

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.

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JUNE 30, 2022

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Introductory Section



The Armory
Photo by Rie Lowenstein

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**

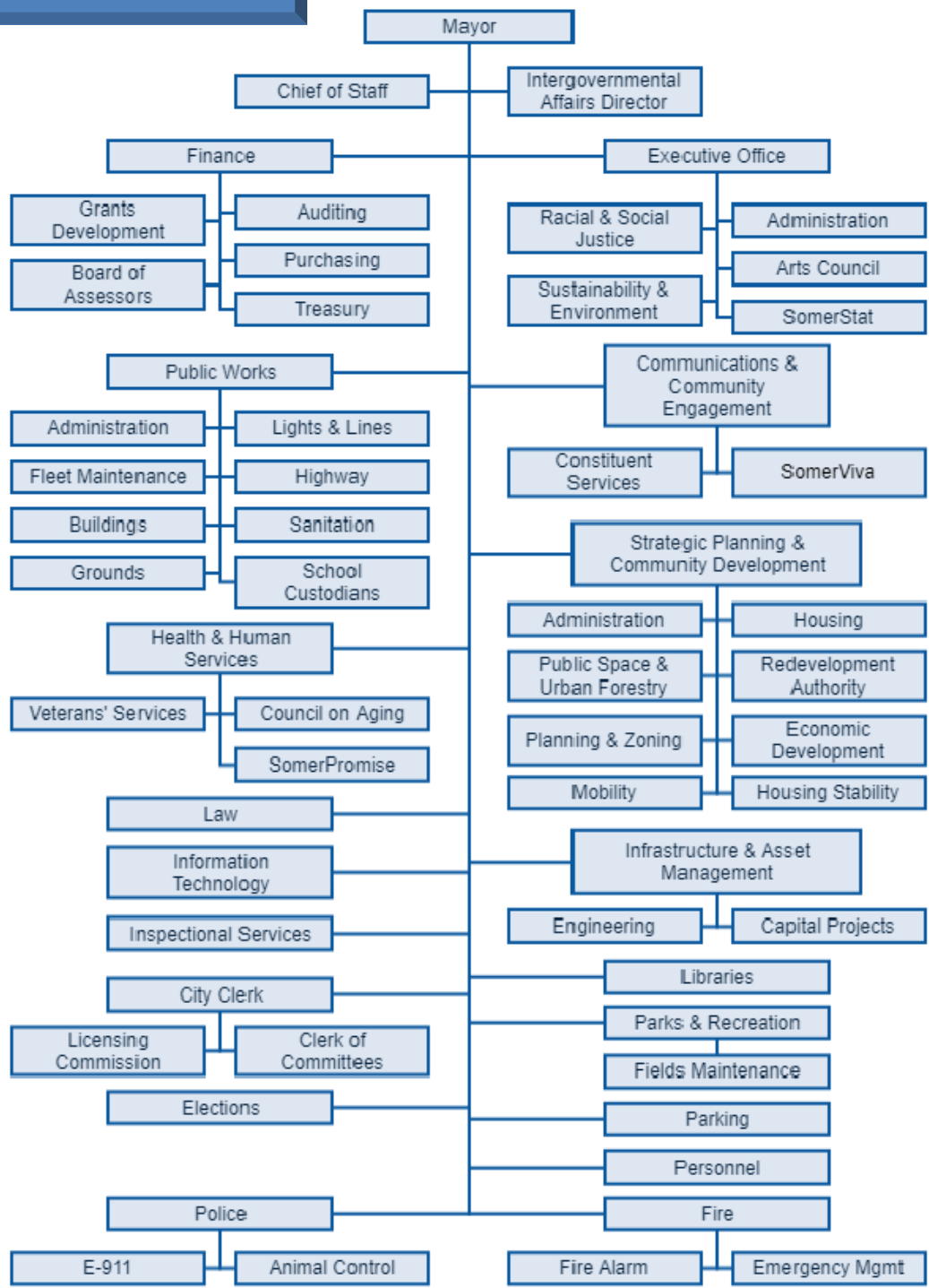
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

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.

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.

	2022	2021
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.....	389,426,225	372,603,378
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.....	282,105,570	284,091,125
Excess (Deficiency) before transfers.....	107,320,655	88,512,253
Transfers.....	(3,710,869)	(3,151,461)
Change in net position.....	103,609,786	85,360,792
Net position, beginning of year.....	23,311,693	(62,049,099)
Net position, end of year.....	\$ 126,921,479	\$ 23,311,693

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.

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2022

	Primary Government		
	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:

Investment Type	Fair value	Maturities			Ratings
		Under 1 Year	1-5 Years	6-10 Years	
Debt securities:					
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	
Other investments:					
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:

Investment Type	Fair value	Maturities				Rating
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years	
Debt securities:						
Fixed income fund.....	\$ 65,491,457	\$ 13,098,292	\$ 31,632,374	\$ 15,259,509	\$ 5,501,282	BAA/NR
Other investments:						
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.....	\$ 67,640,097	\$ (7,752,602)	\$ 59,887,495

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.....	\$ 13,988,570	\$ -	\$ 13,988,570

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.....	\$ 7,906,836	\$ 9,473,556	\$ 5,777,676	\$ 23,158,068

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.....	\$ 263,905,403	\$ 95,756,248	\$ 359,661,651	\$ 458,934	\$ 37,194	\$ 496,128

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:

Year ended June 30:	
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>

(Continued)

