

# CITY OF SOMERVILLE

MASSACHUSETTS

## ANNUAL COMPREHENSIVE FINANCIAL REPORT



**For the Year Ended June 30, 2023**

Katjana Ballantyne, Mayor  
Edward Bean, Finance Director

Prepared by the City of Somerville Finance Department

## **On the Cover – Joe Mackey Field**

Photo provided by Ed Wonsek.

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JUNE 30, 2023

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# *Introductory Section*



Gilman Square MBTA Station  
Photo by Rie Lowenstein

# ***Introductory Section***



*City of Somerville, Massachusetts*  
**Katjana Ballantyne**  
MAYOR

January 31, 2024

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, 2023. 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, 2023, 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, 2023, 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, 2023, 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, 2023, included no instances of significant violations of the applicable laws and regulations reported. Generally accepted accounting principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement the MD&A where the financial analysis is now



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

## **GENERAL PROFILE**

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

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

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

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

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

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

## **QUALITY OF LIFE**

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

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

The Somerville Public Schools (SPS) is a richly diverse school district that ranks as one of the top-performing urban districts in the Commonwealth. Somerville High School (SHS) 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 (87.7% overall in 2022), while the drop-out rate saw an uptick as a result of the pandemic. (3.4% overall in 2022). 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, 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 most dynamic 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 transform this former industrial district into the Greater Boston's newest and liveliest neighborhood. Thoughtful planning and strategic investments have created a national model for successful mix-used, transit-oriented developments.

In May 2011, the developer Federal Realty Investment Trust (FRIT), the Commonwealth, and the City entered into a Tri-Party Agreement that outlines roles and responsibilities to fund major infrastructure investments and sequence public and private development. Approval of 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 of Mass General Brigham, the world-renown health care institution and the largest employer in Massachusetts. In 2013, the organization announced its intention to consolidate a dozen facilities around Boston under one roof in a state-of-the-art, signature building at Assembly Row. Today, 4,500 employees work at the headquarters. Mass General Brigham will be able to expand its presence and expand into a new, 400,000 square foot building in the future. The Assembly Row development been successfully expanded Somerville's tax base. To date, the DIF-captured incremental tax revenue has significantly exceeded the cost to service the debt needed to rebuild the area's infrastructure.

Development activity is accelerating throughout the neighborhood. In 2021 Federal Realty opened 455 Grand Union Blvd, a 275,000 square foot office building that includes the North American headquarters of Puma, and the world headquarters of both Bluebird Bio and SparkCharge. Miscela, a 525,300 square foot residential building featuring 500 apartments and 26,500 square feet of ground floor retail opened in 2022 adjacent to the MBTA Assembly Square station. A few blocks away, BioMed Realty has broken ground on 188 Assembly Park Drive, a 495,000 square foot life sciences building located within Assembly Innovation Park, a 1.4M sq. ft. master-planned project. The project will include a new branch fire station that will open in 2024. Alta Revolution, a 329-unit residential building with ground floor retail space opened in 2022.

More development is underway across the street along Middlesex Avenue. In 2022, Greystar broke ground on 74M, an 18-story, 468,000 square foot lab building. Developers have received entitlements to build a 500,000 square foot building nearby at 200 Middlesex Avenue. 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 within the remainder of the Assembly Square neighborhood. The Plan will set a vision for more, high-density residential and commercial development, new public parks and civic amenities to support the neighborhood.

### **Union Square**

Located at the southern end of the City, Union Square is Somerville's second largest business district. Union Square has a regional reputation 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 implement 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 the goal of transforming Union Square back to its historic prominence as a major employment center. The centerpiece of this effort entails concentrating mixed-use development around the new MBTA Union Square station, 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 its master developer. The Somerville Planning Board adopted the Union Square Neighborhood Plan in 2016 to further guide growth in the district. The City rezoned Union Square in 2017 to reflect the goals of the neighborhood plan and entitle US2's 2.3 million square foot development program that includes housing, retail, office, and life sciences space. The first phase opened in 2023 and includes 10 Prospect Street, a 175,000 square foot commercial/life sciences building and Prospect Union Square, a 450-unit residential building with 90 units of deed restricted affordable housing. Other developers are succeeding with infill development projects in pockets throughout Union Square. A recent example is 346 Union, a 94-unit residential building which opened at 346 Somerville Avenue in 2023.

Concurrently, the City has been implementing an infrastructure plan for Union Square to support the planned growth in Union Square. Conceptual plans were developed in 2012 and sought to address legacy sewer and stormwater issues, balance traffic flow with improvements to bicycle and pedestrian infrastructure. In the fall of 2017, the City approved a plan to finance \$141M 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 a first phase of projects, including \$63M to launch Somerville Avenue water, sewer, and streetscape work. The project reconstructed two major arterials through Union Square, while building separated storm and sanitary sewer lines along Somerville Avenue. The City is now working on the design for a significant expansion of the public plaza in the heart of Union Square and other streetscape improvements.

Union Square and Somerville have become a global hub for the climatetech industry. Greentown Labs relocated to Union Square in 2012 and converted 33,000 square feet of space within a former envelope factory. The location offers a prototyping lab, co-located office space, machine and electronics shops which attracted a community of startups looking to rapidly commercialize new products in the climatetech industry. In 2018, Greentown Labs expanded next door and opened its Global Center for Cleantech Innovation, making Greentown the largest climatetech incubator in the North America. The facility has helped over 170 startups and attracts millions of dollars in new investment each year for its member firms. Several Greentown companies have graduated and expanded to new locations in Union Square and throughout Somerville.

### **Boynton Yards**

Boynton Yards and Union Square are positioned to 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. The extension of the Green Line into Union Square generated new interest in Boynton Yards, a 35-acre industrial district with a 100-year history of hosting junkyards, warehouses, and slaughterhouses. In April 2009, the Board of Aldermen rezoned the area in anticipation of a dramatic rebirth of the district, spurred by expected expansion of the Green Line.

Development activity in Boynton Yards has exploded in recent years with over one million square feet of new commercial development, with more coming soon. A partnership including DLJ Capital Partners and Leggat McCall Properties completed a 290,000 square foot life sciences building at 101 South Street in 2022. The building is now fully occupied by three portfolio companies of Flagship Pioneering, the firm which previously launched vaccine juggernaut Moderna. A second, 300,000 square foot building is under construction next door at 808 Windsor Street and will open in 2024. The DLJ/Leggat partnership is entitled to build three more buildings, including a 320-unit residential building and two more life sciences building. Across the street at 495 Columbia Street the team at CV Properties will open a 313,000 square foot lab building in 2024. US2 has separately acquired two properties in the district, 50 Webster Avenue and 600 Windsor Place. They have obtained permits for life sciences buildings on both sites, which will lead to another 500,000 square feet of new development.

### **Innerbelt/Brickbottom**

The Innerbelt is a 160-acre manufacturing and warehouse district that is poised to transition to a broader mix of manufacturing, research, and office uses. The district is home to many of Somerville's largest industrial employers, including ABM Industries, The Angelica Corporation, Triumvirate Environmental and Form Energy as well as large MBTA Green Line and Commuter Rail maintenance facilities. Innerbelt also features a high-capacity fiber optic loop connecting to Boston and Cambridge.

New development in the Inner Belt neighborhood is beginning to take shape. The MBTA East Somerville transit stop opened in 2022 on the western end of the district. At the eastern edge, Arris, a 205-unit residential building will open at 20 Innerbelt Road in early 2024. The Somerville Redevelopment Authority acquired a vacant four-acre parcel 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 features a lively artist community, industrial space, and emerging development. The Brickbottom Small Area Plan is expected to be adopted in early 2024 and will set a new, coordinated mixed-use vision. A 200,000 square foot life sciences building opened at 100 Chestnut Street in 2023; additional development will likely follow after the adoption of new zoning. Nearby, a 262,000 square foot life sciences building is under construction by Leggat McCall Properties at 15 McGrath Highway while US2 received entitlements to build a 1.1M square foot commercial development at 200 McGrath Highway.

This year, the City received a \$3.6 Mil MassWorks grant to fund the design of a pedestrian bridge that would connect the Brickbottom and Innerbelt districts. The bridge will connect to the MBTA East Somerville station and unlock transit-first development on both sides of the rail right-of-way.

### **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 both the MBTA Green and Orange line transit lines and two transit stops at the MBTA Community College and MBTA Lechmere stations. 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 building that opened up in 2022 at 222 Jacobs Street, a 350,000 square foot building located on the Cambridge/Somerville line. Bristol Meyers Squibb moved 550 employees into a 483,000 square foot life sciences building at 250 Water Street 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 a relatively low retail and office vacancy rate. The residential neighborhood surrounding Davis Square has seen dramatic increases in property values and rents, which has stimulated new housing construction and condominium conversions.

Plans in Davis Square will focus on strategic infill development, streetscape updates, and building rehabilitation projects that will enhance an already vibrant community. The Davis Square Neighborhood Plan is expected to be adopted in early 2023. Developers Scape and Asana Partners both received approvals to launch contextual redevelopment of the parcels along Elm Street. These projects will provide new office space and attract a daytime workforce that can support Davis Square businesses.

### **Winter Hill Revitalization**

The City of Somerville, the Somerville Redevelopment Authority, and its development partners are on the cusp of transforming the long-vacant retail plaza at 299 Broadway in the heart of the Winter Hill business district. Back in 2016 the City approved the Winter Hill Neighborhood Plan, which established a vision to strengthen Winter Hill and return it to its historic role as a main street commercial district. The major impediment has been the condition of 299 Broadway, which features a long-vacant 40,000 square foot retail space. In 2021, the Somerville Redevelopment Authority and the City approved the Winter Hill Urban Renewal Plan to address blight on this key block. In 2023, Mark Development and Beacon Properties received entitlements to redevelop the site into a two-building, 330,000 square foot mixed-use complex featuring 288 units of housing, 13,000 square feet of retail space and two new civic spaces. In 2023, the City and the Somerville Affordable Housing Trust Fund approved separate agreements to subsidize 132 units of affordable housing within this transformational project. Mark Development acquired the site this past fall and is poised to break ground in 2024.

### **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 opened 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.

**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 2023 is \$32,813,163. The following table sets forth the recent trend in Free Cash for the City.

<b>Free Cash (July 1)</b>	
<b>2023</b>	\$32,813,163
<b>2022</b>	38,970,525
<b>2021</b>	24,949,530
<b>2020</b>	16,711,066
<b>2019</b>	19,654,550
<b>2018</b>	14,524,715
<b>2017</b>	11,621,352
<b>2016</b>	10,833,988
<b>2015</b>	11,512,278
<b>2014</b>	10,651,386

## 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.

<b>Stabilization Cash Balance</b>	
<b>2023</b>	\$99,325,772
<b>2022</b>	70,750,326
<b>2021</b>	64,905,242
<b>2020</b>	44,142,863
<b>2019</b>	43,185,319
<b>2018</b>	41,919,377
<b>2017</b>	34,162,355
<b>2016</b>	28,852,284
<b>2015</b>	23,682,116
<b>2014</b>	15,495,452

## 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 Plan to guide capital expenditures in future years. The Capital Investment Plan for FY23 through FY28 has an estimated cost of \$365 million using City funds, state and federal grants or allocations, and private contributions. 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, 2023, totaled \$337.6 million. The following table sets forth debt as a percentage of assessed valuation and per capita debt at the end of the last five fiscal years.

The table considers the principal amount of GO bonds of the City only and does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole, or part, by non-tax revenues.

Year End	General Obligation Bonds Outstanding	Local Assessed Valuation	Per Capita Debt	Bonds as a % of Assessed Valuation
2023	\$337,634,904	\$22,302,696,173	4,233	1.51
2022	\$315,029,410	20,853,025,605	3,881	1.35
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

### Property Valuations

Based on valuations of all real and personal property as of January 1, 2023, the total value of all property in the City is \$23.5 billion. Professional reevaluations of all property in the City to full and fair cash value in compliance with Massachusetts law were mostly recently completed for use in 2020. The next reevaluation will be completed in 2026. The City conducts an interim year adjustment on values annually.

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

FY	Real Estate Valuation	Personal Property Valuation	Assessed Valuation	Tax Rate Per \$1,000 Valuation		Tax Levy	Tax Levy Per Capita
				Resid.	All other		
2023	\$21,851,873,473	\$450,822,700	\$22,302,696,173	\$10.34	\$17.35	\$221,093,410	2,772
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

## Pension Liability

Generally accepted accounting principles (GAAP) require the City to perform an actuarial valuation to determine the pension benefit obligation at least biennially, with an actuarial update to the date twelve months after that biennial valuation. The most recent actuarial valuation of the City was completed as of January 1, 2021.

The total unfunded pension benefit obligation applicable to the City's employees was \$194,476,749 at December 31, 2022.

Total pension benefit obligation	\$537,989,940
Net Position available for benefits, at market value	<u>(343,513,191)</u>
Unfunded pension benefit obligation	<u>\$194,476,749</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 2014 through 2023 fiscal years are as follows:

Year	Contributory	Non-Contributory
2023	\$15,936,990	\$ 94,133
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

## 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
2023	\$9,327,272
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

The City implemented GASB Statement #75 in 2018 and in FY23 recognized an unfunded OPEB liability of \$157,349,800.

## 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, 2023, 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, eleven 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**

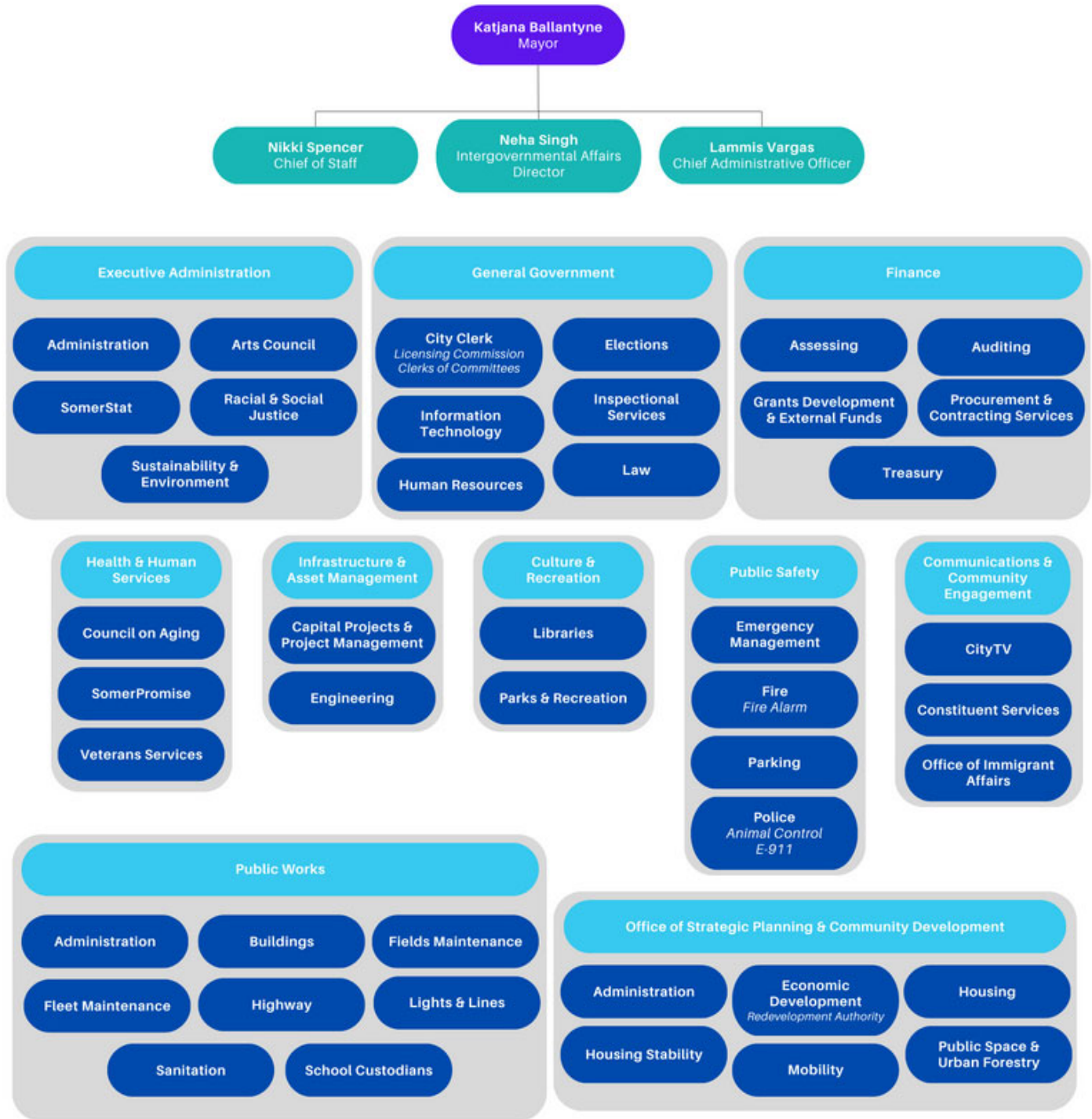
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# Organizational Chart





**As of June 30, 2023**

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

**Edward Bean, Finance Director – March 12, 2023**

Colleen Tam, Deputy City Auditor - Indefinite

Linda Dubuque, City Treasurer/Collector – November 11, 2024

Michael Mastrobuoni, Budget Manager – Indefinite

## **City Council –Term Expires January 2024**

Ben Ewen-Campen, Ward 3, President

Judy Pineda Neufield, Ward 7, Vice President

Matthew McLaughlin, Ward 1,

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

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# ***Financial Section***



Ignite Festival 2023  
Photo by Somerville Arts Council.

# ***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, 2023 (except for the Somerville Contributory Retirement System which is as of and for the year ended December 31, 2022), and the related notes to the financial statements, which collectively comprise the City of 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, 2023 (except for the Somerville Contributory Retirement System which is as of and for the year ended December 31, 2022), and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of 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.

### **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.

### **Emphasis of Matter**

The City voted to cease operations of the Veteran's Memorial Ice Rink activities as an enterprise fund as of June 30, 2023. All assets and liabilities of the Veteran's Memorial Ice Rink enterprise fund have been transferred to the governmental activities as of June 30, 2023. The general fund will be responsible for the remaining debt service. Our opinion is not modified with respect to this matter.

### **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 January 31, 2024, 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*

January 31, 2024

## ***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, 2023. 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 other special revenue 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.

During FY23, the City voted to cease operations of the Veteran's Memorial Ice Rink enterprise fund and account for the operations as part of the general fund on a go forward basis. This occurred as of the end of the fiscal year and therefore a restatement of beginning fund balance was not required.

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 \$21.7 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 \$321.8 million at the close of 2023, which was an increase of \$87.4 million from the prior year balances.

Net position of \$367.6 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, \$79.1 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 \$124.9 million. The primary reason for this deficit balance is the recognition of the Pension and OPEB liabilities.

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

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Somerville, governmental assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$200.0 million and the business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$121.8 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 \$200.0 million at the close of 2023.

	2023	2022
<b>Assets:</b>		
Current assets.....	\$ 354,916,108	\$ 354,790,484
Capital assets, nondepreciable.....	90,997,427	80,832,787
Capital assets, net of accumulated depreciation....	473,894,515	458,707,774
<b>Total assets.....</b>	<b>919,808,050</b>	<b>894,331,045</b>
<b>Deferred outflows of resources.....</b>	<b>65,019,877</b>	<b>32,870,230</b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	93,529,473	91,061,897
Noncurrent liabilities (excluding debt).....	338,470,402	227,929,712
Current debt.....	40,857,452	74,568,288
Noncurrent debt.....	271,157,842	268,951,311
<b>Total liabilities.....</b>	<b>744,015,169</b>	<b>662,511,208</b>
<b>Deferred inflows of resources.....</b>	<b>40,829,579</b>	<b>137,768,588</b>
<b>Net position:</b>		
Net investment in capital assets.....	272,725,290	257,843,923
Restricted.....	79,055,716	74,949,473
Unrestricted.....	(151,797,827)	(205,871,917)
<b>Total net position.....</b>	<b>\$ 199,983,179</b>	<b>\$ 126,921,479</b>

The largest portion of the City of Somerville's net position \$272.7 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, \$79.1 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 \$181.8 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 \$151.8 million deficit of unrestricted net position at June 30, 2023. 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, 2023, has a balance of \$21.7 million and is reported within the Fiduciary Funds in the City's financial statements.

Long-term liabilities include \$271.2 million in long-term debt; \$4.0 million in compensated absence liabilities for unused vacation, special leave, and enhanced longevity benefits payable; \$908,000 in future year workers' compensation benefits payable; \$177.0 million in future pension benefits; and \$156.6 million in future other postemployment benefits.

Governmental activities net position increased by \$73.1 million in 2023.

	2023	2022
<b>Program Revenues:</b>		
Charges for services.....	\$ 59,404,440	\$ 57,999,681
Operating grants and contributions.....	81,161,993	73,736,046
Capital grants and contributions.....	4,293,308	11,569,917
<b>General Revenues:</b>		
Real estate and personal property taxes, net of tax refunds payable.....	219,023,348	198,666,774
Tax and other liens.....	528,751	818,802
Motor vehicle and other excise taxes.....	11,720,377	10,628,882
Community preservation tax.....	2,881,228	2,597,943
Penalties and interest on taxes.....	937,966	980,761
Payments in lieu of taxes.....	1,654,422	1,622,603
Grants and contributions not restricted to specific programs.....	31,304,193	28,743,447
Unrestricted investment income.....	7,789,590	716,412
Gain on sale of capital assets.....	110,326	118,412
Miscellaneous.....	377,687	1,226,545
<b>Total revenues.....</b>	<b>421,187,629</b>	<b>389,426,225</b>
<b>Expenses:</b>		
General government.....	57,025,437	42,785,665
Public safety.....	58,566,755	48,123,032
Education.....	162,981,860	136,469,075
Public works.....	42,238,801	34,709,306
Community development.....	4,655,456	4,264,877
Health and human services.....	1,142,152	1,512,279
Culture and recreation.....	7,496,971	5,663,962
Community preservation.....	2,028,670	1,517,068
Interest.....	7,694,127	7,060,306
<b>Total expenses.....</b>	<b>343,830,229</b>	<b>282,105,570</b>
<b>Excess (Deficiency) before transfers.....</b>	<b>77,357,400</b>	<b>107,320,655</b>
<b>Transfers.....</b>	<b>(4,295,700)</b>	<b>(3,710,869)</b>
<b>Change in net position.....</b>	<b>73,061,700</b>	<b>103,609,786</b>
<b>Net position, beginning of year.....</b>	<b>126,921,479</b>	<b>23,311,693</b>
<b>Net position, end of year.....</b>	<b>\$ 199,983,179</b>	<b>\$ 126,921,479</b>

Real estate and personal property collections exceeded the prior year by approximately 10.25% as a result of increased City property values, new growth, and the Proposition 2 ½ allowable increase in taxes assessed.

