

CITY OF SOMERVILLE

MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Year Ended June 30, 2024

Katjana Ballantyne, Mayor
Edward Bean, Finance Director

Prepared by the City of Somerville Finance Department

On the Cover – Independence Day Fireworks Over Trum Field

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Introductory Section



New Edgerly Schoolyard
Photo by Jon Bronenkant

Introductory Section



City of Somerville, Massachusetts

KATJANA BALLANTYNE

MAYOR

Letter of Transmittal

June 30, 2025

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, 2024. 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 CBIZ CPAs, to perform the June 30, 2024, 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, 2024, 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, 2024, 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, 2024, 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 CBIZ CPAs.

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 80,407, 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. Somerville is home to major art studios, including Vernon St. Studios, the Brickbottom Artists Building and the Joy Street Studios, are located in former industrial buildings. 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 with approximately 5,000 students across our 11 public schools. 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, with more than 14 programs currently offered. The district 4-year graduation rate has steadily improved (85.9% overall in 2023). While the drop-out rate saw an uptick as a result of the pandemic (3.4% overall in 2022), rates continue to improve, with a 1.4% decrease to 2% overall in 2023. 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 PK 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. 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. Roughly 85% of Somerville households are located within walking 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 completed its first-ever citywide Bicycle Network Plan in late 2022.

Somerville’s growth has been guided by its unique brand of inclusive, community-driven comprehensive planning. In 2009, the Somerville community came together to hammer out a guiding document for the city. The resulting comprehensive plan, SomerVision 2030, included more than 584 values-driven goals, policies, and actions. Since then, SomerVision 2030 and its metrics, goals, and priorities have served as the cornerstone of City policy and planning and City efforts to make Somerville an exceptional place to live, work, play, and raise a family. In the fall of 2018, the Mayor’s Office of Strategic Planning & Community Development announced SomerVision 2040, a process to revisit SomerVision 2030 and build in goals to move forward. The comprehensive plan was updated in 2021 as SomerVision 2040, following a robust community process by the citizen led SomerVision Task Force.

The revised plan is divided into topic areas including Climate and Sustainability; Commercial Development, Business and Arts; Community and Governance; Housing; Infrastructure; Mobility; Public Space and the Natural Environment; and Youth and Education, with a major emphasis on equity and displacement throughout. This new plan will guide Somerville's growth through 2040.

With its bright development future featuring new, mixed-use development projects, and innovative local government management, Somerville has been recognized as "the best run City in the Commonwealth" by Boston Globe magazine. The National Civic League has recognized Somerville as an All-America City three times, twice under the current Administration's leadership, for outstanding civic accomplishments in innovation, inclusiveness, civic engagement, and cross sector collaboration to address pressing local challenges. In September 2022, Money Magazine ranked Somerville #7 on its annual list of Best Places to Live in America.

ECONOMIC DEVELOPMENT

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

Assembly Square

Assembly Square is Somerville's largest commercial district and one of the premier economic development sites in New England. The 145-acre district is located at the northeast corner of the Somerville between the Mystic River and I-93.



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 I-93 and State Route 28. In September of 2014, the Assembly Square Orange Line transit stop became the first new stop in the Massachusetts Bay Transit Authority system in over a generation. For the past two decades, the City has undertaken an ambitious effort to maximize Assembly Square's locational advantages and transform this former industrial district into the Greater Boston's newest neighborhood. Thoughtful planning and strategic investments have created a model for successful mix-used, transit-oriented developments.

In May 2011, Federal Realty Investment Trust (FRIT), the State, and the City entered into a Tri-Party Agreement that outlines roles and responsibilities to fund major infrastructure, sequence public investments, and facilitate private development of what has been marketed as Assembly Row. Critical elements of the agreement included implementing a District Improvement Financing (DIF) strategy and a commitment from the Commonwealth to fund the Orange Line T Station.

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

The development pipeline continues to be strong throughout the Assembly Square neighborhood. Federal Realty has recently completed two buildings as part of the Assembly Row development, 455 Grand Union Blvd and 485 Foley Street. Opened in 2021, 455 Grand Union Blvd is a 275,000 sq. ft. commercial building that hosts the North American headquarters of Puma, local climatetech startup Sparkcharge, and Bluebird Bio, now one of the largest employers in Somerville. Completed a year later adjacent to the MBTA transit station, 495 Foley Street—known as Miscela—is a 525,300 sq. ft. residential building featuring 500 apartments and 26,500 sq. ft. of ground floor retail. A few blocks away, Assembly Innovation Park, a 1.4M sq. ft. master-planned project is taking shape. Alta Revolution, a 329-unit residential building with ground floor retail space opened in 2022. This year Biomed Realty completed 188 Assembly Park Drive, a 497,000 sq. ft. biotech lab building the corner of Foley Street and Middlesex Avenue. The project will also include a new Assembly Square branch fire station on the ground floor of the adjacent parking garage. Greystar opened 74M, a 465,000 square foot Class-A lab, office, and R&D space. The Assembly Square neighborhood has blossomed into thriving mixed-use destination.