**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

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	66,568,749	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	4,556,945	5,623,403	4,243,725	5,387,539	4,254,877
Human services.....	288,766	227,030	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	2,318,143	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	38,046,596	41,987,740	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	891,751	2,090,371	440,747	2,152,819	5,692,603	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	24,364,465	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	2,031,564	3,511	58,470	7,140	12,007,693	118,412
Miscellaneous.....	115,049	278,074	113,230	398,206	383,008	184,008	282,746	648,557	544,795	1,228,545
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)	(626,840)	(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)	\$ (5,583,132)	\$ (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

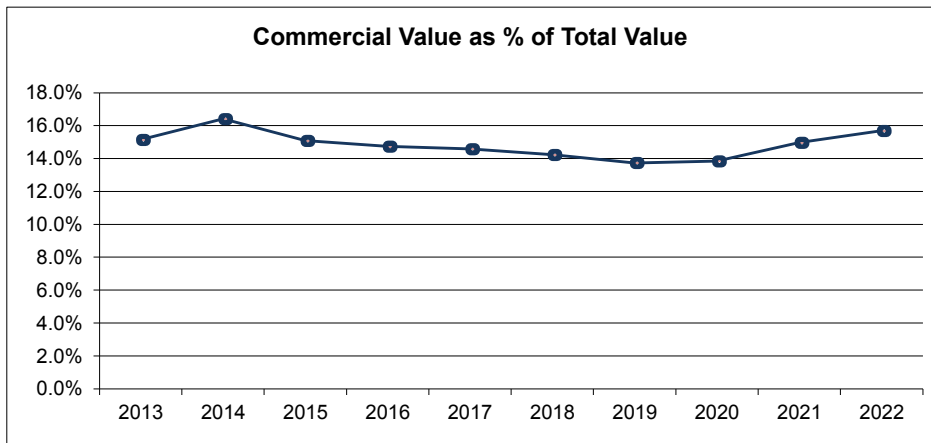
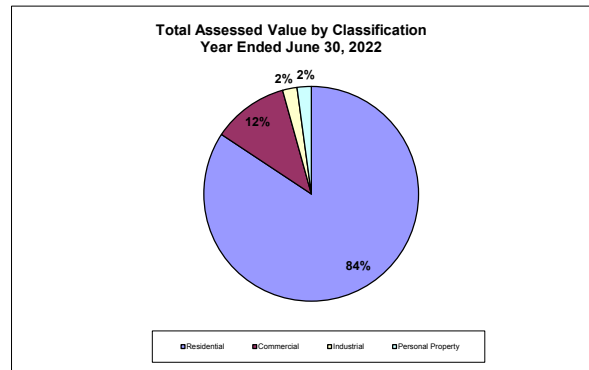
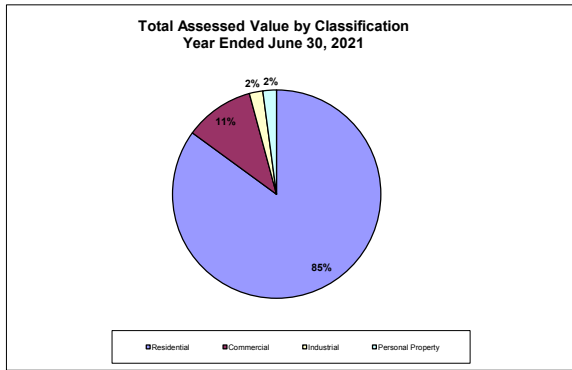
Last Ten Years

	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	14,228,726
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

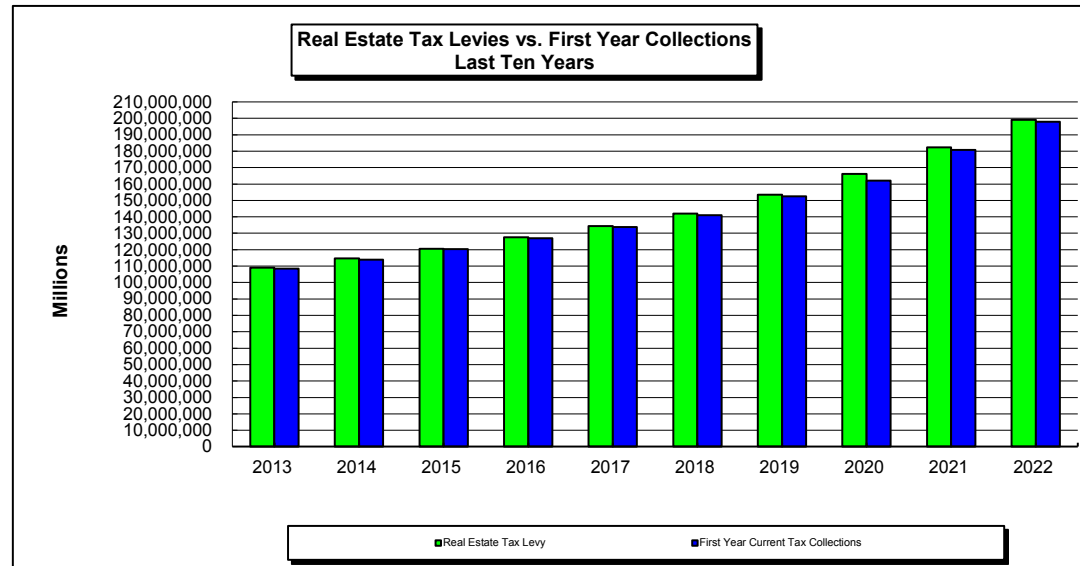
Name	Nature of Business	2022			2013		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Street Retail Inc	Commercial/Residential	\$ 693,228,000	1	7.34%	\$ 46,384,600	4	0.55%
DW Propco EF LLC	Office Building	\$ 327,897,100	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>\$ 622,833,634</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	0
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