The primary reasons for the \$73.1 million increase in net position relates to a net decrease of \$23.9 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 receipt of \$2.1 million of capital grants related to the High School reimbursements from the Massachusetts School Business Authority (MSBA), a \$17.4 million surplus in the general fund, the amortization of capitalized bond premiums of \$2.7 million, and a \$24.0 million surplus in the other special revenue fund.

The governmental expenses increased due to an increase in the net pension liability, the fact that depreciation on capital assets exceeded the principal payment on long-term debt, as well as overall increases in the operating budget in the general fund.

**Business-type Activities**

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

	<u>2023</u>	<u>2022</u>
<b>Assets:</b>		
Current assets.....	\$ 64,595,064	\$ 52,064,780
Capital assets, nondepreciable.....	42,787,145	36,979,338
Capital assets, net of accumulated depreciation....	<u>118,193,587</u>	<u>96,002,021</u>
<b>Total assets.....</b>	<b><u>225,575,796</u></b>	<b><u>185,046,139</u></b>
<b>Deferred outflows of resources.....</b>	<b><u>1,251,120</u></b>	<b><u>608,281</u></b>
<b>Liabilities:</b>		
Current liabilities (excluding debt).....	8,496,365	1,694,605
Noncurrent liabilities (excluding debt).....	4,420,907	2,285,705
Current debt.....	40,400,232	39,339,204
Noncurrent debt.....	<u>49,422,197</u>	<u>30,332,914</u>
<b>Total liabilities.....</b>	<b><u>102,739,701</u></b>	<b><u>73,652,428</u></b>
<b>Deferred inflows of resources.....</b>	<b><u>2,271,035</u></b>	<b><u>4,557,034</u></b>
<b>Net position:</b>		
Net investment in capital assets.....	94,890,138	89,341,086
Unrestricted.....	<u>26,926,042</u>	<u>18,103,872</u>
<b>Total net position.....</b>	<b><u>\$ 121,816,180</u></b>	<b><u>\$ 107,444,958</u></b>

Business-type net position of \$94.9 million represents investments in capital assets net of related debt. The remaining \$26.9 million is available to be used for the ongoing operation of the City's water, sewer, Dilboy Stadium, and the Kennedy School Pool activities. There was an overall increase of \$14.4 million in net position reported in connection with the enterprise funds.

	<u>2023</u>	<u>2022</u>
<b>Program Revenues:</b>		
Charges for services.....	\$ 47,492,306	\$ 42,517,838
Capital grants and contributions.....	-	1,400,000
<b>General Revenues:</b>		
Unrestricted investment income.....	784,062	185,650
<b>Total revenues.....</b>	<b><u>48,276,368</u></b>	<b><u>44,103,488</u></b>
<b>Expenses:</b>		
Water.....	13,197,093	13,532,597
Sewer.....	24,410,066	23,624,820
Veteran's Memorial Ice Rink.....	130,979	347,226
Dilboy Stadium.....	104,136	106,671
Kennedy School Pool.....	358,572	329,749
<b>Total expenses.....</b>	<b><u>38,200,846</u></b>	<b><u>37,941,063</u></b>
<b>Excess (Deficiency) before transfers.....</b>	<b>10,075,522</b>	<b>6,162,425</b>
<b>Transfers.....</b>	<b><u>4,295,700</u></b>	<b><u>3,710,869</u></b>
<b>Change in net position.....</b>	<b>14,371,222</b>	<b>9,873,294</b>
<b>Net position, beginning of year.....</b>	<b><u>107,444,958</u></b>	<b><u>97,571,664</u></b>
<b>Net position, end of year.....</b>	<b>\$ <u>121,816,180</u></b>	<b>\$ <u>107,444,958</u></b>

The water enterprise fund net position increased \$4.6 million. This increase is primarily due to the collection of \$45,600 of unbudgeted water liens, an increase in water rates, a decrease in the other post-employment benefits liability net of deferred inflows/outflows of \$785,000, an overall decrease of \$440,000 in operating expenses, and the receipt of a general fund transfer of \$400,000 to the water stabilization fund, and the fund's ability to use current year revenues for capital related items.

The sewer enterprise fund net position increased by \$11.9 million. This is primarily due to the general fund transferring \$1.6 million into the sewer stabilization fund from free cash, another \$3.9 million from inflow/infiltration receipts collected on behalf of the sewer department, and the receipt of \$167,000 of unbudgeted tax liens. Also contributing was an increase in the sewer rates which increased the user charges collected while operating costs stayed flat which resulted in \$7.1 of operating income, an increase of \$3.5 million from the prior year.

The Veterans Memorial Ice Rink enterprise fund ending net position was transferred to the governmental activities as of June 30, 2023. A vote was taken by the City Council to effectively cease accounting for the rink operations as an enterprise fund.

The Dilboy Stadium enterprise fund net position increased by \$24,000. User fees were covered the operating costs and the City transferred in a \$23,000 operational subsidy from the general fund.

The Kennedy School Pool enterprise fund net position decreased by \$37,000. This was the net result of a subsidy transfer from the general fund of \$268,000 offset by an operating loss of \$306,000.

The City established an internal service fund to account for workers compensation activities. Due to the accrual for future worker's compensation payments and lower claim payments in the current year, the fund is in a deficit of \$976,000 as of June 30, 2023.

## **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 \$211.7 million, of which balances of \$118.3 million was reported in the general fund, \$43.3 million in the other special revenue fund, a deficit of (\$5.5) million in the capital projects fund and \$55.6 million in the nonmajor governmental funds.

Cumulatively, there was an increase in the governmental funds of \$29.8 million from prior year. This is due to a \$13.4 million general fund surplus, a surplus of \$24.0 million in the other special revenue fund, and \$3.3 million surplus in the non-major funds primarily due to the timing of the receipt and expenditure of grant funds. These increases were offset by deficits in the capital projects fund of \$10.8 million and the American Rescue Act Plan (ARPA) fund of \$181,000 all due to timing of the expenditure and receipt of grant funds and long-term borrowings.

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 \$42.8 million and was comprised of two components: an unreserved fund balance of \$36.0 million and a rainy-day stabilization fund of \$6.8 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 \$4.7 million. Committed fund balance, which represents the City's various use-specific stabilization funds and the health claims trust, totaled \$70.8 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. At year-end unassigned fund balance equaled 13.6% of total general fund expenditures, while total fund balance equaled 37.6% of the same amount. Please see Note 8 for further details.

The City's general fund increased \$13.4 million in the current year. The change was primarily due to the collection of \$3.8 million of investment income in excess of budget, the receipt of \$4.4 million of contributions to establish and fund various special purpose stabilization funds, and the City's ability to control budgeted spending. Real estate and personal property collections exceeded the prior year by approximately 9.3% as a result of increased City property values, new growth, and the Proposition 2 ½ allowable increase in taxes assessed.

The City's other special revenue fund balance increased by \$24.0 million. The increase is primarily due to the timing of the expenditure of \$16.7 million transferred from the general fund and the stabilization fund to fund various expenditures. Also contributing was the collection of \$2.3 million of HUD loan proceeds.

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 \$76.6 million dollars of federal funding and \$2.2 million of investment income. The City recorded \$9.2 million of expenditures and recognized \$9.0 million as revenue. The City has reported the remaining \$69.5 million received as unearned revenue and will recognize these funds as revenue when the qualifying expenditures are incurred.

The City's capital projects fund decreased by \$10.8 million. The decrease is due to the net effect of \$28.1 million of capital expenditures on current and prior year's projects, offset by the issuance of \$13.0 million in bonds, the

receipt of a \$1.8 million bond premium, and a transfer from the general fund of \$300,000 and the recognition of school construction aid in the amount of \$2.1 million from the Massachusetts School Building Authority (MSBA).

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

The City's final general fund operating budget included \$355.1 million in total current year appropriations and amounts carried forward from the prior year, to be funded with \$92.4 million in estimated receipts and transfers in and \$39.0 million of free cash and amounts reserved for continuing appropriations.

The \$42.1 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 \$15.6 million higher than budgeted. The City does not budget revenue for tax liens which totaled \$542,000. Additionally, departmental and other, and investment income reported budgetary surpluses of \$13.5 million, and \$2.8 respectively.

The City's general fund reported expenditures and encumbrances less than appropriations by \$30.8 million. The most significant turnbacks were related to general government and public safety which turned back \$5.9 million and \$3.2 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, 2023, amounts to \$564.9 million (net of accumulated depreciation) and its business-type activities amounted to \$161.0 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 \$25.4 million and business-type assets was \$28.0 million.

Major capital asset events during the year included the following:

- Land improvements to various City parks;
- A variety of infrastructure investments in the street, sidewalk, water and sewer systems and;
- Various departmental vehicle and equipment acquisitions.

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

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

**Long and short-term debt.** At the end of the current year, the City of Somerville had total governmental long-term debt outstanding of \$285.7 million. Additionally, the City reported governmental short-term borrowing of \$26.3 million related to various other projects around the City.

During 2023, the City's governmental long-term debt increased \$3.2 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. Also, the assumption of \$900,000 of outstanding bonds related to the close down of the Veteran's Memorial Ice Rink enterprise fund.



The sewer and water enterprise funds have outstanding long-term debt totaling \$32.1 million, and \$19.8 million, respectively, at year end. The sewer and water 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 AAA and Moody's have assigned a rating of Aa1 to the City's bonds.

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 2023, the City has recorded capital grant proceeds totaling \$110.7 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 has recorded a receivable of \$1.5 million at June 30. The City anticipates receiving an additional funding once the final close-out audit has been completed by the MSBA and will recognize these additional reimbursements when 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, 2023, \$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 2016 – 2020, was \$97,328 compared with \$81,215 for the Commonwealth and \$62,843 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 2023 was 2.3%. This compares favorably to the state's average seasonally adjusted unemployment rate of 2.8% and the national average of 3.7%.
- According to the City's Board of Assessors, for 2023, the average single-family parcel in the City is valued at \$1,074,198; the average two-family home is valued at \$1,109,398; the average 2023 commercial and industrial property is valued at \$5,379,094. 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, 2023

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<b>CURRENT:</b>			
Cash and cash equivalents.....	\$ 281,958,682	\$ 46,831,927	\$ 328,790,609
Investments.....	10,174,736	-	10,174,736
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	3,054,097	-	3,054,097
Tax liens.....	1,944,506	-	1,944,506
Community preservation fund surtax.....	33,817	-	33,817
Motor vehicle and other excise taxes.....	1,090,352	-	1,090,352
User charges.....	-	17,763,137	17,763,137
Departmental and other.....	3,030,989	-	3,030,989
Intergovernmental.....	19,105,492	-	19,105,492
Community preservation state share.....	608,000	-	608,000
Loans.....	33,915,437	-	33,915,437
<b>Total current assets.....</b>	<b>354,916,108</b>	<b>64,595,064</b>	<b>419,511,172</b>
<b>NONCURRENT:</b>			
Capital assets, nondepreciable.....	90,997,427	42,787,145	133,784,572
Capital assets, net of accumulated depreciation.....	473,894,515	118,193,587	592,088,102
<b>Total noncurrent assets.....</b>	<b>564,891,942</b>	<b>160,980,732</b>	<b>725,872,674</b>
<b>TOTAL ASSETS.....</b>	<b>919,808,050</b>	<b>225,575,796</b>	<b>1,145,383,846</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows for refunding debt.....	549,985	-	549,985
Deferred outflows related to pensions.....	62,402,919	1,251,039	63,653,958
Deferred outflows related to other postemployment benefits.....	2,066,973	81	2,067,054
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>65,019,877</b>	<b>1,251,120</b>	<b>66,270,997</b>
<b>LIABILITIES</b>			
<b>CURRENT:</b>			
Warrants payable.....	12,665,215	8,216,841	20,882,056
Accrued payroll.....	2,599,324	59,438	2,658,762
Unearned revenue.....	69,608,102	-	69,608,102
Tax refunds payable.....	1,294,000	-	1,294,000
Accrued interest.....	1,822,486	218,586	2,041,072
Other liabilities.....	5,075,946	-	5,075,946
Compensated absences.....	161,400	1,500	162,900
Workers' compensation.....	303,000	-	303,000
Notes payable.....	26,278,705	37,924,114	64,202,819
Long-term debt.....	14,578,747	2,476,118	17,054,865
<b>Total current liabilities.....</b>	<b>134,386,925</b>	<b>48,896,597</b>	<b>183,283,522</b>
<b>NONCURRENT:</b>			
Compensated absences.....	3,958,000	84,400	4,042,400
Workers' compensation.....	908,000	-	908,000
Net pension liability.....	177,041,819	3,549,290	180,591,109
Net other postemployment benefits liability.....	156,562,583	787,217	157,349,800
Long-term debt.....	271,157,842	49,422,197	320,580,039
<b>Total noncurrent liabilities.....</b>	<b>609,628,244</b>	<b>53,843,104</b>	<b>663,471,348</b>
<b>TOTAL LIABILITIES.....</b>	<b>744,015,169</b>	<b>102,739,701</b>	<b>846,754,870</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions.....	985,249	19,752	1,005,001
Deferred inflows related to other postemployment benefits.....	39,844,330	2,251,283	42,095,613
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>40,829,579</b>	<b>2,271,035</b>	<b>43,100,614</b>
<b>NET POSITION</b>			
Net investment in capital assets.....	272,725,290	94,890,138	367,615,428
Restricted for:			
Streets.....	4,390,331	-	4,390,331
Community Development.....	11,573,253	-	11,573,253
Loans.....	33,915,437	-	33,915,437
Permanent funds:			
Expendable.....	192,212	-	192,212
Nonexpendable.....	433,126	-	433,126
Gifts and grants.....	7,537,283	-	7,537,283
Community preservation.....	21,014,074	-	21,014,074
Unrestricted.....	(151,797,827)	26,926,042	(124,871,785)
<b>TOTAL NET POSITION.....</b>	<b>\$ 199,983,179</b>	<b>\$ 121,816,180</b>	<b>\$ 321,799,359</b>

See notes to basic financial statements.

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary Government:</b>					
<i>Governmental Activities:</i>					
General government.....	\$ 57,025,437	\$ 33,078,731	\$ 14,139,233	\$ -	\$ (9,807,473)
Public safety.....	58,566,755	16,422,568	1,769,265	-	(40,374,922)
Education.....	162,981,860	4,747,632	54,703,342	2,146,530	(101,384,356)
Public works.....	42,238,801	1,660,218	1,264,669	142,035	(39,171,879)
Community development.....	4,655,456	-	7,074,721	-	2,419,265
Health and human services.....	1,142,152	3,018,809	2,024,577	-	3,901,234
Culture and recreation.....	7,496,971	476,482	186,186	-	(6,834,303)
Community preservation.....	2,028,670	-	-	2,004,743	(23,927)
Interest.....	7,694,127	-	-	-	(7,694,127)
<b>Total Governmental Activities.....</b>	<b>343,830,229</b>	<b>59,404,440</b>	<b>81,161,993</b>	<b>4,293,308</b>	<b>(198,970,488)</b>
<i>Business-Type Activities:</i>					
Water.....	13,197,093	17,184,671	-	-	3,987,578
Sewer.....	24,410,066	30,150,055	-	-	5,739,989
Veteran's Memorial Ice Rink.....	130,979	-	-	-	(130,979)
Dilboy Stadium.....	104,136	104,559	-	-	423
Kennedy School Pool.....	358,572	53,021	-	-	(305,551)
<b>Total Business-Type Activities.....</b>	<b>38,200,846</b>	<b>47,492,306</b>	<b>-</b>	<b>-</b>	<b>9,291,460</b>
<b>Total Primary Government.....</b>	<b>\$ 382,031,075</b>	<b>\$ 106,896,746</b>	<b>\$ 81,161,993</b>	<b>\$ 4,293,308</b>	<b>\$ (189,679,028)</b>

See notes to basic financial statements.

(Continued)

**STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Changes in net position:</b>			
Net (expense) revenue from previous page.....	\$ <b>(198,970,488)</b>	\$ <b>9,291,460</b>	\$ <b>(189,679,028)</b>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	219,023,348	-	219,023,348
Tax and utility liens.....	528,751	-	528,751
Motor vehicle and other excise taxes.....	11,720,377	-	11,720,377
Community preservation tax.....	2,881,228	-	2,881,228
Penalties and interest on taxes.....	937,966	-	937,966
Payments in lieu of taxes.....	1,654,422	-	1,654,422
Grants and contributions not restricted to specific programs.....	31,304,193	-	31,304,193
Unrestricted investment income.....	7,789,590	784,062	8,573,652
Gain on sale of assets.....	110,326	-	110,326
Miscellaneous.....	377,687	-	377,687
<i>Transfers, net</i> .....	(4,295,700)	4,295,700	-
Total general revenues and transfers.....	<u>272,032,188</u>	<u>5,079,762</u>	<u>277,111,950</u>
Change in net position.....	73,061,700	14,371,222	87,432,922
<i>Net position:</i>			
Beginning of year.....	<u>126,921,479</u>	<u>107,444,958</u>	<u>234,366,437</u>
End of year.....	\$ <u><u>199,983,179</u></u>	\$ <u><u>121,816,180</u></u>	\$ <u><u>321,799,359</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS  
BALANCE SHEET**

JUNE 30, 2023

	General	Other Special Revenue Fund	ARPA Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 115,496,166	\$ 39,947,644	\$ 70,794,743	\$ 23,476,092	\$ 32,004,447	\$ 281,719,092
Investments.....	10,174,736	-	-	-	-	10,174,736
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	3,054,097	-	-	-	-	3,054,097
Tax liens.....	1,925,005	-	-	-	19,501	1,944,506
Community preservation fund surtax.....	-	-	-	-	33,817	33,817
Motor vehicle and other excise taxes.....	1,090,352	-	-	-	-	1,090,352
Departmental and other.....	3,030,989	-	-	-	-	3,030,989
Intergovernmental.....	-	-	-	1,501,561	17,603,931	19,105,492
Community preservation state share.....	-	-	-	-	608,000	608,000
Loans.....	-	6,530,662	-	-	27,384,775	33,915,437
Due from other funds.....	2,391,755	-	-	-	-	2,391,755
<b>TOTAL ASSETS.....</b>	<b>\$ 137,163,100</b>	<b>\$ 46,478,306</b>	<b>\$ 70,794,743</b>	<b>\$ 24,977,653</b>	<b>\$ 77,654,471</b>	<b>\$ 357,068,273</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 4,021,515	\$ 865,929	\$ 1,245,761	\$ 4,177,435	\$ 2,354,575	\$ 12,665,215
Accrued payroll.....	2,129,054	59,770	32,991	2,638	369,965	2,594,418
Unearned revenue.....	-	-	69,515,991	-	92,111	69,608,102
Tax refunds payable.....	1,294,000	-	-	-	-	1,294,000
Due to other funds.....	-	-	-	-	2,391,755	2,391,755
Other liabilities.....	2,811,650	2,264,296	-	-	-	5,075,946
Notes payable.....	-	-	-	26,278,705	-	26,278,705
<b>TOTAL LIABILITIES.....</b>	<b>10,256,219</b>	<b>3,189,995</b>	<b>70,794,743</b>	<b>30,458,778</b>	<b>5,208,406</b>	<b>119,908,141</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue.....	8,613,343	-	-	-	16,798,982	25,412,325
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	433,126	433,126
Restricted.....	-	43,288,311	-	-	57,249,650	100,537,961
Committed.....	70,812,388	-	-	-	-	70,812,388
Assigned.....	4,660,626	-	-	-	-	4,660,626
Unassigned.....	42,820,524	-	-	(5,481,125)	(2,035,693)	35,303,706
<b>TOTAL FUND BALANCES.....</b>	<b>118,293,538</b>	<b>43,288,311</b>	<b>-</b>	<b>(5,481,125)</b>	<b>55,647,083</b>	<b>211,747,807</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 137,163,100</b>	<b>\$ 46,478,306</b>	<b>\$ 70,794,743</b>	<b>\$ 24,977,653</b>	<b>\$ 77,654,471</b>	<b>\$ 357,068,273</b>

See notes to basic financial statements.

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

JUNE 30, 2023

Total governmental fund balances.....		\$ 211,747,807
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		564,891,942
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		25,412,325
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.....		24,190,298
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		(976,316)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(1,822,486)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(285,736,589)	
Net pension liability.....	(177,041,819)	
Net other postemployment benefits liability.....	(156,562,583)	
Compensated absences.....	<u>(4,119,400)</u>	
Net effect of reporting long-term liabilities.....		<u>(623,460,391)</u>
Net position of governmental activities.....		<u>\$ 199,983,179</u>

See notes to basic financial statements.