Meanwhile, the City is completing the Assembly Square Neighborhood Plan to guide development in the remainder of the Assembly Square neighborhood. The plan anticipates additional residential and commercial development along with new parks and public amenities that will support the neighborhood.

Union Square

Union Square is Somerville's second largest business district and located in southern end of the city near the Cambridge border. Known throughout the region as a multi-ethnic arts and dining destination, Union Square is undergoing an exciting transformation. In 2024, Time Out Magazine named Union Square one of coolest neighborhoods in the world.

For the past 20 years, the City has collaborated with neighborhood residents, businesses, and property owners to launch plans to strengthen the district. In 2004, the collaboration created "Union Square Main Streets," a non-profit community organization based on the National Main Street Center's successful downtown revitalization model. Union Square Main Streets regularly draws more than 20,000 people to Union Square for the What the Fluff! festival in the fall.

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 new mixed-used development around the new Union Square Station, the terminus of the MBTA Green Line. In 2012, the City and the Somerville Redevelopment Authority (SRA) approved the Union Square Urban Revitalization Plan, which identified seven major redevelopment parcels. In 2014, the SRA selected Union Square Station Associates (US2) as the master developer in Union Square. Next, a robust community planning process resulted in the Union Square Neighborhood Plan, adopted by the City's Planning Board in May of 2016 and was followed by a major rezoning effort. This enabled US2 to entitle a 2.3M square foot, multi-parcel development program that includes housing, retail, office and lab space. Prospect Union opened in 2023 as the first phase of the project and included 450 residential units. In 2024, US2 opened a 175,000 sq. ft. commercial/lab building at 10 Prospect Street. Projects from other development teams have added over 200 units to core of Union Square over the past two years. The transformation of Union Square is fully underway.

The City is implementing a comprehensive infrastructure plan for Union Square. Conceptual plans were developed in 2012 and seek to balance traffic flow in the context of quality of life, future development, greater design goals, and the introduction of the MBTA Green Line. The City completed a \$63 million public infrastructure project to alleviate existing flooding issues, replace critical sub-surface infrastructure and provide capacity to unlock the development potential in the district. The City continues to design a significant expansion of the public plaza at the heart of the square and advance related streetscape improvements.

Union Square has also emerged as a global center for the climatetech industry—companies that work to create solutions to climate change. The anchor institution for Somerville's cluster is Greentown Labs, the largest climate tech incubator in the United States and is known around the world, including being a feature stop on the Prince of Wales' tour to the United States in 2022. The facility is home to more than 125 active startups and helps to attract hundreds of millions in new investment each year for its resident firms. Greentown Labs allows Somerville to stake its claim as a global hub for the climatetech industry. Companies growing beyond the incubator include Form Energy, developing utility scale energy storage from their Somerville Headquarters and production facility in West Virginia, and Sublime Systems, producing low-carbon concrete from their research headquarters in Somerville and their production facility in Holyoke, Massachusetts. The property owners of the Somernova campus, where Greentown Labs and Sublime Systems are situated in legacy industrial properties, has been working in collaboration with neighborhood stakeholders and the City to plan for the future of this industry and develop the legacy single-story industrial spaces into multistory research and development buildings tailor made for climate companies. That planning effort is expected to wrap up in 2025.

Boynton Yards

Union Square is also anchored by Boynton Yards, a 35-acre formerly industrial and warehouse district that has blossomed into a biotech and arts cluster. The district is located south of Union Square Station and north of the Cambridge border. The building to lead the transformation is 101 South Street, a 289,000 sq. ft. home to lively, early-stage life science companies under the Flagship Pioneering umbrella, some of which will be poised for expansion as the district grows. In 2024, the team of DLJ Capital Partners and Leggat McCall Partners opened the second building at 808 Windsor Street, which adds 360,000 sq. ft. of laboratory space to the emerging life sciences cluster and CV Properties opened 495 Columbia Street, adding another 300,000 of laboratory space for research and development.

The district is also home to The Hive, a 100,000 square foot repurposed industrial warehouse that is home to a buzzing scene of artists and makers—most notably Taza Chocolate and soon to be home to BOSLab, a community biology makerspace fostering community connections to the biotech industry. When completed this district will support over 3.4 million square feet of new mixed-use development.

Inner Belt—Brickbottom

The Inner Belt is a 160-acre manufacturing and warehouse district that is home to many of the city's largest employers, including ABM Industries, the Angelica Corporation, and Triumvirate Environmental. In 2023, Form Energy, the grid-scale battery company growing from Greentown Labs, expanded their headquarters to 200 Inner Belt Road. As part of this move, the City has worked in partnership with the MBTA and the property owners to facilitate a connection between 200 Inner Belt Rd and the newly opened East Somerville Station, which is situated just behind the property. This connection will open in early 2025 and will further facilitate development in Inner Belt by providing substantially improved transit access to the neighborhood.

