.....	1,523	1,550	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,357
Education:										
Elementary schools.....	9	9	9	9	9	9	9	9	9	9
High school.....	1	1	1	1	1	1	1	1	1	1

NA - Information not available
Source: Various City Departments



111 Huntington Avenue
9th Floor
Boston, MA 02199-7613
Telephone: 617-239-0100
Fax: 617-227-4420
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(Date of Delivery)

Linda Dubuque, Treasurer
City of Somerville
Somerville, Massachusetts

\$34,275,000
City of Somerville, Massachusetts
General Obligation Municipal Purpose Loan of 2023 Bonds
Dated June 1, 2023

We have acted as bond counsel to the City of Somerville, Massachusetts (the “City”) in connection with the issuance by the City of the above-referenced bonds (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion we have relied upon representations and covenants of the City contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the City and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws; provided that taxes levied on certain taxable property located within a development district established by the City pursuant to Chapter 40Q of the General Laws may be restricted and unavailable to pay the principal of and interest on the Bonds.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. For tax years beginning after December 31, 2022, however, interest on the Bonds will be included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Internal Revenue Code of 1986 (the “Code”). In rendering

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the opinions set forth in this paragraph, we have assumed compliance by the City with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure by the City to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

The rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

LOCKE LORD LLP

**PROPOSED FORM OF
CONTINUING DISCLOSURE CERTIFICATE**

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the City of Somerville, Massachusetts (the “Issuer”) in connection with the issuance of its \$34,275,000 General Obligation Municipal Purpose Loan of 2023 Bonds dated June 1, 2023 (the “Bonds”). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriters in complying with the Rule.

SECTION 2. Definitions. For purposes of this Disclosure Certificate the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Obligated Person” shall mean the Issuer.

“Owners of the Bonds” shall mean the registered owners, including beneficial owners, of the Bonds.

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Rule” shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in

Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement dated May 17, 2023 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice, in accordance with the provisions of this Section 5, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.
2. Non-payment related defaults, if material.
3. Unscheduled draws on debt service reserves reflecting financial difficulties.
4. Unscheduled draws on credit enhancements reflecting financial difficulties.
5. Substitution of credit or liquidity providers, or their failure to perform.
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other

material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of the Owners of the Bonds, if material.
8. Bond calls, if material, and tender offers.
9. Defeasances.
10. Release, substitution or sale of property securing repayment of the Bonds, if material.
11. Rating changes.
12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.*
13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.
15. Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect Owners of the Bonds, if material.†
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.†

* As noted in the Rule, this event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

† For purposes of event numbers 15 and 16 in Section 5(a) of this Disclosure Certificate, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” excludes municipal securities for which a final official statement has been provided to the MSRB consistent with the Rule.

(b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

SECTION 6. Transmission of Information and Notices. Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owner of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

Date: June 1, 2023

CITY OF SOMERVILLE,
MASSACHUSETTS

By _____
Treasurer

Mayor

City Auditor

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]