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

YEAR ENDED JUNE 30, 2023

	General	Other Special Revenue Fund	ARPA Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Real estate and personal property taxes, net of tax refunds.....	\$ 218,807,935	\$ -	\$ -	\$ -	\$ -	\$ 218,807,935
Tax liens.....	541,965	-	-	-	-	541,965
Motor vehicle and other excise taxes.....	11,717,125	-	-	-	-	11,717,125
Penalties and interest on taxes.....	937,966	-	-	-	-	937,966
Payments in lieu of taxes.....	1,654,422	-	-	-	-	1,654,422
Intergovernmental - Teachers Retirement.....	15,372,245	-	-	-	-	15,372,245
Intergovernmental.....	52,724,707	3,310,560	6,991,165	2,146,530	27,120,537	92,293,499
Departmental and other.....	38,078,794	12,777,146	-	-	9,777,665	60,633,605
Community preservation taxes.....	-	-	-	-	2,881,228	2,881,228
Community preservation state match.....	-	-	-	-	1,002,371	1,002,371
Contributions and donations.....	4,464,550	133,893	-	-	215,660	4,814,103
Investment income.....	4,685,924	836,042	2,038,145	-	229,479	7,789,590
Miscellaneous.....	374,290	2,702	-	-	-	376,992
<b>TOTAL REVENUES.....</b>	<b>349,359,923</b>	<b>17,060,343</b>	<b>9,029,310</b>	<b>2,146,530</b>	<b>41,226,940</b>	<b>418,823,046</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	35,278,000	4,298,885	9,210,762	6,035,723	1,406,691	56,230,061
Public safety.....	45,220,781	4,478,847	-	-	1,407,043	51,106,671
Education.....	95,113,195	419,642	-	12,519,339	21,222,689	129,274,865
Public works.....	35,686,588	150,101	-	9,506,038	3,776,323	49,119,050
Community development.....	-	-	-	-	5,240,740	5,240,740
Health and human services.....	113,577	575,551	-	-	453,024	1,142,152
Culture and recreation.....	5,133,017	83,295	-	-	269,799	5,486,111
Community preservation.....	-	-	-	-	2,028,670	2,028,670
Pension benefits.....	15,886,169	-	-	-	-	15,886,169
Pension benefits - Teachers Retirement.....	15,372,245	-	-	-	-	15,372,245
Employee benefits.....	32,992,089	-	-	-	-	32,992,089
State and county charges.....	14,108,419	-	-	-	-	14,108,419
Debt service:						
Principal.....	10,684,779	-	-	-	185,000	10,869,779
Interest.....	9,195,970	759,530	-	-	255,894	10,211,394
<b>TOTAL EXPENDITURES.....</b>	<b>314,784,829</b>	<b>10,765,851</b>	<b>9,210,762</b>	<b>28,061,100</b>	<b>36,245,873</b>	<b>399,068,415</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>34,575,094</b>	<b>6,294,492</b>	<b>(181,452)</b>	<b>(25,914,570)</b>	<b>4,981,067</b>	<b>19,754,631</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Issuance of bonds.....	-	-	-	13,031,734	-	13,031,734
Premium from issuance of bonds.....	-	1,034,538	-	1,811,760	-	2,846,298
Proceeds from the sale of assets.....	110,326	-	-	-	-	110,326
Transfers in.....	1,989,101	16,718,992	-	300,000	10,000	19,018,093
Transfers out.....	(23,251,412)	(198)	-	-	(1,687,065)	(24,938,675)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>(21,151,985)</b>	<b>17,753,332</b>	<b>-</b>	<b>15,143,494</b>	<b>(1,677,065)</b>	<b>10,067,776</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>13,423,109</b>	<b>24,047,824</b>	<b>(181,452)</b>	<b>(10,771,076)</b>	<b>3,304,002</b>	<b>29,822,407</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>104,870,429</b>	<b>19,240,487</b>	<b>181,452</b>	<b>5,289,951</b>	<b>52,343,081</b>	<b>181,925,400</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 118,293,538</b>	<b>\$ 43,288,311</b>	<b>\$ -</b>	<b>\$ (5,481,125)</b>	<b>\$ 55,647,083</b>	<b>\$ 211,747,807</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds.....		\$ 29,822,407
<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.....	35,646,848	
Transfer of capital assets to close out rink enterprise fund.....	2,534,004	
Depreciation expense.....	<u>(12,829,471)</u>	
Net effect of reporting capital assets.....		25,351,381
<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>		
		2,254,257
<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.....	(13,031,734)	
Transfers of bonds from closure of rink enterprise fund.....	(900,000)	
Premium from issuance of bonds.....	(2,846,298)	
Net amortization of premium from issuance of bonds.....	2,713,786	
Net change in deferred charge on refunding.....	(221,858)	
Debt service principal payments.....	<u>10,869,779</u>	
Net effect of reporting long-term debt.....		(3,416,325)
<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.....	635,000	
Net change in accrued interest on long-term debt.....	16,217	
Net change in deferred outflow/(inflow) of resources related to pensions.....	103,525,502	
Net change in net pension liability.....	(109,237,435)	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	25,785,012	
Net change in net other postemployment benefits liability.....	<u>(1,845,255)</u>	
Net effect of recording long-term liabilities.....		<u>18,879,041</u>
The net activity of internal service funds is reported with Governmental Activities.....		<u>170,939</u>
Change in net position of governmental activities.....		\$ <u><u>73,061,700</u></u>

See notes to basic financial statements.

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

JUNE 30, 2023

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Dilboy Stadium	Kennedy School Pool	Total	
<b>ASSETS</b>						
<b>CURRENT:</b>						
Cash and cash equivalents.....	\$ 9,236,163	\$ 37,009,467	\$ 136,617	\$ 449,680	\$ 46,831,927	\$ 239,590
Receivables, net of allowance for uncollectibles:						
User charges.....	6,163,665	11,599,472	-	-	17,763,137	-
Total current assets.....	15,399,828	48,608,939	136,617	449,680	64,595,064	239,590
<b>NONCURRENT:</b>						
Capital assets, nondepreciable.....	7,944,755	34,842,390	-	-	42,787,145	-
Capital assets, net of accumulated depreciation.....	54,774,169	63,419,418	-	-	118,193,587	-
Total noncurrent assets.....	62,718,924	98,261,808	-	-	160,980,732	-
<b>TOTAL ASSETS.....</b>	<b>78,118,752</b>	<b>146,870,747</b>	<b>136,617</b>	<b>449,680</b>	<b>225,575,796</b>	<b>239,590</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflows related to pensions.....	464,326	786,713	-	-	1,251,039	-
Deferred outflows related to other postemployment benefits.....	62	19	-	-	81	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES.....</b>	<b>464,388</b>	<b>786,732</b>	<b>-</b>	<b>-</b>	<b>1,251,120</b>	<b>-</b>
<b>LIABILITIES</b>						
<b>CURRENT:</b>						
Warrants payable.....	1,280,982	6,935,859	-	-	8,216,841	-
Accrued payroll.....	24,484	24,746	1,834	8,374	59,438	4,906
Accrued interest.....	71,211	147,375	-	-	218,586	-
Compensated absences.....	500	1,000	-	-	1,500	-
Workers' compensation.....	-	-	-	-	-	303,000
Notes payable.....	5,071,734	32,852,380	-	-	37,924,114	-
Long-term debt.....	1,373,400	1,102,718	-	-	2,476,118	-
Total current liabilities.....	7,822,311	41,064,078	1,834	8,374	48,896,597	307,906
<b>NONCURRENT:</b>						
Compensated absences.....	32,000	52,400	-	-	84,400	-
Workers' compensation.....	-	-	-	-	-	908,000
Net pension liability.....	1,317,327	2,231,963	-	-	3,549,290	-
Net other postemployment benefits liability.....	602,093	185,124	-	-	787,217	-
Long-term debt.....	18,464,950	30,957,247	-	-	49,422,197	-
Total noncurrent liabilities.....	20,416,370	33,426,734	-	-	53,843,104	908,000
<b>TOTAL LIABILITIES.....</b>	<b>28,238,681</b>	<b>74,490,812</b>	<b>1,834</b>	<b>8,374</b>	<b>102,739,701</b>	<b>1,215,906</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to pensions.....	7,331	12,421	-	-	19,752	-
Deferred inflows related to other postemployment benefits.....	2,112,347	138,936	-	-	2,251,283	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES.....</b>	<b>2,119,678</b>	<b>151,357</b>	<b>-</b>	<b>-</b>	<b>2,271,035</b>	<b>-</b>
<b>NET POSITION</b>						
Net investment in capital assets.....	43,841,047	51,049,091	-	-	94,890,138	-
Unrestricted.....	4,383,734	21,966,219	134,783	441,306	26,926,042	(976,316)
<b>TOTAL NET POSITION.....</b>	<b>\$ 48,224,781</b>	<b>\$ 73,015,310</b>	<b>\$ 134,783</b>	<b>\$ 441,306</b>	<b>\$ 121,816,180</b>	<b>\$ (976,316)</b>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Water	Sewer	Veterans Memorial Ice Rink	Dilboy Stadium	Kennedy School Pool	Total	
<b>OPERATING REVENUES:</b>							
Employer contributions.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 775,000
Charges for services.....	17,139,026	29,982,696	-	104,559	53,021	47,279,302	-
Liens - charges for services.....	45,645	167,359	-	-	-	213,004	-
<b>TOTAL OPERATING REVENUES .....</b>	<b>17,184,671</b>	<b>30,150,055</b>	<b>-</b>	<b>104,559</b>	<b>53,021</b>	<b>47,492,306</b>	<b>775,000</b>
<b>OPERATING EXPENSES:</b>							
Cost of services and administration.....	11,126,832	21,502,512	969	104,136	358,572	33,093,021	-
Depreciation.....	1,911,471	1,514,875	85,898	-	-	3,512,244	-
Employee benefits.....	-	-	-	-	-	-	604,061
<b>TOTAL OPERATING EXPENSES.....</b>	<b>13,038,303</b>	<b>23,017,387</b>	<b>86,867</b>	<b>104,136</b>	<b>358,572</b>	<b>36,605,265</b>	<b>604,061</b>
<b>OPERATING INCOME (LOSS).....</b>	<b>4,146,368</b>	<b>7,132,668</b>	<b>(86,867)</b>	<b>423</b>	<b>(305,551)</b>	<b>10,887,041</b>	<b>170,939</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>							
Investment income.....	187,919	594,679	732	732	-	784,062	-
Interest expense.....	(158,790)	(1,392,679)	(44,112)	-	-	(1,595,581)	-
<b>TOTAL NONOPERATING REVENUES (EXPENSES), NET.....</b>	<b>29,129</b>	<b>(798,000)</b>	<b>(43,380)</b>	<b>732</b>	<b>-</b>	<b>(811,519)</b>	<b>-</b>
<b>INCOME (LOSS) BEFORE TRANSFERS.....</b>	<b>4,175,497</b>	<b>6,334,668</b>	<b>(130,247)</b>	<b>1,155</b>	<b>(305,551)</b>	<b>10,075,522</b>	<b>170,939</b>
<b>TRANSFERS:</b>							
Transfers in.....	400,000	5,541,074	-	23,000	268,346	6,232,420	-
Transfers out.....	-	-	(1,936,720)	-	-	(1,936,720)	-
<b>TOTAL TRANSFERS.....</b>	<b>400,000</b>	<b>5,541,074</b>	<b>(1,936,720)</b>	<b>23,000</b>	<b>268,346</b>	<b>4,295,700</b>	<b>-</b>
<b>CHANGE IN NET POSITION.....</b>	<b>4,575,497</b>	<b>11,875,742</b>	<b>(2,066,967)</b>	<b>24,155</b>	<b>(37,205)</b>	<b>14,371,222</b>	<b>170,939</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>43,649,284</b>	<b>61,139,568</b>	<b>2,066,967</b>	<b>110,628</b>	<b>478,511</b>	<b>107,444,958</b>	<b>(1,147,255)</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 48,224,781</b>	<b>\$ 73,015,310</b>	<b>\$ -</b>	<b>\$ 134,783</b>	<b>\$ 441,306</b>	<b>\$ 121,816,180</b>	<b>\$ (976,316)</b>

See notes to basic financial statements.

**PROPRIETARY FUNDS**  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2023

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund
	Water	Sewer	Veterans Memorial Ice Rink	Dilboy Stadium	Kennedy School Pool	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts from customers and users.....	\$ 15,884,541	\$ 27,675,618	\$ -	\$ 104,559	\$ 53,021	\$ 43,717,739	\$ -
Receipts from interfund services provided.....	-	-	-	-	-	-	775,000
Payments to vendors.....	(11,116,976)	(20,397,990)	(969)	(17,491)	(91,165)	(31,624,591)	(567,513)
Payments to employees.....	(902,891)	(1,275,617)	-	(87,661)	(267,302)	(2,533,471)	-
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>3,864,674</b>	<b>6,002,011</b>	<b>(969)</b>	<b>(593)</b>	<b>(305,446)</b>	<b>9,559,677</b>	<b>207,487</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Transfers in.....	400,000	5,541,074	-	23,000	268,346	6,232,420	-
Transfers out.....	-	-	(311,838)	-	-	(311,838)	-
<b>NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....</b>	<b>400,000</b>	<b>5,541,074</b>	<b>(311,838)</b>	<b>23,000</b>	<b>268,346</b>	<b>5,920,582</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Proceeds from the issuance of bonds and notes.....	9,823,234	49,344,146	-	-	-	59,167,380	-
Premium from the issuance of bonds.....	408,977	1,222,135	-	-	-	1,631,112	-
Acquisition and construction of capital assets.....	(10,443,701)	(16,648,134)	-	-	-	(27,091,835)	-
Principal payments on bonds and notes.....	(6,071,794)	(33,067,410)	(200,000)	-	-	(39,339,204)	-
Interest expense.....	(519,651)	(1,314,919)	(41,487)	-	-	(1,876,057)	-
<b>NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....</b>	<b>(6,802,935)</b>	<b>(464,182)</b>	<b>(241,487)</b>	<b>-</b>	<b>-</b>	<b>(7,508,604)</b>	<b>-</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Investment income.....	187,919	594,679	732	732	-	784,062	-
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS.....</b>	<b>(2,350,342)</b>	<b>11,673,582</b>	<b>(553,562)</b>	<b>23,139</b>	<b>(37,100)</b>	<b>8,755,717</b>	<b>207,487</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....</b>	<b>11,586,505</b>	<b>25,335,885</b>	<b>553,562</b>	<b>113,478</b>	<b>486,780</b>	<b>38,076,210</b>	<b>32,103</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR.....</b>	<b>\$ 9,236,163</b>	<b>\$ 37,009,467</b>	<b>\$ -</b>	<b>\$ 136,617</b>	<b>\$ 449,680</b>	<b>\$ 46,831,927</b>	<b>\$ 239,590</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH</b>							
<b>FROM OPERATING ACTIVITIES:</b>							
Operating income (loss).....	\$ 4,146,368	\$ 7,132,668	\$ (86,867)	\$ 423	\$ (305,551)	\$ 10,887,041	\$ 170,939
Adjustments to reconcile operating income to net cash from operating activities:							
Depreciation.....	1,911,471	1,514,875	85,898	-	-	3,512,244	-
Deferred (outflows)/inflows related to pensions.....	(787,940)	(1,316,100)	-	-	-	(2,104,040)	-
Deferred (outflows)/inflows related to other postemployment benefits.....	(765,979)	(58,819)	-	-	-	(824,798)	-
Changes in assets and liabilities:							
User charges.....	(1,300,130)	(2,474,437)	-	-	-	(3,774,567)	-
Warrants payable.....	(102,447)	(142,063)	-	-	-	(244,510)	-
Accrued payroll.....	(15,073)	(11,611)	-	(1,016)	105	(27,595)	(6,452)
Compensated absences.....	12,900	(11,400)	-	-	-	1,500	-
Workers' compensation.....	-	-	-	-	-	-	43,000
Net pension liability.....	784,422	1,359,512	-	-	-	2,143,934	-
Other postemployment benefits.....	(18,918)	9,386	-	-	-	(9,532)	-
<b>Total adjustments.....</b>	<b>(281,694)</b>	<b>(1,130,657)</b>	<b>85,898</b>	<b>(1,016)</b>	<b>105</b>	<b>(1,327,364)</b>	<b>36,548</b>
<b>NET CASH FROM OPERATING ACTIVITIES.....</b>	<b>\$ 3,864,674</b>	<b>\$ 6,002,011</b>	<b>\$ (969)</b>	<b>\$ (593)</b>	<b>\$ (305,446)</b>	<b>\$ 9,559,677</b>	<b>\$ 207,487</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</b>							
Acquisition of capital assets on account.....	\$ (1,090,687)	\$ (5,863,099)	\$ -	\$ -	\$ -	\$ (6,953,786)	\$ -

See notes to basic financial statements.

**FIDUCIARY FUNDS**  
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2023

	Total Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
<b>ASSETS</b>		
Cash and cash equivalents.....	\$ 17,337,522	\$ 104,499
Investments:		
Investments in Pension Reserve Investment Trust.....	11,365,102	-
U.S. treasury notes.....	2,500,148	-
Real estate and alternative investment mutual funds.....	21,750,876	-
Bond mutual funds.....	57,018,138	-
Equity securities.....	220,641,909	-
Equity mutual funds.....	27,931,230	-
Fixed income mutual funds.....	3,315,485	-
Fixed income.....	3,362,162	-
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	225,844	-
<b>TOTAL ASSETS.....</b>	<b>365,448,416</b>	<b>104,499</b>
<b>LIABILITIES</b>		
Warrants payable.....	230,201	-
<b>NET POSITION</b>		
Restricted for pensions.....	343,513,191	-
Restricted for other postemployment benefits.....	21,705,024	-
Held in trust for other purposes.....	-	104,499
<b>TOTAL NET POSITION.....</b>	<b>\$ 365,218,215</b>	<b>\$ 104,499</b>

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

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2023

	Total Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
<b>ADDITIONS:</b>		
Contributions:		
Employer contributions.....	\$ 20,786,746	\$ -
Employer contributions for other postemployment benefit payments....	9,327,272	-
Member contributions.....	9,494,923	-
Retirement benefits - transfers from other systems.....	1,003,000	-
Retirement benefits - 3(8)c contributions from other systems.....	684,169	-
Retirement benefits - workers compensation settlements.....	24,000	-
Retirement benefits - state COLA reimbursements.....	209,050	-
Retirement benefits - member makeup payments and redeposits.....	45,192	-
Retirement benefits - interest not refunded.....	9,763	-
Private donations.....	-	5,565
<b>Total contributions.....</b>	<b>41,584,115</b>	<b>5,565</b>
Net investment income:		
Investment income.....	7,815,686	2,196
Net change in fair value of investments.....	(104,095,198)	-
Less: investment expense.....	(1,578,526)	-
<b>Net investment income (loss).....</b>	<b>(97,858,038)</b>	<b>2,196</b>
<b>TOTAL ADDITIONS.....</b>	<b>(56,273,923)</b>	<b>7,761</b>
<b>DEDUCTIONS:</b>		
Administration.....	646,782	-
Retirement benefits - transfers to other systems.....	1,665,078	-
Retirement benefits - 3(8)c transfer to other systems.....	1,338,898	-
Retirement benefits and refunds.....	34,854,977	-
OPEB Benefits.....	9,327,272	-
<b>TOTAL DEDUCTIONS.....</b>	<b>47,833,007</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN NET POSITION.....</b>	<b>(104,106,930)</b>	<b>7,761</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>469,325,145</b>	<b>96,738</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 365,218,215</b>	<b>\$ 104,499</b>

(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 *other special revenue fund* is used to account for the activity of gifts received and miscellaneous departmental special revenue receipts.

The *American Recue 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. During FY23, the City Council voted to no longer treat the Rink activities as an enterprise fund as of June 30, 2023. Therefore, the residual net position remaining at June 30, 2023, has been transferred to the governmental activities

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

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

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

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

**Motor Vehicle Excise**

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

**Water and Sewer**

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

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

**Departmental and Other**

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

**Intergovernmental**

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

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

**Loans**

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

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

G. Inventories

*Government-Wide and Fund Financial Statements*

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

H. Capital Assets

*Government-Wide Fund Financial Statements*

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

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

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

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

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

*Governmental Fund Financial Statements*

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

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

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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, 2023, there are various deficits reported within the Capital Projects and the Special Revenue Funds. These deficits will be funded with available funds, grants, 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, 2023, \$21,705,024 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 \$288,008,577 and the bank balance totaled \$296,107,469. Of the bank balance, \$6,638,190 was covered by Federal Depository Insurance and \$289,469,279 was collateralized.

At December 31, 2022, carrying amount of deposits for the System totaled \$12,556,720, and the bank balance totaled \$12,735,452. The entire bank balance of the System was covered by Federal Depository Insurance and is collateralized.

**Investments**

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

Investment Type	Fair value	Maturities			Ratings
		Under 1 Year	1-5 Years	6-10 Years	
<b>Debt securities:</b>					
U.S. treasury notes.....	\$ 2,500,148	\$ 467,847	\$ 1,604,764	\$ 427,537	AA+
Government sponsored enterprises.....	1,135,446	-	956,787	178,659	AA+
Corporate bonds.....	2,226,716	319,860	1,641,754	265,102	BBB to AAA
Total debt securities.....	\$ 5,862,310	\$ 787,707	\$ 4,203,305	\$ 871,298	
<b>Other investments:</b>					
Equity securities.....	6,369,840				
Equity mutual funds.....	4,569,909				
Fixed income mutual funds.....	13,490,221				
Money market mutual funds.....	1,613,448				
MMDT - Cash portfolio.....	40,860,563				
Total investments.....	\$ 72,766,291				

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

Investment Type	Fair value	Maturities				Rating
		Under 1 Year	1-5 Years	6-10 Years	Over 10 Years	
<b>Debt securities:</b>						
Fixed income fund.....	\$ 57,018,307	\$ 11,403,662	\$ 27,539,842	\$ 13,285,266	\$ 4,789,538	BAA/NR
<b>Other investments:</b>						
Equity securities.....	214,272,069					
Equity mutual funds.....	23,361,152					
Real estate investment trust.....	21,750,876					
Money market mutual funds.....	3,193,322					
Pension Reserve Investment Trust (PRIT)....	11,365,102					
Total investments.....	\$ 330,960,828					

**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 \$2,500,148, government sponsored enterprises of \$1,135,446, corporate bonds of \$2,226,716, and equity securities of \$6,369,840, the City has custodial credit risk exposure of \$12,232,150, because the related securities are uninsured, unregistered and held by the counterparty.

Of the System’s \$214,272,069 in equity securities, the System has custodial credit risk exposure of \$214,272,069, 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, 2023:

Investment Type	June 30, 2023	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments measured at fair value:</b>				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 2,500,148	\$ 2,500,148	\$ -	\$ -
Government sponsored enterprises.....	1,135,446	1,135,446	-	-
Corporate bonds.....	2,226,716	-	2,226,716	-
Total debt securities.....	<u>5,862,310</u>	<u>3,635,594</u>	<u>2,226,716</u>	<u>-</u>
<u>Other investments:</u>				
Equity securities.....	6,369,840	6,369,840	-	-
Equity mutual funds.....	4,569,909	4,569,909	-	-
Fixed income mutual funds.....	13,490,221	13,490,221	-	-
Money market mutual funds.....	1,613,448	1,613,448	-	-
Total other investments.....	<u>26,043,418</u>	<u>26,043,418</u>	<u>-</u>	<u>-</u>
Total investments measured at fair value.....	<u>31,905,728</u>	<u>\$ 29,679,012</u>	<u>\$ 2,226,716</u>	<u>\$ -</u>
<b>Investments measured at amortized cost:</b>				
MMDT - Cash portfolio.....	<u>40,860,563</u>			
Total investments.....	<u>\$ 72,766,291</u>			

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, 2022:

Investment Type	December 31, 2022	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Investments measured at fair value:</b>				
<u>Debt securities:</u>				
Fixed income mutual funds.....	\$ 57,018,307	\$ 57,018,307	\$ -	\$ -
<u>Other investments:</u>				
Equity securities.....	214,272,069	214,272,069	-	-
Equity mutual funds.....	23,361,152	23,361,152	-	-
Real estate investment trust.....	21,750,876	-	-	21,750,876
Money market mutual funds.....	3,193,322	3,193,322	-	-
Total other investments.....	262,577,419	240,826,543	-	21,750,876
Total investments measured at fair value.....	319,595,726	\$ 297,844,850	\$ -	\$ 21,750,876
<b>Investments measured at net asset value:</b>				
Pension Reserve Investment Trust (PRIT).....	11,365,102			
Total investments.....	\$ 330,960,828			

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, 2023, 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.....	\$ 3,233,795	\$ (179,698)	\$ 3,054,097
Tax liens.....	1,944,506	-	1,944,506
Community preservation fund surtax.....	33,817	-	33,817
Motor vehicle and other excise taxes.....	2,434,622	(1,344,270)	1,090,352
Departmental and other.....	16,257,361	(13,226,372)	3,030,989
Intergovernmental.....	19,105,492	-	19,105,492
Community preservation state share.....	608,000	-	608,000
Loans.....	33,915,437	-	33,915,437
 Total.....	 \$ 77,533,030	 \$ (14,750,340)	 \$ 62,782,690

At June 30, 2023, 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.....	\$ 6,163,665	\$ -	\$ 6,163,665
Sewer user charges.....	11,599,472	-	11,599,472
 Total.....	 \$ 17,763,137	 \$ -	 \$ 17,763,137

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

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 2,566,997	\$ -	\$ 2,566,997
Tax liens.....	1,925,005	19,501	1,944,506
Community preservation fund surtax.....	-	33,817	33,817
Motor vehicle and other excise taxes.....	1,090,352	-	1,090,352
Departmental and other.....	3,030,989	-	3,030,989
Intergovernmental - highway improvements.....	-	4,390,332	4,390,332
Community development block grants.....	-	11,747,332	11,747,332
Community preservation state share.....	-	608,000	608,000
 Total.....	 \$ 8,613,343	 \$ 16,798,982	 \$ 25,412,325



**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Transfer From Business-Type Activities	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>					
<u>Capital assets not being depreciated:</u>					
Land.....	\$ 53,870,652	\$ -	\$ -	\$ -	\$ 53,870,652
Construction in progress.....	26,962,135	-	27,768,151	(17,603,511)	37,126,775
Total capital assets not being depreciated....	<u>80,832,787</u>	<u>-</u>	<u>27,768,151</u>	<u>(17,603,511)</u>	<u>90,997,427</u>
<u>Capital assets being depreciated:</u>					
Land improvements.....	62,794,576	-	13,720,519	-	76,515,095
Books and periodicals.....	1,937,023	-	-	-	1,937,023
Buildings and improvements.....	477,003,283	3,435,934	2,986,514	-	483,425,731
Machinery and equipment.....	7,846,331	-	613,210	-	8,459,541
Vehicles.....	15,235,091	-	67,996	-	15,303,087
Infrastructure.....	53,082,248	-	8,093,969	-	61,176,217
Total capital assets being depreciated.....	<u>617,898,552</u>	<u>3,435,934</u>	<u>25,482,208</u>	<u>-</u>	<u>646,816,694</u>
<u>Less accumulated depreciation for:</u>					
Land improvements.....	(21,030,593)	-	(2,891,532)	-	(23,922,125)
Books and periodicals.....	(1,937,024)	-	-	-	(1,937,024)
Buildings and improvements.....	(95,311,471)	(901,930)	(6,334,916)	-	(102,548,317)
Machinery and equipment.....	(6,378,546)	-	(425,551)	-	(6,804,097)
Vehicles.....	(10,561,014)	-	(1,239,396)	-	(11,800,410)
Infrastructure.....	(23,972,130)	-	(1,938,076)	-	(25,910,206)
Total accumulated depreciation.....	<u>(159,190,778)</u>	<u>(901,930)</u>	<u>(12,829,471)</u>	<u>-</u>	<u>(172,922,179)</u>
Total capital assets being depreciated, net.....	<u>458,707,774</u>	<u>2,534,004</u>	<u>12,652,737</u>	<u>-</u>	<u>473,894,515</u>
Total governmental activities capital assets, net.....	<u>\$ 539,540,561</u>	<u>\$ 2,534,004</u>	<u>\$ 40,420,888</u>	<u>\$ (17,603,511)</u>	<u>\$ 564,891,942</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Water:</b>				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 7,016,641	\$ 1,090,687	\$ (162,573)	\$ 7,944,755
<u>Capital assets being depreciated:</u>				
Buildings.....	16,087	-	-	16,087
Machinery and equipment.....	5,227,721	-	-	5,227,721
Vehicles.....	502,464	108,677	-	611,141
Infrastructure.....	59,431,538	10,497,597	-	69,929,135
Total capital assets being depreciated.....	<u>65,177,810</u>	<u>10,606,274</u>	<u>-</u>	<u>75,784,084</u>
<u>Less accumulated depreciation for:</u>				
Buildings.....	(14,075)	(804)	-	(14,879)
Machinery and equipment.....	(4,414,052)	(320,487)	-	(4,734,539)
Vehicles.....	(261,784)	(110,128)	-	(371,912)
Infrastructure.....	(14,408,533)	(1,480,052)	-	(15,888,585)
Total accumulated depreciation.....	<u>(19,098,444)</u>	<u>(1,911,471)</u>	<u>-</u>	<u>(21,009,915)</u>
Total capital assets being depreciated, net.....	<u>46,079,366</u>	<u>8,694,803</u>	<u>-</u>	<u>54,774,169</u>
Total water activities capital assets, net.....	<u>\$ 53,096,007</u>	<u>\$ 9,785,490</u>	<u>\$ (162,573)</u>	<u>\$ 62,718,924</u>

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Sewer:</b>				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 29,962,697	\$ 5,863,099	\$ (983,406)	\$ 34,842,390
<u>Capital assets being depreciated:</u>				
Vehicles.....	503,626	-	-	503,626
Infrastructure.....	63,984,341	17,631,540	-	81,615,881
Total capital assets being depreciated.....	64,487,967	17,631,540	-	82,119,507
<u>Less accumulated depreciation for:</u>				
Vehicles.....	(292,795)	(84,332)	-	(377,127)
Infrastructure.....	(16,892,419)	(1,430,543)	-	(18,322,962)
Total accumulated depreciation.....	(17,185,214)	(1,514,875)	-	(18,700,089)
Total capital assets being depreciated, net.....	47,302,753	16,116,665	-	63,419,418
Total sewer activities capital assets, net.....	\$ 77,265,450	\$ 21,979,764	\$ (983,406)	\$ 98,261,808
	Beginning Balance	Increases	Transfer to Governmental Activities	Ending Balance
<b>Veterans Memorial Ice Rink:</b>				
<u>Rink:</u>				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 3,435,934	-	\$ (3,435,934)	-
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(816,032)	(85,898)	901,930	-
Total rink activities capital assets, net.....	\$ 2,619,902	\$ (85,898)	\$ (2,534,004)	-

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

<b>Governmental Activities:</b>	
General government.....	\$ 2,312,629
Public safety.....	698,063
Education.....	5,675,608
Public works.....	2,904,828
Culture and recreation.....	1,238,343
Total depreciation expense - governmental activities.....	\$ 12,829,471
<b>Business-Type Activities:</b>	
Water.....	\$ 1,911,471
Sewer.....	1,514,875
Veterans Memorial Ice Rink.....	85,898
Total depreciation expense - business-type activities.....	\$ 3,512,244

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

The City’s interfund balances at June 30, 2023, consisted of \$2.4 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, 2023, are summarized as follows:

Transfers Out:	Transfers In:								Total
	General fund	Other Special Revenue	Capital Projects fund	Nonmajor governmental funds	Sewer Enterprise fund	Water Enterprise fund	Dilboy Stadium Enterprise fund	Kennedy School Pool Enterprise fund	
General fund.....	\$ -	\$ 16,718,992	\$ 300,000	\$ -	\$ 5,541,074	\$ 400,000	\$ 23,000	\$ 268,346	\$ 23,251,412 (1)
Nonmajor governmental funds.....	1,677,263	-	-	10,000	-	-	-	-	1,687,263 (2)
Rink enterprise fund.....	311,838	-	-	-	-	-	-	-	311,838 (3)
<b>Total.....</b>	<b>\$ 1,989,101</b>	<b>\$ 16,718,992</b>	<b>\$ 300,000</b>	<b>\$ 10,000</b>	<b>\$ 5,541,074</b>	<b>\$ 400,000</b>	<b>\$ 23,000</b>	<b>\$ 268,346</b>	<b>\$ 25,250,513</b>

- (1) Represents transfers out of the general fund to the affordable housing trust fund, strategic planning & community development fund, various capital projects, the sewer and water stabilization funds, and a subsidy transfer to the Dilboy Stadium fund, and the Kennedy School Pool fund.
- (2) Represents transfers from various nonmajor funds to the general fund to fund the operating budget and a transfer between non-major funds.
- (3) Represents a transfer from the Veteran’s Memorial Ice Rink fund to close down the enterprise fund and account for the activities moving forward in the general fund.

In addition to the transfers noted above, the City Council voted to dissolve the Veteran’s Memorial Ice Rink enterprise fund as of June 30, 2023. As a result, the capital asset balance of \$2,534,004 net of accumulated depreciation, and the remaining \$900,000 of long-term debt that will be absorbed and funded through the City’s general fund, resulted in a net transfer amount of \$1,624,882, which was transferred from the Veteran’s Memorial Ice Rink fund to the governmental activities.

**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, 2023, is as follows:

**Governmental Activities**

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2022	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2023
<b>Governmental Funds:</b>							
BAN	Armory Building Acquisition.....	0.75%	07/22/22	\$ 5,000,575	\$ -	\$ (5,000,575)	-
BAN	High School Construction.....	1.50%	08/19/22	26,000,000	-	(26,000,000)	-
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	High School Construction.....	1.50%	08/19/22	25,000	-	(25,000)	-
BAN	High School Construction.....	5.00%	05/30/24	-	9,954,684	-	9,954,684
BAN	Somerville Ave Streetscape Improvements.....	5.00%	05/30/24	-	9,012,000	-	9,012,000
BAN	Public Safety Building Construction/Design.....	5.00%	05/30/24	-	492,245	-	492,245
BAN	Union Square Streetscape Plaza and Design.....	5.00%	05/30/24	-	1,000,000	-	1,000,000
BAN	City Hall, High School & Edgerly School Design.....	5.00%	05/30/24	-	737,296	-	737,296
BAN	Public Safety Building Pre-Construction Services.....	5.00%	05/30/24	-	82,480	-	82,480
BAN	Somerville Ave Streetscape Improvements.....	5.00%	05/30/24	-	1,000,000	-	1,000,000
BAN	Clarendon Hill Redevelopment DIF.....	5.00%	05/30/24	-	4,000,000	-	4,000,000
Total Governmental Funds Short-Term Debt.....				\$ 60,977,477	\$ 26,278,705	\$ (60,977,477)	\$ 26,278,705

**Enterprise Activities**

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2022	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2023
<b>Water Enterprise Fund:</b>							
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)	-
BAN	Somerville Ave Water Improvements.....	5.00%	05/30/24	-	1,163,488	-	1,163,488
BAN	Spring Hill Sewer Separation Project - Water.....	5.00%	05/30/24	-	3,908,246	-	3,908,246
Total Water Enterprise Fund.....				4,773,749	5,071,734	(4,773,749)	5,071,734
<b>Sewer Enterprise Fund:</b>							
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)	-
BAN	Somerville Ave Sewer Improvements.....	5.00%	05/30/24	-	19,003,000	-	19,003,000
BAN	Sewer Pump Station and Force Main (Poplar Street).....	5.00%	05/30/24	-	2,100,000	-	2,100,000
BAN	Spring Hill Sewer Separation Project Design Phase.....	5.00%	05/30/24	-	1,493,328	-	1,493,328
BAN	Spring Hill Sewer Separation Project - Drainage.....	5.00%	05/30/24	-	4,726,052	-	4,726,052
BAN	Poplar Street Sewer Pump Station.....	5.00%	05/30/24	-	3,300,000	-	3,300,000
BAN	Somerville Ave Sewer Improvements.....	5.00%	05/30/24	-	2,000,000	-	2,000,000
BAN	Poplar Street Sewer Pump Station.....	5.00%	05/30/24	-	230,000	-	230,000
Total Sewer Enterprise Fund.....				32,411,081	32,852,380	(32,411,081)	32,852,380
Total Enterprise Funds.....				\$ 37,184,830	\$ 37,924,114	\$ (37,184,830)	\$ 37,924,114

**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 \$34,275,000 of new general obligation bonds. The current year financial statements have recognized bond proceeds in the amount of \$13,031,734 in the governmental funds, \$4,751,500 in the water enterprise fund, and \$16,491,766 in the sewer enterprise fund.

Details related to the general obligation bonds outstanding at June 30, 2023, 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, 2023
<b>General Obligation Bonds Payable:</b>				
MSBA - February 12, 2008.....	2033	\$ 7,282,102	7.1 - 8.0%	\$ 3,641,052
Municipal Purpose - February 23, 2011.....	2025	5,020,000	2.0 - 5.0%	740,000
Municipal Purpose - May 17, 2013.....	2042	15,750,000	2.0 - 5.0%	12,260,000
Municipal Purpose - October 9, 2013.....	2033	13,940,000	2.0 - 5.0%	6,455,000
MSBA - September 25, 2013.....	2043	6,250,000	2.0%	5,210,341
Municipal Purpose - October 15, 2015.....	2038	8,603,000	2.125 - 5.0%	1,245,000
Municipal Purpose - October 5, 2016.....	2039	17,771,000	2.0 - 4.0%	12,490,000
Municipal Purpose - June 1, 2017.....	2042	1,235,000	3.0 - 5.0%	7,445,000
Municipal Purpose - June 7, 2018.....	2046	9,643,102	3.0 - 4.0%	6,635,000
Municipal Purpose - December 7, 2017 - Refunding...	2029	7,810,975	4.0%	3,961,250
Municipal Purpose - June 6, 2019.....	2047	23,735,975	3.0 - 5.0%	13,575,000
Municipal Purpose - June 4, 2020.....	2045	148,620	2.0 - 5.0%	6,010,000
Municipal Purpose - October 22, 2020.....	2051	123,960,000	1.75 - 4.75%	120,290,000
Municipal Purpose - June 3, 2021.....	2051	28,032,000	2.0 - 5.0%	26,480,000
Municipal Purpose - May 25, 2022.....	2052	28,668,138	3.3 - 5.0%	27,645,000
Municipal Purpose - June 1, 2023.....	2043	13,031,734	5.0%	<u>13,031,734</u>
Subtotal General Obligation Bonds Payable.....				267,114,377
<b>Capital Financing Payable:</b>				
IT Equipment Capital Financing.....	2025	600,298	4.0%	<u>311,915</u>
Add: Unamortized premium on bonds.....				<u>18,310,297</u>
Total long-term debt, net.....				<u>\$ 285,736,589</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
2024.....	\$ 11,906,556	\$ 7,941,269	\$ 19,847,825	\$ 152,899	\$ 12,477	\$ 165,376
2025.....	12,134,622	7,443,968	19,578,590	159,016	6,360	165,376
2026.....	12,259,622	6,940,295	19,199,917	-	-	-
2027.....	12,429,622	6,441,012	18,870,634	-	-	-
2028.....	12,245,672	5,950,231	18,195,903	-	-	-
2029.....	11,904,622	5,479,961	17,384,583	-	-	-
2030.....	12,244,622	5,017,587	17,262,209	-	-	-
2031.....	11,999,622	4,564,595	16,564,217	-	-	-
2032.....	12,064,622	4,155,124	16,219,746	-	-	-
2033.....	11,484,624	3,803,454	15,288,078	-	-	-
2034.....	10,615,517	3,526,444	14,141,961	-	-	-
2035.....	10,215,517	3,267,775	13,483,292	-	-	-
2036.....	10,115,517	3,027,052	13,142,569	-	-	-
2037.....	10,035,517	2,785,725	12,821,242	-	-	-
2038.....	8,870,517	2,542,457	11,412,974	-	-	-
2039.....	8,545,517	2,340,910	10,886,427	-	-	-
2040.....	8,770,517	2,132,041	10,902,558	-	-	-
2041.....	8,975,517	1,913,819	10,889,336	-	-	-
2042.....	9,185,517	1,690,035	10,875,552	-	-	-
2043.....	7,585,518	1,466,357	9,051,875	-	-	-
2044.....	7,495,000	1,281,652	8,776,652	-	-	-
2045.....	7,680,000	1,096,413	8,776,413	-	-	-
2046.....	7,625,000	906,077	8,531,077	-	-	-
2047.....	7,560,000	716,911	8,276,911	-	-	-
2048.....	7,425,000	527,956	7,952,956	-	-	-
2049.....	7,600,000	340,484	7,940,484	-	-	-
2050.....	6,110,000	162,449	6,272,449	-	-	-
2051.....	1,835,000	54,569	1,889,569	-	-	-
2052.....	195,000	7,800	202,800	-	-	-
Total.....	\$ <u>267,114,377</u>	\$ <u>87,524,419</u>	\$ <u>354,638,796</u>	\$ <u>311,915</u>	\$ <u>18,837</u>	\$ <u>330,752</u>

**Long-term Debt Schedule – Enterprise Funds**

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
<b>General Obligation Bonds Payable:</b>				
Municipal Purpose - June 7, 2018.....	2046	\$ 490,000	3.0 - 4.0%	\$ 445,000
Municipal Purpose - December 7, 2017 - Refunding.....	2030	844,925	4.0%	592,550
Municipal Purpose - June 6, 2019.....	2047	3,195,000	3.0 - 5.0%	2,925,000
Municipal Purpose - June 4, 2020.....	2045	2,400,000	2.0 - 5.0%	2,215,000
Municipal Purpose - June 3, 2021.....	2030	370,000	4.0 - 5.0%	300,000
Municipal Purpose - May 24, 2022.....	2052	4,370,511	3.3 - 5.0%	4,215,000
Municipal Purpose - June 1, 2023.....	2053	4,751,500	5.00%	4,751,500
Subtotal General Obligation Bonds Payable.....				15,444,050
<b>Direct Borrowings Bonds Payable:</b>				
Massachusetts Water Resource Authority - MWRA.....	2025	875,000	0.0%	175,000
Massachusetts Water Resource Authority - MWRA.....	2027	1,660,000	0.0%	664,000
Massachusetts Water Resource Authority - MWRA.....	2029	2,543,000	0.0%	1,525,800
Massachusetts Water Resource Authority - MWRA.....	2030	900,000	0.0%	630,000
Massachusetts Water Resource Authority - MWRA.....	2032	1,555,000	0.0%	1,399,500
Subtotal Direct Borrowings Bonds Payable.....				4,394,300
Total Water Enterprise Long-term Debt.....				\$ 19,838,350

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2023
<b>General Obligation Bonds Payable:</b>				
Municipal Purpose - June 7, 2018.....	2046	\$ 680,000	3.0 - 4.0%	\$ 445,000
Municipal Purpose - December 7, 2017.....	2027	809,100	4.0%	306,200
Municipal Purpose - June 6, 2019.....	2047	4,240,000	3.0 - 5.0%	3,665,000
Municipal Purpose - June 4, 2020.....	2045	3,004,070	2.0 - 5.0%	2,775,000
Municipal Purpose - June 3, 2021.....	2030	433,000	2.0 - 5.0%	360,000
Municipal Purpose - May 24, 2022.....	2051	6,791,351	3.3 - 5.0%	6,495,000
Municipal Purpose - June 1, 2023.....	2053	19,875,022	5%	16,491,766
Subtotal General Obligation Sewer Bonds Payable.....				30,537,966
<b>Direct Borrowings Bonds Payable</b>				
Massachusetts Water Resource Authority - MWRA.....	2029	499,775	0.0%	299,864
Add: Unamortized premium on bonds.....				1,222,135
Total Sewer Enterprise Long-term Debt.....				\$ 32,059,965

**Enterprise Funds**

Year	General Obligation Bonds Payable			Direct Borrowings Bonds Payable		
	Principal	Interest	Total	Principal	Interest	Total
2024.....	\$ 1,643,066	\$ 2,013,637	\$ 3,656,703	\$ 803,278	\$ -	\$ 803,278
2025.....	1,710,000	1,926,509	3,636,509	803,278	-	803,278
2026.....	1,770,000	1,836,611	3,606,611	715,778	-	715,778
2027.....	1,855,000	1,742,403	3,597,403	715,778	-	715,778
2028.....	1,803,950	1,645,236	3,449,186	549,778	-	549,778
2029.....	1,810,000	1,549,187	3,359,187	549,774	-	549,774
2030.....	1,895,000	1,455,506	3,350,506	245,500	-	245,500
2031.....	1,785,000	1,359,012	3,144,012	155,500	-	155,500
2032.....	1,870,000	1,264,987	3,134,987	155,500	-	155,500
2033 - 2037.....	7,405,000	5,131,652	12,536,652	-	-	-
2038 - 2042.....	8,620,000	3,410,506	12,030,506	-	-	-
2043 - 2047.....	9,590,000	1,784,195	11,374,195	-	-	-
2048 - 2052.....	3,925,000	394,900	4,319,900	-	-	-
2053.....	300,000	9,200	309,200	-	-	-
Total.....	\$ <u>45,982,016</u>	\$ <u>25,523,541</u>	\$ <u>71,505,557</u>	\$ <u>4,694,164</u>	\$ <u>-</u>	\$ <u>4,694,164</u>

The Massachusetts Water Resource Authority (MWRA) operates an Infiltration/Inflow Financial Assistance Program for community owned collection systems. For each community approved for the project, financial assistance received from the MWRA consists of a non-interest-bearing loan. At June 30, 2023, the outstanding principal amount of these loans totaled \$4.7 million. The imputed interest on these loans is immaterial and has not been recognized by the City.

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 2023, the City has recorded capital grant proceeds totaling \$110.7 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, 2023, \$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, 2023, the City had the following authorized and unissued debt:

Purpose	Amount
High School Construction.....	\$ 9,954,684
Winter Hill Community Innovation School Repairs.....	1,468,259
Street, Sidewalks, and ADA Ramp Improvements.....	445,988
Somerville Ave Infrastructure Improvements- Water.....	1,195,000
Somerville Ave Infrastructure Improvements- Sewer.....	19,003,000
Somerville Ave Streetscape Improvements.....	9,012,000
MWRA Assistance Program for Water Main Rehab.....	7,110,000
Citywide Water Meter Replacement.....	3,370,000
Paving and Sidewalk Improvements.....	600,000
Public Safety Building Construction/Design.....	939,000
Davis Square Improvements.....	490,000
Union Square Streetscape & Plaza Design.....	1,000,000
City Hall & Edgerly School Design.....	1,229,000
Water Bond MWRA Lead Line Replacement.....	332,523
Street & Sidewalk Reconstruction.....	1,747,603
FY23 Water Distribution System Replacement & Rehabilitation.....	7,110,000
Central Hill Campus Open Space.....	2,713,765
Conway Park Renovation.....	1,017,045
Covid-19 School & Municipal HVAC.....	2,500,000
Dilboy Stadium Improvements.....	291,206
Spring Hill Sewer Separation - Water.....	9,415,818
Spring Hill Sewer Improvement Streetscape.....	4,619,161
FY22 Street Resurfacing, Sidewalks, & ADA Ramp Improvements.....	3,267,678
FY23 Street Resurfacing, Sidewalks, & ADA Ramp Improvements.....	4,545,827
Construction Manager @ Risk.....	725,000
FY22 Repairs & Improvements City Owned Buildings.....	2,680,000
FY23 Building Improvements.....	2,840,000
GF Clarendon Hills Infrastructure.....	993,132
Somerville Ave. Streetscape.....	4,200,000
Assembly Square Fire Station Fit Out.....	6,430,638
Spring Hill Sewer Separation Project Design.....	1,493,328
Sewer Pump Station And Force Main Poplar Street Design.....	2,100,000
Sewer & Drain Pipes.....	640,000
SRF Lead Line Replacement.....	2,068,800
Clarendon Hill Development Program.....	4,000,000
Clarendon Hill Redevelopment Project - Affordable Construction.....	10,000,000
Annual Rehabilitation of Water Distribution Systems.....	3,222,489
Sewer Syst Evaluation Study I/I Assessment.....	43,043
FY22 Sewer Syst Evaluation Study I/I Assessment.....	991,666
FY23 Sewer Syst Evaluation Study I/I Assessment.....	1,730,000
Spring Hill Sewer-Drainage Impv.....	11,318,094
FY22 Sewer Improvement.....	1,556,475
FY23 Sewer Improvement.....	4,340,000
Marginal Interceptor Sewer Rehabilitation .....	1,076,908
Poplar Street Pump Station Pump House & Facility Pre-Construction..	3,300,000
Preliminary Design Of Sewer Shed.....	2,000,000
Preliminary Design Of Sewer Shed S2.....	1,500,000
Sewer Clarendon Hills Infrastructure Improve Project.....	662,088
Poplar St Pump Station Construction Proj.....	89,332,819
Somerville Ave Streetscape (Sausi) Sew.....	2,000,000
<b>Total.....</b>	<b>\$ 254,622,037</b>

Changes in Long-term Liabilities

During the year ended June 30, 2023, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>							
Long-term general obligation bonds payable.....	\$ 263,905,403	\$ 13,031,734	\$ (10,722,760)	\$ 900,000	\$ -	\$ 267,114,377	\$ 11,906,554
Long-term capital financing payable.....	458,934	-	(147,019)	-	-	311,915	152,899
Add: Unamortized premium on bonds.....	18,177,785	-	-	2,846,298	(2,713,786)	18,310,297	2,519,294
Total long-term debt payable.....	282,542,122	13,031,734	(10,869,779)	3,746,298	(2,713,786)	285,736,589	14,578,747
Compensated absences.....	4,754,400	-	-	107,000	(742,000)	4,119,400	161,400
Workers' compensation.....	1,168,000	-	-	335,000	(292,000)	1,211,000	303,000
Net pension liability.....	67,804,384	-	-	136,398,417	(27,160,982)	177,041,819	-
Other postemployment benefits.....	154,717,328	-	-	7,137,962	(5,292,707)	156,562,583	-
Total governmental activity long-term liabilities.....	\$ 510,986,234	\$ 13,031,734	\$ (10,869,779)	\$ 147,724,677	\$ (36,201,475)	\$ 624,671,391	\$ 15,043,147
<b>Business-Type Activities:</b>							
Long-term general obligation bonds payable.....	\$ 28,420,612	\$ 21,243,266	\$ (1,382,362)	\$ -	\$ (900,000)	\$ 47,381,516	\$ 1,643,067
Long-term direct borrowings payable.....	4,066,676	-	(772,012)	-	-	3,294,664	803,278
Add: Unamortized premium on bonds.....	-	-	-	1,222,135	-	1,222,135	29,773
Total long-term debt payable.....	32,487,288	21,243,266	(2,154,374)	1,222,135	(900,000)	51,898,315	2,476,118
Compensated absences.....	84,400	-	-	2,300	(800)	85,900	1,500
Net pension liability.....	1,405,356	-	-	2,688,451	(544,517)	3,549,290	-
Other postemployment benefits.....	796,749	-	-	35,890	(45,422)	787,217	-
Total business-type activity long-term liabilities.....	\$ 34,773,793	\$ 21,243,266	\$ (2,154,374)	\$ 3,948,776	\$ (1,490,739)	\$ 56,320,722	\$ 2,477,618

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 \$6.8 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, 2023, the fund balances consisted of the following:

	General	Other Special Revenue	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 433,126	\$ 433,126
<b>Restricted for:</b>					
Strategic planning & community development.....	-	-	-	17,333,452	17,333,452
Other special revenue.....	-	43,288,311	-	-	43,288,311
School special revenue funds.....	-	-	-	2,518,237	2,518,237
School state & private grants.....	-	-	-	4,262,681	4,262,681
City revolving funds.....	-	-	-	161,398	161,398
City receipts reserved.....	-	-	-	5,971,413	5,971,413
City private grants.....	-	-	-	2,792,058	2,792,058
School lunch.....	-	-	-	3,004,125	3,004,125
Community preservation.....	-	-	-	21,014,074	21,014,074
Other permanent funds.....	-	-	-	192,212	192,212
<b>Committed to:</b>					
Max-Pak stabilization fund.....	21,307	-	-	-	21,307
East Somerville stabilization fund.....	109,441	-	-	-	109,441
Street tree stabilization fund.....	345,732	-	-	-	345,732
Alpine restaurant stabilization fund.....	2,678	-	-	-	2,678
Rockwell restaurant stabilization fund.....	9,651	-	-	-	9,651
Capital projects stabilization fund.....	13,659,678	-	-	-	13,659,678
Construction stabilization fund.....	3,962,780	-	-	-	3,962,780
Traffic safety stabilization fund.....	1,380,875	-	-	-	1,380,875
Mitigation stabilization fund.....	101,516	-	-	-	101,516
270 Cedar Street LLC stabilization fund.....	1,069	-	-	-	1,069
Workforce training stabilization fund.....	439	-	-	-	439
Bicycle stabilization fund.....	2,329	-	-	-	2,329
Linwood Street sidewalk improvement stabilization fund.....	12,532	-	-	-	12,532
Davis Square traffic and Sign stabilization fund.....	303	-	-	-	303
Trash transfer station stabilization fund.....	638	-	-	-	638
Salary and wage stabilization fund.....	7,931,195	-	-	-	7,931,195
Open space improvement stabilization fund.....	1,130,358	-	-	-	1,130,358
Union Square revitalization stabilization fund.....	13,317	-	-	-	13,317
Facility construction & renovation stabilization fund.....	14,791,368	-	-	-	14,791,368
Street reconstruction & resurfacing stabilization fund.....	7,970,084	-	-	-	7,970,084
Elmwood stabilization fund.....	39,316	-	-	-	39,316
377 Broadway stabilization fund.....	4,576	-	-	-	4,576
Green Line extension stabilization fund.....	1,363,153	-	-	-	1,363,153
Highland Ave stabilization fund.....	10,399	-	-	-	10,399
Medical marijuana stabilization fund.....	3,395,329	-	-	-	3,395,329
Algonquin mitigation stabilization fund.....	22	-	-	-	22
Boynton Yards stabilization fund.....	1,514	-	-	-	1,514
Washington stabilization fund.....	8,569	-	-	-	8,569
259 McGrath stabilization fund.....	3,595	-	-	-	3,595
378 Highland Ave stabilization fund.....	3,082	-	-	-	3,082
Immigrant legal services stabilization fund.....	223,015	-	-	-	223,015
Bike share stabilization fund.....	338,436	-	-	-	338,436
Opiod recovery & remediation stabilization fund.....	244,891	-	-	-	244,891
Emergency response stabilization fund.....	300,004	-	-	-	300,004
Small business assistance stabilization fund.....	529,363	-	-	-	529,363
Water transportation public safety stabilization fund.....	153,433	-	-	-	153,433
Union Square community benefit stabilization fund.....	2,378,496	-	-	-	2,378,496
Alpine Street stabilization fund.....	10,270	-	-	-	10,270
Open space acquisition and improvement stabilization fund.....	2,378,847	-	-	-	2,378,847
Racial and social justice stabilization fund.....	1,024,261	-	-	-	1,024,261
COVID-19 stabilization fund.....	1,575,844	-	-	-	1,575,844
COVID-19 small business emergency relief stabilization fund.....	253,940	-	-	-	253,940
Energy stabilization fund.....	1,122,721	-	-	-	1,122,721
Encore artist and culture stabilization fund.....	129,966	-	-	-	129,966
Xmby square transit area improvement stabilization fund.....	192,880	-	-	-	192,880
Xmby square public realm improvement stabilization fund.....	561,358	-	-	-	561,358
Xmby square off-site infrastructure stabilization fund.....	701,698	-	-	-	701,698
Participatory budgeting stabilization fund.....	1,020,226	-	-	-	1,020,226
Compensated absences liability fund.....	1,395,894	-	-	-	1,395,894
<b>Assigned to:</b>					
General government.....	1,836,655	-	-	-	1,836,655
Public safety.....	507,051	-	-	-	507,051
Education.....	359,272	-	-	-	359,272
Public works.....	1,429,871	-	-	-	1,429,871
Culture and recreation.....	63,213	-	-	-	63,213
Other.....	464,564	-	-	-	464,564
Unassigned.....	42,820,524	-	(5,481,125)	(2,035,693)	35,303,706
<b>Total Fund Balances.....</b>	<b>\$ 118,293,538</b>	<b>\$ 43,288,311</b>	<b>\$ (5,481,125)</b>	<b>\$ 55,647,083</b>	<b>\$ 211,747,807</b>

**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, 2023, the amount of the liability for workers’ compensation claims totaled \$1.2 million.

Changes in the reported liability since July 1, 2021, are as follows:

	Balance at Beginning of Year		Current Year Claims and Changes in Estimate		Claims Payments		Balance at Year-End		Current Portion
2022.....	\$ 944,000	\$	645,954	\$	(421,954)	\$	1,168,000	\$	292,000
2023.....	1,168,000		411,168		(368,168)		1,211,000		303,000

**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 <https://mtrs.state.ma.us/service/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 \$15,372,245 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 \$186,874,431 as of the measurement date.

*Benefits Provided*

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service. There were no reported changes in pension benefit terms that effect measurement of the total pension liability as of December 31, 2022.

Employees who resign from service and who are not eligible to receive a retirement allowance or are under the age of 55, are entitled to request a refund of their accumulated total deductions. Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth’s state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

At December 31, 2022, the System membership 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, 2022 was \$17,162,384, 17.03% 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 \$15,936,990, which equaled its actual contribution.

*Pension Liabilities*

The components of the net pension liability of the participating member units at June 30, 2023, were as follows:

Total pension liability.....	\$	537,989,940
Total pension plan's fiduciary net position.....		<u>(343,513,191)</u>
Total net pension liability.....	\$	<u>194,476,749</u>
The pension plan's fiduciary net position as		
a percentage of the total pension liability.....		63.85%

At June 30, 2023, the City reported a liability of \$180,591,109 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 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, 2022, the City's proportion was 92.86% which changed from its proportion measured at December 31, 2021, of 93.22%.

*Pension Expense*

For the year ended June 30, 2023, the City recognized a pension expense of \$21,688,817. At June 30, 2023, the City reported deferred outflows of resources related to pensions of \$63,653,958, and deferred inflows of resources related to pensions of \$1,005,001.

The balances of deferred outflows and inflows at June 30, 2023 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 9,258,233	\$ -	\$ 9,258,233
Differences between projected and actual earnings, net.....	47,146,880	-	47,146,880
Changes in assumptions.....	7,148,834	-	7,148,834
Changes in proportion and proportionate share of contributions...	<u>100,011</u>	<u>(1,005,001)</u>	<u>(904,990)</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>63,653,958</u>	\$ <u>(1,005,001)</u>	\$ <u>62,648,957</u>

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

<u>Year ended June 30, 2023:</u>	
2024.....	\$ 5,980,883
2025.....	10,502,116
2026.....	20,656,446
2027.....	25,433,374
2028.....	<u>76,138</u>
Total.....	\$ <u>62,648,957</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 December 31, 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, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -22.24%. 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, 2022 and December 31, 2021 was 7.50%. 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, 2022 Measurement Date</u>		
The City's proportionate share of the net pension liability.....	\$ 233,291,924	\$ 180,591,109	\$ 135,833,126
	<u>December 31, 2022 Measurement Date</u>		
System total net pension liability.....	\$ 251,229,723	\$ 194,476,749	\$ 146,277,325

*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 2023 totaled \$94,133.

*Changes in Assumptions*

None.

*Changes in Plan Provisions*

None.

**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 employer’s 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 retirees will contribute the remaining 20% for all HMO and PPO plans and 25% for all indemnity plans. For 2023, the City's benefit payments totaled \$9.3 million, and the City contributed another \$3.6 million to the OPEB Trust fund. For the year ended June 30, 2023, the City's average contribution rate was 9.46% 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 2023, the City pre-funded future OPEB liabilities by contributing \$3.6 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, 2023, the balance of this fund totaled \$21.7 million.

The annual money-weighted rate of return on OPEB plan investments was 7.97%. 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, 2023:

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, 2023:

Total OPEB liability.....	\$ 179,054,824
Less: OPEB plan's fiduciary net position.....	<u>(21,705,024)</u>
Net OPEB liability.....	<u><u>\$ 157,349,800</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	12.12%

*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, 2023, which did not change from June 30, 2022. 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.....	\$ 172,369,991	\$ 157,349,800	\$ 138,576,117

*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.....	\$ 131,116,773	\$ 157,349,800	\$ 184,136,506

*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, 2022.....	\$ 172,187,990	\$ 16,673,913	\$ 155,514,077
Changes for the year:			
Service cost.....	4,115,074	-	4,115,074
Interest.....	12,079,032	-	12,079,032
Contributions - employer.....	-	12,951,634	(12,951,634)
Investment income.....	-	1,406,749	(1,406,749)
Benefit payments.....	<u>(9,327,272)</u>	<u>(9,327,272)</u>	<u>-</u>
Net change.....	<u>6,866,834</u>	<u>5,031,111</u>	<u>1,835,723</u>
Balances at June 30, 2023.....	<u>\$ 179,054,824</u>	<u>\$ 21,705,024</u>	<u>\$ 157,349,800</u>

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

For the year ended June 30, 2023, the City recognized an OPEB expense of (\$11,050,622). At June 30, 2023, 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.....	\$ 16,111	\$ (9,783,217)	\$ (9,767,106)
Difference between projected and actual earnings, net.....	-	(9,184)	(9,184)
Changes in assumptions.....	-	(30,252,269)	(30,252,269)
Changes in proportion.....	<u>2,050,943</u>	<u>(2,050,943)</u>	<u>-</u>
Total deferred outflows/(inflows) of resources.....	<u>\$ 2,067,054</u>	<u>\$ (42,095,613)</u>	<u>\$ (40,028,559)</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>	
2024.....	\$ (25,746,334)
2025.....	(14,422,573)
2026.....	166,692
2027.....	<u>(26,344)</u>
 Total.....	 \$ <u><u>(40,028,559)</u></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, 2022)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
<b>ASSETS</b>			
Cash and cash equivalents.....	\$ 15,750,042	\$ 1,587,480	\$ 17,337,522
Investments:			
Investments in Pension Reserve Investment Trust.....	11,365,102	-	11,365,102
U.S. treasury notes.....	-	2,500,148	2,500,148
Real estate and alternative investment mutual funds.....	21,750,876	-	21,750,876
Bond mutual funds.....	57,018,138	-	57,018,138
Equity securities.....	214,272,069	6,369,840	220,641,909
Equity mutual funds.....	23,361,321	4,569,909	27,931,230
Fixed income mutual funds.....	-	3,315,485	3,315,485
Other fixed income investments.....	-	3,362,162	3,362,162
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	<u>225,844</u>	<u>-</u>	<u>225,844</u>
 TOTAL ASSETS.....	 <u>343,743,392</u>	 <u>21,705,024</u>	 <u>365,448,416</u>
<b>LIABILITIES</b>			
Warrants payable.....	<u>230,201</u>	<u>-</u>	<u>230,201</u>
<b>NET POSITION</b>			
Restricted for pensions.....	343,513,191	-	343,513,191
Restricted for other postemployment benefits.....	<u>-</u>	<u>21,705,024</u>	<u>21,705,024</u>
 TOTAL NET POSITION.....	 <u>\$ 343,513,191</u>	 <u>\$ 21,705,024</u>	 <u>\$ 365,218,215</u>

	Pension Trust Fund (as of December 31, 2022)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
<b>ADDITIONS:</b>			
Contributions:			
Employer contributions.....	\$ 17,162,384	\$ 3,624,362	\$ 20,786,746
Employer contributions for other postemployment benefit payments.....	-	9,327,272	9,327,272
Member contributions.....	9,494,923	-	9,494,923
Retirement benefits - transfers from other systems.....	1,003,000	-	1,003,000
Retirement benefits - 3(8)c contributions from other systems.....	684,169	-	684,169
Retirement benefits - workers compensation settlements.....	24,000	-	24,000
Retirement benefits - state COLA reimbursements.....	209,050	-	209,050
Retirement benefits - member makeup payments and redeposits.....	45,192	-	45,192
Retirement benefits - interest not refunded.....	9,763	-	9,763
<b>Total contributions.....</b>	<b>28,632,481</b>	<b>12,951,634</b>	<b>41,584,115</b>
Net investment income:			
Investment income (loss).....	6,408,937	1,406,749	7,815,686
Net change in fair value of investments.....	(104,095,198)	-	(104,095,198)
Less: investment expense.....	(1,578,526)	-	(1,578,526)
<b>Net investment income (loss).....</b>	<b>(99,264,787)</b>	<b>1,406,749</b>	<b>(97,858,038)</b>
<b>TOTAL ADDITIONS.....</b>	<b>(70,632,306)</b>	<b>14,358,383</b>	<b>(56,273,923)</b>
<b>DEDUCTIONS:</b>			
Administration.....	646,782	-	646,782
Retirement benefits - transfers to other systems.....	1,665,078	-	1,665,078
Retirement benefits - 3(8)c transfer to other systems.....	1,338,898	-	1,338,898
Retirement benefits and refunds.....	34,854,977	-	34,854,977
Other postemployment benefit payments.....	-	9,327,272	9,327,272
<b>TOTAL DEDUCTIONS.....</b>	<b>38,505,735</b>	<b>9,327,272</b>	<b>47,833,007</b>
<b>NET INCREASE (DECREASE) IN NET POSITION.....</b>	<b>(109,138,041)</b>	<b>5,031,111</b>	<b>(104,106,930)</b>
<b>NET POSITION AT BEGINNING OF YEAR.....</b>	<b>452,651,232</b>	<b>16,673,913</b>	<b>469,325,145</b>
<b>NET POSITION AT END OF YEAR.....</b>	<b>\$ 343,513,191</b>	<b>\$ 21,705,024</b>	<b>\$ 365,218,215</b>

**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 \$254.6 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 \$4.7 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, 2023, 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, 2023, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2023.

**NOTE 15 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 31, 2024, which is the date the financial statements were available to be issued.

**NOTE 16 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS**

During 2023, the following GASB pronouncements were implemented:

- GASB Statement #91, *Conduit Debt Obligations*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #96, *Subscription-Based Information Technology Arrangements*. This pronouncement did not impact the annual comprehensive financial report.
- GASB Statement #99, *Omnibus 2022*. This pronouncement did not impact the annual comprehensive financial report.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #100, *Accounting Changes and Error Corrections*, which is required to be implemented in 2024.
- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.

Management is currently assessing the impact the implementation of these pronouncements will have on the annual comprehensive financial report.



## ***Required Supplementary Information***

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>REVENUES:</b>							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 215,188,140	\$ 215,188,140	\$ 219,476,428	\$ 218,273,835	\$ -	\$ (1,202,593)
Tax liens.....	-	-	-	-	541,965	-	541,965
Motor vehicle and other excise taxes.....	-	11,270,260	11,270,260	11,270,260	11,717,125	-	446,865
Penalties and interest on taxes.....	-	681,784	681,784	681,784	937,966	-	256,182
Payments in lieu of taxes.....	-	1,555,551	1,555,551	1,555,551	1,654,422	-	98,871
Intergovernmental - other.....	-	53,417,907	53,417,907	53,417,907	52,479,816	-	(938,091)
Departmental and other.....	-	21,277,601	21,277,601	21,277,601	34,737,741	-	13,460,140
Investment income.....	-	850,000	850,000	850,000	3,641,423	-	2,791,423
Miscellaneous.....	-	260,163	260,163	260,163	369,315	-	109,152
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>304,501,406</b>	<b>304,501,406</b>	<b>308,789,694</b>	<b>324,353,608</b>	<b>-</b>	<b>15,563,914</b>
<b>EXPENDITURES:</b>							
<b>GENERAL GOVERNMENT</b>							
City Council							
Salaries.....	-	445,000	445,000	445,000	445,000	-	-
Expenses.....	-	91,160	91,160	91,160	37,425	26	53,709
<b>TOTAL.....</b>	<b>-</b>	<b>536,160</b>	<b>536,160</b>	<b>536,160</b>	<b>482,425</b>	<b>26</b>	<b>53,709</b>
Clerk of Committees							
Salaries.....	-	97,784	97,784	82,784	71,820	-	10,964
Expenses.....	-	1,000	1,000	1,000	-	-	1,000
<b>TOTAL.....</b>	<b>-</b>	<b>98,784</b>	<b>98,784</b>	<b>83,784</b>	<b>71,820</b>	<b>-</b>	<b>11,964</b>
Executive Office							
Salaries.....	-	5,542,807	5,542,807	5,549,357	4,832,689	-	716,668
Expenses.....	41,774	1,890,101	1,931,875	1,961,634	1,266,925	158,840	535,869
Special items.....	-	505,000	505,000	505,000	235,926	18,025	251,049
Capital.....	11,656	1,310,000	1,321,656	255,429	237,323	-	18,106
<b>TOTAL.....</b>	<b>53,430</b>	<b>9,247,908</b>	<b>9,301,338</b>	<b>8,271,420</b>	<b>6,572,863</b>	<b>176,865</b>	<b>1,521,692</b>
Racial and Social Justice							
Salaries.....	-	837,249	837,249	837,249	653,434	-	183,815
Expenses.....	26,861	457,500	484,361	482,041	117,605	48,478	315,958
<b>TOTAL.....</b>	<b>26,861</b>	<b>1,294,749</b>	<b>1,321,610</b>	<b>1,319,290</b>	<b>771,039</b>	<b>48,478</b>	<b>499,773</b>
Auditor's Office							
Salaries.....	-	1,139,236	1,139,236	1,139,236	1,082,534	-	56,702
Expenses.....	4,325	118,517	122,842	170,725	116,035	30,984	23,706
<b>TOTAL.....</b>	<b>4,325</b>	<b>1,257,753</b>	<b>1,262,078</b>	<b>1,309,961</b>	<b>1,198,569</b>	<b>30,984</b>	<b>80,408</b>
Grants Management							
Salaries.....	-	272,367	272,367	272,367	227,501	-	44,866
Expenses.....	565	15,600	16,165	16,165	11,815	130	4,220
<b>TOTAL.....</b>	<b>565</b>	<b>287,967</b>	<b>288,532</b>	<b>288,532</b>	<b>239,316</b>	<b>130</b>	<b>49,086</b>
Purchasing							
Salaries.....	-	611,124	611,124	611,124	531,563	-	79,561
Expenses.....	-	42,645	42,645	42,645	21,492	289	20,864
<b>TOTAL.....</b>	<b>-</b>	<b>653,769</b>	<b>653,769</b>	<b>653,769</b>	<b>553,055</b>	<b>289</b>	<b>100,425</b>
Assessing							
Salaries.....	-	671,893	671,893	671,893	603,307	-	68,586
Expenses.....	9,500	178,450	187,950	187,952	142,416	37,485	8,051
<b>TOTAL.....</b>	<b>9,500</b>	<b>850,343</b>	<b>859,843</b>	<b>859,845</b>	<b>745,723</b>	<b>37,485</b>	<b>76,637</b>
Treasurer's/ Collector's Office							
Salaries.....	-	806,219	806,219	806,219	699,276	-	106,943
Expenses.....	24,775	306,445	331,220	320,388	187,895	29,107	103,386
<b>TOTAL.....</b>	<b>24,775</b>	<b>1,112,664</b>	<b>1,137,439</b>	<b>1,126,607</b>	<b>887,171</b>	<b>29,107</b>	<b>210,329</b>
Law Department							
Salaries.....	-	836,860	836,860	860,860	717,267	-	143,593
Expenses.....	154,099	544,525	698,624	867,587	540,600	192,987	134,000
<b>TOTAL.....</b>	<b>154,099</b>	<b>1,381,385</b>	<b>1,535,484</b>	<b>1,728,447</b>	<b>1,257,867</b>	<b>192,987</b>	<b>277,593</b>
Personnel Department							
Salaries.....	-	1,514,841	1,514,841	1,514,426	1,387,608	-	126,818
Expenses.....	78,770	431,810	510,580	497,848	432,209	45,119	20,520
Special Items.....	-	74,000	74,000	74,000	19,000	-	55,000
<b>TOTAL.....</b>	<b>78,770</b>	<b>2,020,651</b>	<b>2,099,421</b>	<b>2,086,274</b>	<b>1,838,817</b>	<b>45,119</b>	<b>202,338</b>

(Continued)

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>Information Technology</b>							
Salaries.....	-	1,244,587	1,244,587	1,224,462	1,047,804	-	176,658
Expenses.....	302,541	3,450,316	3,752,857	4,187,212	3,511,927	650,744	24,541
<b>TOTAL.....</b>	<b>302,541</b>	<b>4,694,903</b>	<b>4,997,444</b>	<b>5,411,674</b>	<b>4,559,731</b>	<b>650,744</b>	<b>201,199</b>
<b>Communications</b>							
Salaries.....	-	838,190	838,190	838,190	717,548	-	120,642
Expenses.....	55,113	257,677	312,790	310,062	234,048	10,560	65,454
<b>TOTAL.....</b>	<b>55,113</b>	<b>1,095,867</b>	<b>1,150,980</b>	<b>1,148,252</b>	<b>951,596</b>	<b>10,560</b>	<b>186,096</b>
<b>SomerViva Office of Immigrant Affairs</b>							
Salaries.....	-	966,440	966,440	966,440	965,420	-	1,020
Expenses.....	11,608	240,144	251,752	139,603	99,244	19,846	20,513
<b>TOTAL.....</b>	<b>11,608</b>	<b>1,206,584</b>	<b>1,218,192</b>	<b>1,106,043</b>	<b>1,064,664</b>	<b>19,846</b>	<b>21,533</b>
<b>City Clerk</b>							
Salaries.....	-	849,690	849,690	834,690	824,829	-	9,861
Expenses.....	1,655	283,463	285,118	314,858	203,525	73,831	37,502
<b>TOTAL.....</b>	<b>1,655</b>	<b>1,133,153</b>	<b>1,134,808</b>	<b>1,149,548</b>	<b>1,028,354</b>	<b>73,831</b>	<b>47,363</b>
<b>Elections</b>							
Salaries.....	-	587,680	587,680	587,680	457,684	-	129,996
Expenses.....	-	242,461	242,461	242,460	212,599	-	29,861
<b>TOTAL.....</b>	<b>-</b>	<b>830,141</b>	<b>830,141</b>	<b>830,140</b>	<b>670,283</b>	<b>-</b>	<b>159,857</b>
<b>Licensing Committee</b>							
Salaries.....	-	11,628	11,628	11,628	11,628	-	-
<b>Community Development</b>							
Salaries.....	-	8,403,308	8,403,308	8,416,643	7,651,024	-	765,619
Expenses.....	367,362	3,009,868	3,377,230	3,287,917	2,207,127	520,204	560,586
<b>TOTAL.....</b>	<b>367,362</b>	<b>11,413,176</b>	<b>11,780,538</b>	<b>11,704,560</b>	<b>9,858,151</b>	<b>520,204</b>	<b>1,326,205</b>
<b>Veterans Benefits</b>							
Salaries.....	-	197,054	197,054	197,054	186,049	-	11,005
Expenses.....	-	566,350	566,350	566,350	359,220	-	207,130
<b>TOTAL.....</b>	<b>-</b>	<b>763,404</b>	<b>763,404</b>	<b>763,404</b>	<b>545,269</b>	<b>-</b>	<b>218,135</b>
<b>Building Insurance</b>							
Expenses.....	-	990,264	990,264	990,264	901,485	-	88,779
<b>Person and Property Insurance</b>							
Expenses.....	-	175,000	175,000	1,440,000	1,065,101	-	374,899
<b>Contingency Account</b>							
Expenses.....	-	1,773,780	1,773,780	387,244	63,669	-	323,575
<b>Total General Government.....</b>	<b>1,090,604</b>	<b>42,830,033</b>	<b>43,920,637</b>	<b>43,206,846</b>	<b>35,338,596</b>	<b>1,836,655</b>	<b>6,031,595</b>
<b>PUBLIC SAFETY</b>							
<b>Police Department</b>							
Salaries.....	-	18,233,452	18,233,452	18,368,379	17,414,228	-	954,151
Expenses.....	54,534	567,000	621,534	631,855	472,506	100,902	58,447
<b>TOTAL.....</b>	<b>54,534</b>	<b>18,800,452</b>	<b>18,854,986</b>	<b>19,000,234</b>	<b>17,886,734</b>	<b>100,902</b>	<b>1,012,598</b>
<b>Fire Department</b>							
Salaries.....	-	21,044,695	21,044,695	21,764,696	20,975,054	-	789,642
Expenses.....	39,756	503,350	543,106	516,869	393,329	81,195	42,345
Special items.....	-	54,834	54,834	54,834	-	-	54,834
<b>TOTAL.....</b>	<b>39,756</b>	<b>21,602,879</b>	<b>21,642,635</b>	<b>22,336,399</b>	<b>21,368,383</b>	<b>81,195</b>	<b>886,821</b>
<b>Emergency Management</b>							
Salaries.....	-	61,128	61,128	61,128	12,249	-	48,879
Expenses.....	-	78,050	78,050	78,050	4,075	9,300	64,675
<b>TOTAL.....</b>	<b>-</b>	<b>139,178</b>	<b>139,178</b>	<b>139,178</b>	<b>16,324</b>	<b>9,300</b>	<b>113,554</b>
<b>Animal Control</b>							
Salaries.....	-	135,332	135,332	145,289	137,203	-	8,086
Expenses.....	222	15,100	15,322	15,322	10,113	5,008	201
<b>TOTAL.....</b>	<b>222</b>	<b>150,432</b>	<b>150,654</b>	<b>160,611</b>	<b>147,316</b>	<b>5,008</b>	<b>8,287</b>
<b>Traffic and Parking</b>							
Salaries.....	-	3,108,438	3,108,438	3,108,438	2,814,714	-	293,724
Expenses.....	225,574	1,352,043	1,577,617	1,574,165	1,073,079	146,452	354,634
<b>TOTAL.....</b>	<b>225,574</b>	<b>4,460,481</b>	<b>4,686,055</b>	<b>4,682,603</b>	<b>3,887,793</b>	<b>146,452</b>	<b>648,358</b>

(Continued)

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>Board of Health</b>							
Salaries.....	-	1,782,774	1,782,774	1,781,725	1,302,055	-	479,670
Expenses.....	159,004	714,650	873,654	837,232	612,176	164,194	60,862
<b>TOTAL.....</b>	<b>159,004</b>	<b>2,497,424</b>	<b>2,656,428</b>	<b>2,618,957</b>	<b>1,914,231</b>	<b>164,194</b>	<b>540,532</b>
<b>Total Public Safety.....</b>	<b>479,090</b>	<b>47,650,846</b>	<b>48,129,936</b>	<b>48,937,982</b>	<b>45,220,781</b>	<b>507,051</b>	<b>3,210,150</b>
<b>EDUCATION</b>							
Operational.....	613,077	92,693,702	93,306,779	93,267,764	92,796,917	359,272	111,575
<b>PUBLIC WORKS</b>							
<b>Administration</b>							
Salaries.....	-	746,623	746,623	696,623	665,044	-	31,579
Expenses.....	12,935	770,698	783,633	961,382	842,288	93,454	25,640
<b>TOTAL.....</b>	<b>12,935</b>	<b>1,517,321</b>	<b>1,530,256</b>	<b>1,658,005</b>	<b>1,507,332</b>	<b>93,454</b>	<b>57,219</b>
<b>Electrical</b>							
Salaries.....	-	410,151	410,151	410,152	371,187	-	38,965
Expenses.....	101,146	382,500	483,646	401,626	252,301	88,296	61,029
<b>TOTAL.....</b>	<b>101,146</b>	<b>792,651</b>	<b>893,797</b>	<b>811,778</b>	<b>623,488</b>	<b>88,296</b>	<b>99,994</b>
<b>Engineering</b>							
Salaries.....	-	529,892	529,892	528,036	511,565	-	16,471
Expenses.....	199,192	505,800	704,992	538,454	531,360	-	7,094
<b>TOTAL.....</b>	<b>199,192</b>	<b>1,035,692</b>	<b>1,234,884</b>	<b>1,066,490</b>	<b>1,042,925</b>	<b>-</b>	<b>23,565</b>
<b>Snow Removal</b>							
Expenses.....	40,238	1,579,338	1,619,576	1,902,987	1,895,337	-	7,650
<b>Highway</b>							
Salaries.....	-	3,050,156	3,050,156	2,880,285	2,600,985	-	279,300
Expenses.....	181,710	1,110,700	1,292,410	1,222,125	965,837	61,986	194,302
<b>TOTAL.....</b>	<b>181,710</b>	<b>4,160,856</b>	<b>4,342,566</b>	<b>4,102,410</b>	<b>3,566,822</b>	<b>61,986</b>	<b>473,602</b>
<b>Sanitation</b>							
Expenses.....	448,051	6,711,800	7,159,851	7,230,008	6,421,284	438,293	370,431
<b>Building and Grounds</b>							
Salaries.....	-	2,033,420	2,033,420	1,858,420	1,750,724	-	107,696
Expenses.....	1,568,875	9,568,750	11,137,625	10,907,930	10,129,986	636,017	141,927
<b>TOTAL.....</b>	<b>1,568,875</b>	<b>11,602,170</b>	<b>13,171,045</b>	<b>12,766,350</b>	<b>11,880,710</b>	<b>636,017</b>	<b>249,623</b>
<b>Fleet</b>							
Expenses.....	56,621	468,000	524,621	524,215	419,764	50,058	54,393
<b>DPW Grounds</b>							
Salaries.....	-	1,241,762	1,241,762	1,266,762	1,237,487	-	29,275
Expenses.....	340,436	1,075,420	1,415,856	1,254,417	1,161,131	61,767	31,519
<b>TOTAL.....</b>	<b>340,436</b>	<b>2,317,182</b>	<b>2,657,618</b>	<b>2,521,179</b>	<b>2,398,618</b>	<b>61,767</b>	<b>60,794</b>
<b>School Custodians</b>							
Salaries.....	-	2,639,032	2,639,032	2,450,708	2,361,238	-	89,470
Expenses.....	8,046	1,246,300	1,254,346	1,247,100	1,190,374	-	56,726
<b>TOTAL.....</b>	<b>8,046</b>	<b>3,885,332</b>	<b>3,893,378</b>	<b>3,697,808</b>	<b>3,551,612</b>	<b>-</b>	<b>146,196</b>
<b>Total Public Works.....</b>	<b>2,957,250</b>	<b>34,070,342</b>	<b>37,027,592</b>	<b>36,281,230</b>	<b>33,307,892</b>	<b>1,429,871</b>	<b>1,543,467</b>
<b>CULTURE AND RECREATION</b>							
<b>Library</b>							
Salaries.....	-	2,601,277	2,601,277	2,601,276	2,426,970	-	174,306
Expenses.....	451	679,714	680,165	679,924	670,599	3,205	6,120
<b>TOTAL.....</b>	<b>451</b>	<b>3,280,991</b>	<b>3,281,442</b>	<b>3,281,200</b>	<b>3,097,569</b>	<b>3,205</b>	<b>180,426</b>
<b>Recreation and Youth Programs</b>							
Salaries.....	-	1,481,635	1,481,635	1,519,435	1,391,775	-	127,660
Expenses.....	294,433	812,600	1,107,033	892,954	643,673	60,008	189,273
<b>TOTAL.....</b>	<b>294,433</b>	<b>2,294,235</b>	<b>2,588,668</b>	<b>2,412,389</b>	<b>2,035,448</b>	<b>60,008</b>	<b>316,933</b>
<b>Total Culture and Recreation.....</b>	<b>294,884</b>	<b>5,575,226</b>	<b>5,870,110</b>	<b>5,693,589</b>	<b>5,133,017</b>	<b>63,213</b>	<b>497,359</b>

(Continued)

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

YEAR ENDED JUNE 30, 2023

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
<b>OTHER</b>							
Pension Benefits							
Pension benefits.....	-	15,936,990	15,936,990	15,936,990	15,936,990	-	-
Non-contributory pension.....	-	94,133	94,133	94,133	94,133	-	-
<b>Total Pension Benefits.....</b>	-	<b>16,031,123</b>	<b>16,031,123</b>	<b>16,031,123</b>	<b>16,031,123</b>	-	-
Employee Benefits							
Health and life insurance.....	-	30,961,170	30,961,170	30,651,171	28,519,642	-	2,131,529
Worker's Compensation.....	-	192,314	192,314	192,314	173,979	4,250	14,085
Unemployment compensation.....	-	215,131	215,131	202,331	133,812	-	68,519
<b>Total Employee Benefits.....</b>	-	<b>31,368,615</b>	<b>31,368,615</b>	<b>31,045,816</b>	<b>28,827,433</b>	<b>4,250</b>	<b>2,214,133</b>
Debt and Interest							
Debt principal.....	-	10,537,790	10,537,790	10,537,790	10,537,760	-	30
Debt interest.....	-	9,187,613	9,187,613	9,187,613	9,177,613	-	10,000
TOTAL.....	-	<b>19,725,403</b>	<b>19,725,403</b>	<b>19,725,403</b>	<b>19,715,373</b>	-	<b>10,030</b>
Pay-Go-Capital							
Pay-Go-Capital.....	-	1,500,000	1,500,000	2,949,338	1,851,906	460,314	637,118
State and County Charges							
State and county.....	-	15,052,545	15,052,545	15,052,545	14,108,419	-	944,126
<b>Total Other.....</b>	-	<b>83,677,686</b>	<b>83,677,686</b>	<b>84,804,225</b>	<b>80,534,254</b>	<b>464,564</b>	<b>3,805,407</b>
<b>TOTAL EXPENDITURES.....</b>	<b>5,434,905</b>	<b>306,497,835</b>	<b>311,932,740</b>	<b>312,191,636</b>	<b>292,331,457</b>	<b>4,660,626</b>	<b>15,199,553</b>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(5,434,905)	(1,996,429)	(7,431,334)	(3,401,942)	32,022,151	(4,660,626)	30,763,467
<b>OTHER FINANCING SOURCES (USES):</b>							
Proceeds from the sale of assets.....	-	-	-	-	110,326	-	110,326
Transfers in.....	-	3,062,775	3,062,775	3,062,775	3,435,301	-	372,526
Transfers out.....	-	(1,066,346)	(1,066,346)	(42,887,226)	(42,887,226)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	-	<b>1,996,429</b>	<b>1,996,429</b>	<b>(39,824,451)</b>	<b>(39,341,599)</b>	-	<b>482,852</b>
<b>NET CHANGE IN FUND BALANCE.....</b>	<b>(5,434,905)</b>	<b>-</b>	<b>(5,434,905)</b>	<b>(43,226,393)</b>	<b>(7,319,448)</b>	<b>(4,660,626)</b>	<b>31,246,319</b>
<b>BUDGETARY FUND BALANCE, Beginning of year.....</b>	<b>-</b>	<b>48,793,229</b>	<b>48,793,229</b>	<b>48,793,229</b>	<b>48,793,229</b>	<b>-</b>	<b>-</b>
<b>BUDGETARY FUND BALANCE, End of year.....</b>	<b>\$ (5,434,905)</b>	<b>\$ 48,793,229</b>	<b>\$ 43,358,324</b>	<b>\$ 5,566,836</b>	<b>\$ 41,473,781</b>	<b>\$ (4,660,626)</b>	<b>\$ 31,246,319</b>

(Concluded)

See notes to required supplementary information.

# ***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	December 31, 2022
<b>Total pension liability:</b>									
Service cost.....	\$ 7,699,763	\$ 8,007,754	\$ 8,007,754	\$ 8,025,850	\$ 8,961,771	\$ 8,721,918	\$ 9,595,934	\$ 8,274,064	\$ 9,072,180
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	38,803,469
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	1,078,566
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)	(37,858,953)
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	11,095,262
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	526,894,678
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	\$ 537,989,940
<b>Plan fiduciary net position:</b>									
Employer contributions.....	\$ 13,812,101	\$ 14,199,527	\$ 14,659,434	\$ 14,805,336	\$ 15,226,941	\$ 15,226,941	\$ 15,836,018	\$ 16,627,819	\$ 17,162,384
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	10,543,115
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	(99,203,510)
Administrative expenses.....	(380,845)	(397,417)	(468,722)	(500,849)	(647,449)	(596,023)	(602,212)	(651,854)	(698,297)
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)	(37,858,953)
Other receipts.....	-	-	-	739,557	862,254	884,782	1,061,793	870,335	917,220
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	(109,138,041)
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	452,651,232
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	\$ 343,513,191
<b>Net pension liability - ending (a)-(b).....</b>	<b>\$ 127,924,354</b>	<b>\$ 143,311,298</b>	<b>\$ 149,854,803</b>	<b>\$ 123,051,924</b>	<b>\$ 186,162,171</b>	<b>\$ 161,800,234</b>	<b>\$ 104,134,217</b>	<b>\$ 74,243,446</b>	<b>\$ 194,476,749</b>
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%	63.85%
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	\$ 100,793,505
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%	192.95%

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, 2022.....	\$ 17,162,384	\$ (17,162,384)	\$ -	\$ 100,793,505	17.03%
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**

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<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2022.....	-22.24%
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, 2022.....	92.86%	\$ 180,591,109	\$ 93,596,850	192.95%	63.85%
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, 2023.....	\$ 15,936,990	\$ (15,936,990)	-	\$ 95,468,787	16.69%
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**

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The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2023.....	\$ 186,874,431	\$ 15,372,245	57.75%
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	June 30, 2023
<b>Total OPEB Liability</b>							
Service Cost.....	\$ 11,768,411	\$ 9,597,889	\$ 10,029,794	\$ 10,481,135	\$ 3,770,484	\$ 3,940,156	\$ 4,115,074
Interest.....	11,159,516	11,592,912	9,899,647	10,593,394	11,373,126	11,863,002	12,079,032
Differences between expected and actual experience....	-	(40,800,875)	-	(34,868,389)	-	26,607	-
Changes of assumptions.....	-	-	-	(107,822,190)	-	-	-
Benefit payments.....	<u>(9,258,566)</u>	<u>(8,485,245)</u>	<u>(8,485,245)</u>	<u>(7,793,272)</u>	<u>(8,143,969)</u>	<u>(8,655,912)</u>	<u>(9,327,272)</u>
Net change in total OPEB liability.....	13,669,361	(28,095,319)	11,444,196	(129,409,322)	6,999,641	7,173,853	6,866,834
Total OPEB liability - beginning.....	<u>290,405,580</u>	<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>
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>	<u>\$ 179,054,824</u>
<b>Plan fiduciary net position</b>							
Employer contributions.....	\$ 10,258,566	\$ 13,985,245	\$ 9,485,245	\$ 8,793,272	\$ 9,143,969	\$ 13,184,065	\$ 12,951,634
Net investment income (loss).....	7,508	26,801	556,183	492,428	1,873,762	(1,124,689)	1,406,749
Benefit payments.....	<u>(9,258,566)</u>	<u>(8,485,245)</u>	<u>(8,485,245)</u>	<u>(7,793,272)</u>	<u>(8,143,969)</u>	<u>(8,655,912)</u>	<u>(9,327,272)</u>
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	5,031,111
Plan fiduciary net position - beginning of year.....	<u>813,767</u>	<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>
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>	<u>\$ 21,705,024</u>
<b>Net OPEB liability - ending (a)-(b).....</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>	<u>\$ 157,349,800</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%	12.12%
Covered-employee payroll.....	\$ 104,221,637	\$ 107,444,987	\$ 111,205,562	\$ 116,071,422	\$ 120,133,922	\$ 132,216,109	\$ 136,843,673
Net OPEB liability as a percentage of covered-employee payroll.....	290.01%	250.02%	250.45%	127.18%	126.31%	117.62%	114.99%

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, 2023.....	\$ 9,327,272	\$ (12,951,634)	\$ (3,624,362)	\$ 136,843,673	9.46%
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**

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<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2023.....	7.97%
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.

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**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 2023 approved budget authorized \$313.0 million in appropriations and other amounts to be raised. During 2023, the Council also increased appropriations by approximately \$42.1 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, 2023, is depicted below:

Net change in fund balance - budgetary basis.....	\$	(7,319,448)
<u>Perspective differences:</u>		
Activity of the stabilization fund recorded in the general fund for GAAP .....		22,287,134
Health insurance trust recorded in the general fund for GAAP .....		(2,078,677)
<u>Basis of accounting differences:</u>		
Net change in recording tax refunds payable.....		575,000
Net change in recording 60 day receipts.....		(40,900)
Recognition of revenue for on-behalf payments.....		15,372,245
Recognition of expenditures for on-behalf payments.....		<u>(15,372,245)</u>
Net change in fund balance - GAAP basis.....	\$	<u>13,423,109</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

None

E. Changes in Plan Provisions

None.

**NOTE C - OTHER POSTEMPLOYMENT BENEFITS**

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

**The Other Postemployment Benefit Plan**

A. Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered employee payroll.

B. Schedule of the City's Contributions

The Schedule of the City's Contributions includes the City's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The City is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll.

The total OPEB liability in the June 30, 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.

*Strategic Planning & Community Development* - accounts for grant activities of the Office of Strategic Planning and Community Development.

*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, 2023

	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
<b>ASSETS</b>						
Cash and cash equivalents.....	\$ 2,777,217	\$ -	\$ 4,463,285	\$ -	\$ -	\$ -
Receivables, net of uncollectibles:						
Tax liens.....	-	-	-	-	-	-
Community preservation fund surtax.....	-	-	-	-	-	-
Intergovernmental - other.....	-	-	-	-	-	5,544,511
Community preservation state share.....	-	-	-	-	-	-
Loans.....	-	-	-	-	-	-
<b>TOTAL ASSETS.....</b>	<b>\$ 2,777,217</b>	<b>\$ -</b>	<b>\$ 4,463,285</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,544,511</b>
<b>LIABILITIES</b>						
Warrants payable.....	\$ 104,734	\$ 29,770	\$ 119,064	\$ 8,611	\$ 776,162	\$ -
Accrued payroll.....	154,246	72,525	81,540	1,407	13,923	-
Unearned revenue.....	-	-	-	-	-	-
Due to other funds.....	-	111,217	-	39,694	982,384	1,154,180
<b>TOTAL LIABILITIES.....</b>	<b>258,980</b>	<b>213,512</b>	<b>200,604</b>	<b>49,712</b>	<b>1,772,469</b>	<b>1,154,180</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue.....	-	-	-	-	-	4,390,331
<b>FUND BALANCES</b>						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	2,518,237	-	4,262,681	-	-	-
Unassigned.....	-	(213,512)	-	(49,712)	(1,772,469)	-
<b>TOTAL FUND BALANCES.....</b>	<b>2,518,237</b>	<b>(213,512)</b>	<b>4,262,681</b>	<b>(49,712)</b>	<b>(1,772,469)</b>	<b>-</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 2,777,217</b>	<b>\$ -</b>	<b>\$ 4,463,285</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,544,511</b>

(Continued)

Special Revenue Funds							
City Revolving Funds	Receipts Reserved	City Private Grants	School Lunch Funds	Strategic Planning & Community Development	Community Preservation	COVID-19	Subtotal
\$ 162,552	\$ 5,993,401	\$ 2,815,522	\$ 3,250,866	\$ 2,499,820	\$ 9,416,446	\$ -	\$ 31,379,109
-	-	-	-	-	19,501	-	19,501
-	-	-	-	-	33,817	-	33,817
-	-	-	-	11,573,253	-	486,167	17,603,931
-	-	-	-	-	608,000	-	608,000
-	-	-	-	15,565,816	11,818,959	-	27,384,775
<u>\$ 162,552</u>	<u>\$ 5,993,401</u>	<u>\$ 2,815,522</u>	<u>\$ 3,250,866</u>	<u>\$ 29,638,889</u>	<u>\$ 21,896,723</u>	<u>\$ 486,167</u>	<u>\$ 77,029,133</u>
\$ 1,154	\$ 21,192	\$ 20,096	\$ 229,155	\$ 720,691	\$ 219,801	\$ 104,145	\$ 2,354,575
-	796	3,368	17,586	11,493	1,529	11,552	369,965
-	-	-	-	-	-	92,111	92,111
-	-	-	-	-	-	104,280	2,391,755
<u>1,154</u>	<u>21,988</u>	<u>23,464</u>	<u>246,741</u>	<u>732,184</u>	<u>221,330</u>	<u>312,088</u>	<u>5,208,406</u>
-	-	-	-	11,573,253	661,319	174,079	16,798,982
-	-	-	-	-	-	-	-
161,398	5,971,413	2,792,058	3,004,125	17,333,452	21,014,074	-	57,057,438
-	-	-	-	-	-	-	(2,035,693)
<u>161,398</u>	<u>5,971,413</u>	<u>2,792,058</u>	<u>3,004,125</u>	<u>17,333,452</u>	<u>21,014,074</u>	<u>-</u>	<u>55,021,745</u>
<u>\$ 162,552</u>	<u>\$ 5,993,401</u>	<u>\$ 2,815,522</u>	<u>\$ 3,250,866</u>	<u>\$ 29,638,889</u>	<u>\$ 21,896,723</u>	<u>\$ 486,167</u>	<u>\$ 77,029,133</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET**

JUNE 30, 2023

	Permanent Funds			Total Nonmajor Governmental Funds
	Permanent Funds Principal	Expendable Permanent Funds	Subtotal	
<b>ASSETS</b>				
Cash and cash equivalents.....	\$ 433,126	\$ 192,212	\$ 625,338	\$ 32,004,447
Receivables, net of uncollectibles:				
Tax liens.....	-	-	-	19,501
Community preservation fund surtax.....	-	-	-	33,817
Intergovernmental - other.....	-	-	-	17,603,931
Community preservation state share.....	-	-	-	608,000
Loans.....	-	-	-	27,384,775
<b>TOTAL ASSETS.....</b>	<b>\$ 433,126</b>	<b>\$ 192,212</b>	<b>\$ 625,338</b>	<b>\$ 77,654,471</b>
<b>LIABILITIES</b>				
Warrants payable.....	\$ -	\$ -	\$ -	\$ 2,354,575
Accrued payroll.....	-	-	-	369,965
Unearned revenue.....	-	-	-	92,111
Due to other funds.....	-	-	-	2,391,755
<b>TOTAL LIABILITIES.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,208,406</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue.....	-	-	-	16,798,982
<b>FUND BALANCES</b>				
Nonspendable.....	433,126	-	433,126	433,126
Restricted.....	-	192,212	192,212	57,249,650
Unassigned.....	-	-	-	(2,035,693)
<b>TOTAL FUND BALANCES.....</b>	<b>433,126</b>	<b>192,212</b>	<b>625,338</b>	<b>55,647,083</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....</b>	<b>\$ 433,126</b>	<b>\$ 192,212</b>	<b>\$ 625,338</b>	<b>\$ 77,654,471</b>

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

YEAR ENDED JUNE 30, 2023

	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
<b>REVENUES:</b>						
Intergovernmental.....	-	\$ 6,229,531	\$ 5,311,503	\$ 694,389	\$ 2,151,398	\$ 1,154,415
Departmental and other.....	3,868,062	-	-	-	106,700	-
Community preservation taxes.....	-	-	-	-	-	-
Community preservation state match.....	-	-	-	-	-	-
Contributions and donations.....	8,365	-	89,776	-	-	-
Investment income.....	-	-	-	-	689	-
<b>TOTAL REVENUES.....</b>	<b>3,876,427</b>	<b>6,229,531</b>	<b>5,401,279</b>	<b>694,389</b>	<b>2,258,787</b>	<b>1,154,415</b>
<b>EXPENDITURES:</b>						
Current:						
General government.....	-	-	-	6,441	361,792	-
Public safety.....	-	-	-	410,781	906,837	-
Education.....	3,660,453	7,167,102	4,554,934	97,605	677,509	-
Public works.....	-	-	-	-	2,600,648	1,154,415
Community development.....	-	-	-	-	-	-
Health and human services.....	-	-	-	229,251	141,267	-
Culture and recreation.....	-	-	-	-	75,339	-
Community preservation.....	-	-	-	-	-	-
Debt service:						
Principal.....	-	-	-	-	-	-
Interest.....	-	-	-	-	-	-
<b>TOTAL EXPENDITURES.....</b>	<b>3,660,453</b>	<b>7,167,102</b>	<b>4,554,934</b>	<b>744,078</b>	<b>4,763,392</b>	<b>1,154,415</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>215,974</b>	<b>(937,571)</b>	<b>846,345</b>	<b>(49,689)</b>	<b>(2,504,605)</b>	<b>-</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Transfers in.....	-	-	-	-	-	-
Transfers out.....	-	-	-	(4,923)	(39)	-
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,923)</b>	<b>(39)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>215,974</b>	<b>(937,571)</b>	<b>846,345</b>	<b>(54,612)</b>	<b>(2,504,644)</b>	<b>-</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>2,302,263</b>	<b>724,059</b>	<b>3,416,336</b>	<b>4,900</b>	<b>732,175</b>	<b>-</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 2,518,237</b>	<b>\$ (213,512)</b>	<b>\$ 4,262,681</b>	<b>\$ (49,712)</b>	<b>\$ (1,772,469)</b>	<b>\$ -</b>

(Continued)

Special Revenue Funds							
City Revolving Funds	Receipts Reserved	City Private Grants	School Lunch Funds	Strategic Planning & Community Development	Community Preservation	COVID-19	Subtotal
\$ -	\$ -	\$ 170,676	\$ 3,562,957	\$ 4,649,468	\$ 1,183,372	\$ 2,012,828	\$ 27,120,537
226,426	4,967,320	-	435,098	174,059	-	-	9,777,665
-	-	-	-	-	2,881,228	-	2,881,228
-	-	-	-	-	1,002,371	-	1,002,371
10,714	385	91,714	-	14,706	-	-	215,660
-	53,960	-	36,952	51,542	72,603	-	215,746
<u>237,140</u>	<u>5,021,665</u>	<u>262,390</u>	<u>4,035,007</u>	<u>4,889,775</u>	<u>5,139,574</u>	<u>2,012,828</u>	<u>41,213,207</u>
54,600	487,382	430,597	-	-	-	65,879	1,406,691
-	-	9,557	-	-	-	79,868	1,407,043
-	-	214,984	3,613,944	-	-	1,236,158	21,222,689
-	750	-	-	-	-	20,510	3,776,323
-	-	-	-	4,676,072	-	564,668	5,240,740
-	-	46,273	-	-	-	36,233	453,024
184,948	-	-	-	-	-	9,512	269,799
-	-	-	-	-	2,028,670	-	2,028,670
-	-	-	-	-	185,000	-	185,000
-	-	-	-	-	255,894	-	255,894
<u>239,548</u>	<u>488,132</u>	<u>701,411</u>	<u>3,613,944</u>	<u>4,676,072</u>	<u>2,469,564</u>	<u>2,012,828</u>	<u>36,245,873</u>
(2,408)	4,533,533	(439,021)	421,063	213,703	2,670,010	-	4,967,334
-	-	10,000	-	-	-	-	10,000
(55,528)	(1,626,575)	-	-	-	-	-	(1,687,065)
(55,528)	(1,626,575)	10,000	-	-	-	-	(1,677,065)
(57,936)	2,906,958	(429,021)	421,063	213,703	2,670,010	-	3,290,269
<u>219,334</u>	<u>3,064,455</u>	<u>3,221,079</u>	<u>2,583,062</u>	<u>17,119,749</u>	<u>18,344,064</u>	<u>-</u>	<u>51,731,476</u>
\$ <u>161,398</u>	\$ <u>5,971,413</u>	\$ <u>2,792,058</u>	\$ <u>3,004,125</u>	\$ <u>17,333,452</u>	\$ <u>21,014,074</u>	\$ <u>-</u>	\$ <u>55,021,745</u>

(Continued)



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

YEAR ENDED JUNE 30, 2023

	Permanent Funds			Total Nonmajor Governmental Funds
	Permanent Funds Principal	Expendable Permanent Funds	Subtotal	
<b>REVENUES:</b>				
Intergovernmental - other.....	\$ -	\$ -	\$ -	\$ 27,120,537
Departmental and other.....	-	-	-	9,777,665
Community preservation taxes.....	-	-	-	2,881,228
Community preservation state match.....	-	-	-	1,002,371
Contributions and donations.....	-	-	-	215,660
Investment income.....	-	13,733	13,733	229,479
<b>TOTAL REVENUES.....</b>	<b>-</b>	<b>13,733</b>	<b>13,733</b>	<b>41,226,940</b>
<b>EXPENDITURES:</b>				
Current:				
General government.....	-	-	-	1,406,691
Public safety.....	-	-	-	1,407,043
Education.....	-	-	-	21,222,689
Public works.....	-	-	-	3,776,323
Community development.....	-	-	-	5,240,740
Health and human services.....	-	-	-	453,024
Culture and recreation.....	-	-	-	269,799
Community preservation.....	-	-	-	2,028,670
Debt service:				
Principal.....	-	-	-	185,000
Interest.....	-	-	-	255,894
<b>TOTAL EXPENDITURES.....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>36,245,873</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....</b>	<b>-</b>	<b>13,733</b>	<b>13,733</b>	<b>4,981,067</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in.....	-	-	-	10,000
Transfers out.....	-	-	-	(1,687,065)
<b>TOTAL OTHER FINANCING SOURCES (USES).....</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,677,065)</b>
<b>NET CHANGE IN FUND BALANCES.....</b>	<b>-</b>	<b>13,733</b>	<b>13,733</b>	<b>3,304,002</b>
<b>FUND BALANCES AT BEGINNING OF YEAR.....</b>	<b>433,126</b>	<b>178,479</b>	<b>611,605</b>	<b>52,343,081</b>
<b>FUND BALANCES AT END OF YEAR.....</b>	<b>\$ 433,126</b>	<b>\$ 192,212</b>	<b>\$ 625,338</b>	<b>\$ 55,647,083</b>

(Concluded)

# ***Statistical Section***



Healey School Community Play Area  
Photo by Ed Wonek

# ***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**

	2014 (1)	2015	2016	2017 (2)	2018	2019	2020 (3)	2021	2022	2023
<b>Governmental activities</b>										
Net investment in capital assets.....	\$ 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	\$ 272,725,290
Restricted.....	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	79,055,716
Unrestricted.....	(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)	(151,797,827)
<b>Total governmental activities net assets.....</b>	<b>\$ 13,248,665</b>	<b>\$ 7,864,518</b>	<b>\$ 249,822</b>	<b>\$ (184,614,969)</b>	<b>\$ (161,345,186)</b>	<b>\$ (132,425,159)</b>	<b>\$ (62,049,099)</b>	<b>\$ 23,311,693</b>	<b>\$ 126,921,479</b>	<b>\$ 199,983,179</b>
<b>Business-type activities</b>										
Net investment in capital assets.....	\$ 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	\$ 94,890,138
Unrestricted.....	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	26,926,042
<b>Total business-type activities net assets.....</b>	<b>\$ 54,154,313</b>	<b>\$ 57,086,589</b>	<b>\$ 61,526,134</b>	<b>\$ 66,331,801</b>	<b>\$ 71,920,213</b>	<b>\$ 85,990,001</b>	<b>\$ 91,222,320</b>	<b>\$ 97,571,664</b>	<b>\$ 107,444,958</b>	<b>\$ 121,816,180</b>
<b>Primary government</b>										
Net investment in capital assets.....	\$ 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	\$ 367,615,428
Restricted.....	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	79,055,716
Unrestricted.....	(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)	(124,871,785)
<b>Total primary government net position.....</b>	<b>\$ 67,402,978</b>	<b>\$ 64,951,107</b>	<b>\$ 61,775,956</b>	<b>\$ (118,283,168)</b>	<b>\$ (89,424,973)</b>	<b>\$ (46,435,158)</b>	<b>\$ 29,173,221</b>	<b>\$ 120,883,357</b>	<b>\$ 234,366,437</b>	<b>\$ 321,799,359</b>

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

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

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

Changes in Net Position

Last Ten Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental activities:										
General government.....	\$ 27,028,141	\$ 30,201,124	\$ 32,270,978	\$ 34,076,945	\$ 39,372,354	\$ 45,798,151	\$ 41,941,228	\$ 45,787,511	\$ 42,785,665	\$ 57,025,437
Public safety.....	52,091,080	52,579,803	54,345,466	58,162,944	54,307,824	65,598,846	61,568,749	58,365,215	48,123,032	58,566,755
Education.....	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	162,981,860
Public works.....	26,974,196	33,520,992	28,957,827	31,017,581	30,766,736	35,201,167	31,358,498	29,042,535	34,709,306	42,238,901
Community development.....	5,399,251	5,730,544	5,177,905	6,696,020	4,556,946	5,623,403	4,243,725	5,387,639	4,264,877	4,855,456
Human services.....	227,030	229,633	178,570	244,417	279,442	468,398	882,548	1,753,478	1,512,279	1,142,152
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	2,028,670
Culture and recreation.....	3,868,022	4,948,901	4,787,187	5,245,975	5,843,577	5,780,260	4,515,562	5,644,695	5,683,962	7,496,971
Interest.....	3,178,533	2,813,723	2,956,192	3,563,654	3,727,244	8,746,700	4,439,863	6,596,003	7,060,308	7,694,127
Total government activities expenses.....	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	343,830,229
Business-type activities:										
Water.....	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	13,197,093
Sewer.....	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	24,410,066
Veteran's memorial ice rink.....	584,995	750,644	721,990	679,098	713,303	693,015	624,804	586,778	347,226	130,979
Dilboy stadium.....	217,761	160,855	156,199	154,881	143,967	144,238	171,128	181,541	104,136	104,136
Kennedy school pool.....	-	-	-	-	-	-	616,457	275,240	329,749	358,572
Total business-type activities expenses.....	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	38,200,846
Total primary government expenses.....	\$ 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	\$ 382,031,075
<b>Program Revenues</b>										
Governmental activities:										
General government charges for services.....	\$ 6,078,676	\$ 14,874,314	\$ 9,341,536	\$ 10,828,065	\$ 17,374,072	\$ 16,052,363	\$ 12,995,489	\$ 14,388,171	\$ 35,184,888	\$ 33,078,731
Public safety charges for services.....	9,504,549	9,701,430	9,726,266	11,648,005	10,933,048	12,128,811	12,306,848	14,491,168	14,836,270	16,422,588
Education charges for services.....	2,744,125	2,854,004	3,025,441	3,251,770	3,889,821	4,258,955	3,120,517	4,497,752	3,852,627	4,747,632
Other charges for services.....	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	5,155,509
General government operating grants and contributions.....	2,275,935	3,306,728	2,318,143	3,611,794	6,351,895	4,483,922	2,218,332	8,570,741	5,969,984	14,139,233
Public safety operating grants and contributions.....	1,035,751	787,168	734,344	567,768	780,100	1,504,557	1,977,424	1,737,346	2,452,912	1,769,265
Education operating grants and contributions.....	49,332,811	38,046,586	41,987,740	46,466,462	46,045,575	47,632,509	53,530,987	60,485,179	52,994,776	54,703,342
Public works operating grants and contributions.....	1,030,318	1,151,440	932,462	2,059,979	389,071	1,799,897	268,617	1,053,406	1,478,201	1,294,669
Community development operating grants and contributions.....	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	7,074,721
Other operating grants and contributions.....	1,028,356	957,692	861,352	888,955	900,158	1,834,924	3,097,493	4,972,600	3,938,763	2,210,763
Education capital grants and contributions.....	1,686,711	9,685	2,212,282	1,598,709	12,072,086	30,995,107	40,330,199	13,219,350	9,463,890	2,146,530
Other capital grants and contributions.....	985,429	991,751	2,090,371	440,747	2,152,619	5,592,603	3,345,161	4,623,260	2,106,227	2,146,778
Total government activities program revenues.....	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	144,859,741
Business-type activities:										
Water charges for services.....	11,952,312	11,923,024	13,249,816	13,945,725	14,027,720	13,771,906	13,748,243	14,167,070	15,525,407	17,184,671
Sewer charges for services.....	17,055,541	17,304,880	19,296,052	21,673,233	22,396,044	23,414,555	23,846,465	24,361,609	26,744,034	30,150,955
Veteran's memorial ice rink charges for services.....	530,583	579,538	638,822	587,035	634,804	570,342	464,286	467,827	100,052	-
Dilboy stadium charges for services.....	110,200	181,942	227,234	200,074	232,101	160,379	66,338	51,031	78,334	104,559
Kennedy School Pool charges for services.....	-	-	-	-	-	-	67,136	20,475	70,011	53,021
Other capital grant and contributions.....	654,755	-	-	-	-	7,891,015	5,456,391	-	1,400,000	-
Total business-type activities program revenues.....	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	47,492,306
Total primary government program revenues.....	\$ 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	\$ 192,352,047
<b>Net (Expense)/Program Revenue</b>										
Governmental activities.....	\$ (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)	\$ (196,970,488)
Business-type activities.....	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	9,291,460
Total primary government net (expense)/program revenue.....	\$ (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)	\$ (189,679,028)
<b>General Revenues and other Changes in Net Position</b>										
Governmental activities:										
Real estate and personal property taxes.....	\$ 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	\$ 219,023,348
Tax and utility liens.....	968,105	416,809	297,772	201,283	159,603	771,316	121,868	847,056	818,802	528,751
Motor vehicle and other excise taxes.....	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	11,720,377
Penalties and interest on taxes.....	1,121,504	858,956	901,173	729,944	869,808	1,955,547	2,164,439	2,374,574	2,597,943	2,881,228
Payments in lieu of taxes.....	285,596	304,688	829,780	1,248,682	1,327,790	673,359	511,666	1,134,120	980,761	937,966
Community Preservation surtax.....	1,323,320	1,430,721	1,545,198	1,684,815	1,794,508	1,507,020	1,611,453	1,506,512	1,622,603	1,654,422
Grants and contributions not restricted.....	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	31,304,193
Unrestricted investment income.....	238,031	292,212	303,517	496,273	1,407,965	3,545,866	3,176,974	901,578	716,412	7,789,590
Gain on sale of assets.....	1,030,318	2,031,564	2,031,564	2,031,564	5,371,913	88,470	7,140	12,007,693	118,412	110,326
Miscellaneous.....	278,074	113,230	398,206	194,008	537,703	282,746	649,557	544,795	1,226,545	377,687
Transfers, net.....	526,840	217,176	949,090	(345,056)	1,088,397	(1,053,571)	(1,053,571)	(3,151,461)	(3,710,869)	(4,295,700)
Total governmental activities.....	149,275,914	160,325,673	168,442,753	176,234,802	185,527,178	199,172,873	212,352,986	235,490,185	242,409,712	272,032,188
Business-type activities:										
Unrestricted investment income.....	152,624	163,536	142,354	160,353	270,925	361,159	371,675	239,152	185,650	784,062
Transfers.....	(526,840)	(217,176)	(948,090)	345,056	(1,088,397)	158,000	1,053,571	3,151,461	3,710,869	4,295,700
Total business-type activities.....	(374,216)	(53,640)	(805,736)	505,409	(817,472)	519,159	1,425,246	3,390,613	3,896,519	5,079,762
Total primary government general revenues and other changes in net position.....	\$ 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	\$ 277,111,950
<b>Changes in Net Position</b>										
Governmental activities.....	\$ (9,074,936)	\$ (3,352,583)	\$ (5,683,132)	\$ (11,362,602)	\$ 23,269,783	\$ 28,920,027	\$ 70,233,263	\$ 85,360,792	\$ 103,609,786	\$ 73,061,700
Business-type activities.....	4,193,823	2,932,276	4,439,545	5,884,715	5,588,412	14,069,788	5,232,319	6,349,344	9,873,294	14,371,222
Total primary government changes in net position.....	\$ (4,881,113)	\$ (420,307)	\$ (1,243,587)	\$ (4,557,887)	\$ 28,858,195	\$ 42,989,815	\$ 75,465,582	\$ 91,710,136	\$ 113,483,080	\$ 87,432,922

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>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>	<u>2023</u>
<b>General Fund</b>										
Committed.....	\$ 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	\$ 70,812,388
Assigned.....	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	4,660,626
Unassigned.....	<u>15,520,425</u>	<u>13,692,118</u>	<u>15,507,488</u>	<u>20,194,053</u>	<u>19,666,376</u>	<u>26,014,633</u>	<u>36,978,228</u>	<u>31,955,542</u>	<u>46,202,853</u>	<u>42,820,524</u>
Total general fund.....	<u>\$ 46,535,247</u>	<u>\$ 50,217,701</u>	<u>\$ 54,684,889</u>	<u>\$ 60,635,867</u>	<u>\$ 64,254,363</u>	<u>\$ 68,901,476</u>	<u>\$ 75,162,299</u>	<u>\$ 89,329,893</u>	<u>\$ 104,870,429</u>	<u>\$ 118,293,538</u>
<b>All Other Governmental Funds</b>										
Nonspendable.....	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126
Restricted.....	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	100,537,961
Unassigned.....	<u>(11,138,192)</u>	<u>(15,052,796)</u>	<u>(14,895,671)</u>	<u>(11,385,014)</u>	<u>(31,035,675)</u>	<u>(38,927,012)</u>	<u>(8,317,055)</u>	<u>(9,210,126)</u>	<u>(17,246,479)</u>	<u>(7,516,818)</u>
Total all other governmental funds..	<u>\$ 18,399,965</u>	<u>\$ 18,333,777</u>	<u>\$ 21,982,096</u>	<u>\$ 29,376,280</u>	<u>\$ 16,316,019</u>	<u>\$ 22,190,450</u>	<u>\$ 51,120,240</u>	<u>\$ 66,731,471</u>	<u>\$ 77,054,971</u>	<u>\$ 93,454,269</u>

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

Changes in Fund Balances, Governmental Funds

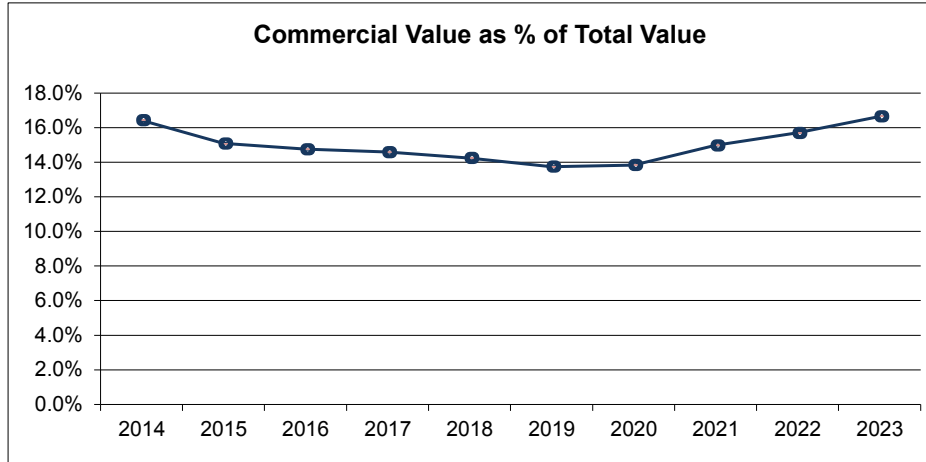
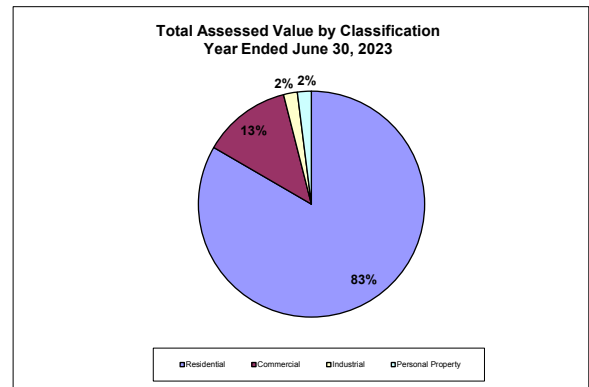
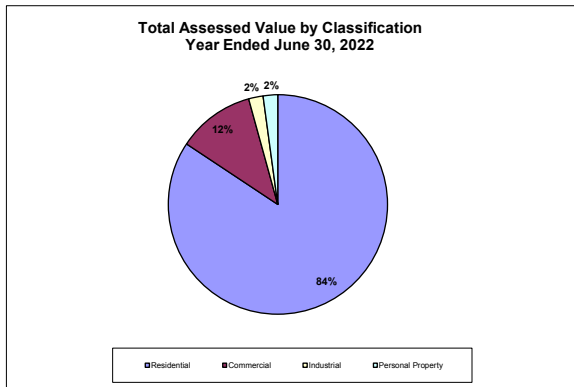
Last Ten Years

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
Real estate and personal property taxes.....	\$ 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	\$ 218,807,935
Tax liens.....	847,582	654,405	606,130	392,962	192,533	291,986	278,585	356,770	512,067	541,965
Motor vehicle and other excise taxes.....	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	11,717,125
Payments in lieu of taxes.....	285,596	304,688	829,780	1,248,682	1,327,790	1,507,020	1,611,453	1,506,512	1,622,603	1,654,422
Intergovernmental.....	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	107,665,744
Departmental and other.....	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	61,571,571
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	3,883,599
Contributions.....	256,094	3,044,440	757,874	621,388	644,117	855,434	3,014,993	4,151,637	3,337,621	4,814,103
Investment income.....	238,031	292,212	308,289	500,910	1,415,231	3,535,215	3,176,974	901,578	716,412	7,789,590
Miscellaneous.....	268,687	113,209	205,935	134,582	537,703	282,746	649,557	544,795	1,232,224	376,992
<b>Total Revenue.....</b>	<b>235,532,213</b>	<b>242,409,811</b>	<b>246,020,919</b>	<b>269,541,142</b>	<b>296,190,280</b>	<b>339,388,587</b>	<b>350,428,491</b>	<b>358,715,228</b>	<b>384,161,772</b>	<b>418,823,046</b>
<b>Expenditures:</b>										
General government.....	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	44,508,566
Public safety.....	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	50,930,074
Education.....	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	117,127,180
Public works.....	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	38,107,858
Community development.....	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	4,655,456
Health and human services.....	224,330	229,633	178,570	244,417	276,304	430,234	882,548	1,753,478	1,512,279	1,142,152
Culture and recreation.....	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	5,481,516
Pension benefits.....	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	31,258,414
Employee benefits.....	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	32,992,089
Claims and judgments.....	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	2,028,670
State and county charges.....	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	12,108,419
Capital outlay.....	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	35,646,848
Debt service:										
Principal.....	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	10,869,779
Interest.....	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	10,211,394
<b>Total Expenditures.....</b>	<b>241,054,596</b>	<b>248,282,551</b>	<b>257,554,893</b>	<b>273,276,254</b>	<b>318,928,299</b>	<b>348,623,065</b>	<b>438,140,310</b>	<b>403,074,063</b>	<b>386,887,293</b>	<b>399,068,415</b>
Excess of revenues over (under) expenditures.....	(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)	19,754,631
<b>Other Financing Sources (Uses)</b>										
Issuance of bonds and notes.....	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	13,031,734
Issuance of refunding bonds.....	-	-	-	-	7,810,975	-	-	-	-	-
Premium from issuance of bonds.....	962,253	-	930,391	2,970,178	2,119,409	2,950,552	1,970,136	10,440,333	2,913,578	2,846,298
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.....	9,387	-	-	2,120,152	3,911	68,470	7,140	18,869,818	118,412	110,326
Transfers in.....	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	19,018,093
Transfers out.....	(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)	(24,938,675)
<b>Total other financing sources (uses).....</b>	<b>7,748,480</b>	<b>9,489,006</b>	<b>19,649,481</b>	<b>17,080,274</b>	<b>13,296,254</b>	<b>19,756,022</b>	<b>122,759,635</b>	<b>54,137,660</b>	<b>28,589,557</b>	<b>10,067,776</b>
Special item:										
MBTA reimbursement.....	-	-	-	-	-	-	-	20,000,000	-	-
<b>Net change in fund balance.....</b>	<b>\$ 2,226,097</b>	<b>\$ 3,616,266</b>	<b>\$ 8,115,507</b>	<b>\$ 13,345,162</b>	<b>\$ (9,441,765)</b>	<b>\$ 10,521,544</b>	<b>\$ 35,047,816</b>	<b>\$ 29,778,825</b>	<b>\$ 25,864,036</b>	<b>\$ 29,822,407</b>
Debt service as a percentage of noncapital expenditures.....	4.31%	4.69%	4.18%	4.28%	4.11%	4.64%	4.24%	4.86%	5.95%	5.80%

**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
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
2023	18,588,162,698	10.34	2,830,367,975	433,342,800	450,822,700	3,714,533,475	17.35	11.51	22,302,696,173



(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**

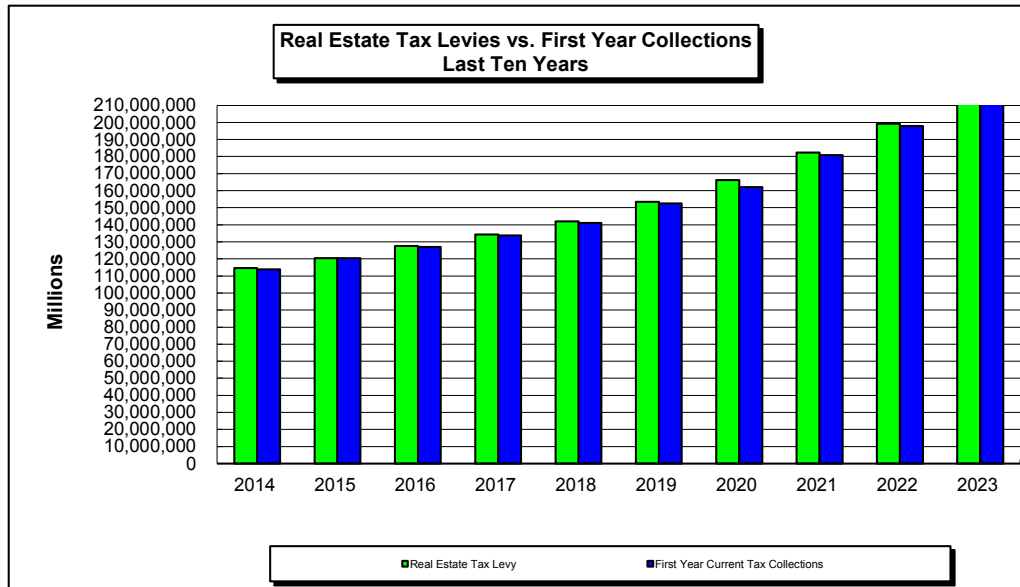
Name	Nature of Business	2023			2014		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Street Retail Inc	Commercial/Residential	\$ 676,110,374	1	3.03%	\$ 46,384,600	4	0.49%
DW Propco EF LLC	Office Building	\$ 375,896,400	2	1.69%	-	-	-
101 South Street Owner LLC	Office Building	\$ 190,304,800	3	0.85%	-	-	-
DW NP Property LLC	Office Building	\$ 159,942,100	4	0.72%	-	-	-
NSTAR/Eversource Electric Co	Electric Company	\$ 128,449,420	5	0.58%	\$ 61,485,440	2	0.65%
Assembly Row 5B LLC	Office Building	\$ 128,327,200	6	0.58%	-	-	-
NSTAR/Eversource Gas Co	Gas Company	\$ 99,161,890	7	0.44%	\$ 22,719,440	9	0.24%
CRP 70 Inner Belt LLC	Telecom	\$ 84,620,600	8	0.38%	\$ 34,051,800	6	0.36%
74M Property Owner LLC	Office Building	\$ 83,980,000	9	0.38%	-	-	-
FR Assembly Square LLC	Shopping Mall	\$ 82,263,300	10	0.37%	\$ 63,020,400	1	0.67%
Twin City Plaza LLC	Retail Mall	-	-	-	\$ 50,000,000	3	0.53%
I-93 Somerville LLC	Retail	-	-	-	\$ 36,036,500	5	0.38%
Kadima Medical Properties LLC	Professional Building	-	-	-	\$ 32,624,000	7	0.38%
National Tax Search LLC Trustee	Office Building	-	-	-	\$ 23,000,000	8	0.35%
Clarendon Hill Somerville LP	Apartments	-	-	-	\$ 35,424,000	10	0.38%
<b>Totals</b>		<u>\$2,009,056,084</u>		<u>9.01%</u>	<u>\$404,746,180</u>		<u>4.42%</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
2014	(1)	\$ 116,112,597	\$ 1,416,537	\$ 114,696,060	\$ 113,841,400	99.25%	\$ 851,701	\$ 114,693,101	100.00%
2015		122,165,461	1,697,496	120,467,965	120,376,618	99.92%	814,165	121,190,783	100.60%
2016		129,147,863	1,680,095	127,467,768	126,959,692	99.60%	874,118	127,833,810	100.29%
2017		136,071,683	1,709,004	134,362,679	133,730,789	99.53%	907,852	134,638,641	100.21%
2018		143,491,095	1,528,746	141,962,349	141,091,495	99.39%	790,340	141,881,835	99.94%
2019	(1)	155,031,240	1,647,702	153,383,538	152,583,237	99.48%	1,035,403	153,618,640	100.15%
2020		167,812,263	1,706,610	166,105,653	162,135,904	97.61%	3,143,085	165,278,989	99.50%
2021		184,014,988	1,721,279	182,293,709	180,761,820	99.16%	1,204,146	181,965,966	99.82%
2022		200,839,916	1,712,226	199,127,690	197,821,262	99.34%	1,180,589	199,001,851	99.94%
2023		221,093,410	1,616,982	219,476,428	217,271,243	99.00%	-	217,271,243	99.00%



(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%
2023	79,762	5,192,506,200	22,302,696,173	285,424,674	311,915	3,582	5.50%	1.28%

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%
2023	48,603,651	3,294,664	337,634,904	4,233	6.50%	1.51%

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

**Computation of Legal Debt Margin**

**Last Ten Years**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Equalized Valuation.....	\$ 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	\$ 22,812,899,800
Debt Limit -5% of Equalized Valuation...	\$ 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	\$ 1,140,644,990
Less:										
Outstanding debt applicable to limit....	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	117,646,866
Authorized and unissued debt.....	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	254,622,037
Legal debt margin.....	\$ 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	\$ 768,376,087
Total debt applicable to the limit as a percentage of debt limit.....	13.72%	13.78%	19.04%	23.77%	35.11%	30.06%	32.53%	32.17%	28.66%	32.64%

Source: Official Statement for Sale of Bonds

**Direct and Overlapping Governmental Activities Debt**

**As of June 30, 2023**

<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.....	\$ 1,857,465,000	3.17%	\$ 58,886,797
MWRA Sewer.....	2,786,588,000	3.42%	95,318,302
Massachusetts Bay Transportation Authority.....	5,546,685,000	3.08%	<u>171,010,914</u>
Subtotal, overlapping debt.....			<u>325,216,013</u>
City direct debt.....			<u>285,736,589</u>
Total direct and overlapping debt.....			<u>\$ 610,952,602</u>

Source: Financial Advisor

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**

<b>Year</b>	<b>Population Estimates</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Median Age</b>	<b>Unemployment Rate</b>
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%
2023	79,762	5,192,506,200	65,100	31.5	2.3%

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

**Principal Employers (Excluding City)**

**Current Year and Nine Years Ago**

Employer	Nature of Business	2023			2014*		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Partners Healthcare	Health Care	4,053	1	13.3%	-	-	-
Tufts University	Education Institution	1,322	2	4.4%	2,193	1	9.4%
ABM Industries	Janitorial Services	2,000	3	6.6%	2,000	2	8.5%
Cambridge Health Alliance	Health Care	1,014	4	3.3%	1,014	3	4.3%
J&S Electric Company	Building Equipment	525	5	1.7%	-	-	-
FormLabs	Scientific Research	450	6	1.5%	-	-	-
Angelica	Laundry	412	7	1.4%	546	4	2.3%
Royal Hospitality Services Inc.	Office Supplies	380	8	1.3%	-	-	-
Market Basket	Grocery Store	381	9	1.3%	-	-	-
Rogers Foam Corporation	Foam Products	300	10	1.0%	300	7	1.3%
Federal Realty Investment Trust	Real Estate	-	-	-	510	5	2.2%
Gentle Giant	Local Trucking	-	-	-	375	6	1.6%
Van de Weil	Engineering/Consulting	-	-	-	300	8	1.3%
Visiting Nurses	Health Care	-	-	-	250	9	1.1%
Harvard Vanguard	Health Care	-	-	-	225	10	1.0%
		<b>Totals</b>		<b>10,837</b>		<b>7,713</b>	<b>35.7%</b>
							<b>33.0%</b>

Source: Company or institution listed

**Full-Time Equivalent City Employees**

**Last Ten Years**

	<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>2023</u>
<u>Full-Time Equivalents</u>										
General government.....	219	225	226	233	235	240	238	281	263	285
Public safety.....	252	257	260	267	269	275	273	322	347	348
School.....	908	923	929	937	1107	1139	1074	1096	1089	1103
Public works.....	115	118	119	122	123	126	125	147	136	140
Health and human services.....	23	24	24	25	25	26	25	30	29	35
Culture and recreation.....	11	11	11	12	12	12	12	14	53	57
Community development.....	<u>53</u>	<u>54</u>	<u>55</u>	<u>56</u>	<u>57</u>	<u>58</u>	<u>58</u>	<u>68</u>	<u>91</u>	<u>98</u>
Total .....	<u>1,581</u>	<u>1,612</u>	<u>1,624</u>	<u>1,652</u>	<u>1,828</u>	<u>1,876</u>	<u>1,805</u>	<u>1,958</u>	<u>2,008</u>	<u>2,066</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**

	2014	2015	2016	2017	2018	2019	2020	2021	2022*	2023
<b>General Government:</b>										
Registered Voters.....	47,454	45,655	51,319	51,362	54,672	54,351	58,173	59,627	55,358	55,358
Births.....	974	863	838	854	798	772	723	655	686	580
Marriages.....	548	513	590	606	557	511	294	361	486	483
Deaths.....	517	589	561	427	415	405	492	405	395	321
Dogs Licensed.....	2,127	1,780	2,053	1,831	1,759	1,870	1,899	2,054	1,978	1,640
Business Certificates.....	483	318	307	274	290	229	192	211	219	213
<b>Fire:</b>										
Total Fires.....	377	431	429	462	442	389	452	407	505	455*
Structure Fires.....	56	258	321	354	360	321	365	50	55	157*
Vehicle Fires.....	14	24	14	21	17	14	13	24	15	17*
Other Fires.....	307	149	94	87	65	54	71	333	435	280*
<b>Civilian</b>										
Injuries.....	1	0	8	5	3	2	5	2	3	3*
<b>Fire Service</b>										
Injuries.....	38	17	29	23	75	102	56	45	46	49*
Dollar Loss.....	\$ 1,559,364	\$ 663,875	\$ 3,601,500	\$3,666,101	\$1,703,650	\$2,715,100	\$2,694,950	\$6,008,900	\$2,618,550	\$3,774,133*
<b>Police:</b>										
Violent crime total.....	206	183	198	172	184	167	136	152	191	200*
Murder and nonnegligent manslaughter.....	1	0	0	2	0	0	1	2	1	1*
Forcible rape.....	10	8	15	19	26	17	17	17	17	19*
Robbery.....	58	40	48	39	44	38	17	30	44	53*
Aggravated assault.....	137	135	135	112	114	112	101	103	129	128*
Property crime total.....	1,253	1,695	1,239	1,104	1,062	1,053	997	938	1,140	1,277*
Burglary.....	192	305	207	171	161	140	120	30	115	165*
Larceny-theft.....	949	1,257	931	834	789	825	784	816	920	1,002*
Motor vehicle theft.....	112	133	101	99	112	88	93	92	105	110*
<b>Traffic and Parking:</b>										
Tickets Issued.....	128,449	140,974	137,973	125,472	124,855	127,424	97,843	124,704	131,618	118,055
<b>Inspectional:</b>										
Building Permit Count.....	1,775*	2,166	2,034	2,186	2,194	2,033	1,589	1,869	2,009	1,838*
<b>Education:</b>										
Total enrollment.....	4,940	4,987	4,931	4,950	4,956	4,909	4,755	4,673	4,815	4,748
<b>Library:+</b>										
Total Circulation.....	411,566	387,222	396,812	378,929	381,074	394,531	358,169	400,163	565,116	441,149
Total Holdings.....	200,522	205,045	211,941	215,289	217,865	221,390	223,095	240,896	240,699	234,897
Registered users.....	29,611	29,351	33,500	34,395	28,626	36,746	37,011	34,127	34,584	35,241

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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Fire:</b>										
Fire stations.....	5	5	5	5	5	5	5	5	5	5
Emergency vehicles.....	8	8	8	8	8	8	8	8	38	38
<b>Police:</b>										
Stations.....	3	3	3	3	3	3	3	3	3	3
<b>Public works:</b>										
Streets (miles).....	115.11	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.8	119.8
<b>Electric:</b>										
Streetlights.....	4,032	4,056	4,056	4,056	4,056	4,056	4,056	4,056	5,700	5,700
<b>Sewer:</b>										
Sanitary sewers (miles).....	68	68	68	68	68	68	68	68	135	135
Storm sewers (miles).....	35	35	35	35	35	35	35	35	47	47
<b>Library:</b>										
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
<b>Parks and recreation:</b>										
<b>City Parks</b>										
Number of Parks.....	43	43	69	69	69	69	69	69	69	69
Acreage.....	51.35	51.35	58.3	58.3	58.3	57.6	57.6	57.6	57.6	57.6
<b>DCR Parks in Somerville</b>										
Number of Parks.....	6	6	8	8	8	8	8	8	8	8
Acreage.....	77.5	77.5	81.3	81.3	81.3	81.3	81.3	81.3	81.3	81.3
<b>Other Open and Public Space</b>										
Number of Spaces.....	28	28	10	11	11	13	13	13	13	13
Acreage.....	50.34	50.34	19.3	25.0	25.0	32.1	32.1	32.1	32.1	32.1
<b>Water:</b>										
Water mains (miles).....	125	125	125	125	125	125	125	125	120	120
Fire hydrants.....	1,550	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,357	1,357
<b>Education:</b>										
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