Located on the southwestern side of the East Somerville Station (MBTA Green Line), the 33-acre Brickbottom district is undergoing transformation. The City completed the Brickbottom Neighborhood Plan in 2024 to guide the transformation of this neighborhood from its legacy, industrial base to one that features new commercial and residential development and a heavy emphasis on nurturing the existing arts and culture cluster. North River Company opened 100 Chestnut in 2023 and quickly filled up the building with innovative life sciences firms. The firm is poised to redevelop their land into a combination of lab space, housing, and space for the district's artists.

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 4.5M sq. ft. of development, including 2.1 million square feet of science and technology space. The project sits adjacent to the Community College Station (MBTA Orange Line) and Lechmere Station (MBTA Green Line). The project is positioned to attract growing companies seeking space close to the dynamic concentration of life sciences companies in Kendall Square. Two commercial sites fall within Somerville. 250 North Street is a 350,000 sq. ft. building on the Cambridge/Somerville line and is home to Philips' North American research base. In early 2023, Bristol Myers Squibb moved their research headquarters into the second building, 250 Water St, a 483,000 sq. ft. life sciences building located entirely within Somerville.

Davis Square

Davis Square is Somerville's most vibrant central business district. Anchored by Davis Square Station (MBTA Red Line) Davis Square is located steps away from Tufts University and within the dense residential neighborhoods of west Somerville. Davis Square has become well-known throughout Greater Boston as a food, entertainment and cultural mecca. Two redevelopment projects were approved in 2022 that are expected to bring additional daytime traffic to the square with lab space filling upper stories with rebuilt or refreshed ground floor spaces at each project site. The slowdown in lab demand in 2023 has slowed the implementation of those two projects. Future plans in Davis Square will focus on strategic infill development, streetscape updates or rehabilitation projects to enhance the already vibrant community. The Davis Square Neighborhood Plan is expected to be adopted in 2025. A nascent merchants association is beginning to think about ways to collaborate amongst each other and with the City to think about the ways small investments can build momentum toward maintaining that position as a regional cultural destination strong for the next generation.

Transportation Improvements

Transportation investments are poised to remake Somerville. The Green Line Extension was completed in 2022, placing 85% of Somerville’s residents within walking distance of transit and promises to significantly improve the city’s air quality, connectivity, and economic opportunity. The opening is the critical element that will focus transit-oriented development along the seven new and reconstructed stations along the two branches. This transit-led development strategy is a familiar one as the Assembly Square Orange Line station keyed dramatic development since it opened in 2014. 2024 saw a dramatic improvement in transit operations for the entire greater Boston MBTA subway system and the start of a system-wide bus network redesign. The improvements in speed, frequency, and routing for the buses, is putting renewed confidence in Somerville’s transit-oriented development approach.

The City is currently implementing several strategic plans to modernize street and sidewalk infrastructure to improve safety, accessibility and mobility for all users. Under Somerville’s 5-Year Street & Sidewalk Reconstruction Program, the City rebuilds public sidewalks, repaves streets and installs pedestrian safety treatments. Recently completed projects include College Avenue, Holland Street and Pearl Street. Larger capital projects financed through the City’s Capital Investment Plan modernize subsurface utility infrastructure and include full street reconstruction. Recent and current projects include Somerville Avenue, Spring Hill and Poplar Street. Somerville completed its first-ever Citywide Bicycle Network Plan, which will support continued investments in safe, connected streets.

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 2024 is \$26,820,999. The following table sets forth the recent trend in Free Cash for the City.

Free Cash (July 1)	
2024	\$26,820,999
2023	32,813,163
2022	38,970,525
2021	24,949,530
2020	16,711,066
2019	19,654,550
2018	14,524,715
2017	11,621,352
2016	10,833,988
2015	11,512,278

Stabilization Funds

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

The following table lists the cash Stabilization Funds balances for the following years:

Stabilization Cash Balance	
2024	\$127,017,462
2023	99,325,772
2022	70,750,326
2021	64,905,242
2020	44,142,863
2019	43,185,319
2018	41,919,377
2017	34,162,355
2016	28,852,284
2015	23,682,116

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. An updated CIP incorporating final ARPA allocations as well as new borrowing is currently underway.

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, 2024, totaled \$342.0 million. The following table sets forth debt as a percentage of assessed valuation and per capita debt at the end of the last ten 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
2024	\$341,969,111	\$23,544,660,195	4,413	1.50
2023	332,625,825	22,302,696,173	4,233	1.51
2022	310,503,800	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

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 fiscal year 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		
2024	\$22,994,778,065	\$549,882,130	\$23,544,660,195	\$10.52	\$18.20	\$244,828,530	3,021
2023	21,851,873,473	450,822,700	22,302,696,173	10.34	17.35	221,093,410	2,728
2022	20,406,408,345	446,617,260	20,853,025,605	10.18	16.85	200,839,916	2,474
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

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, 2024.

The total unfunded pension benefit obligation applicable to the City's employees was \$153,997,080 at December 31, 2023.

Total pension benefit obligation	\$557,830,352
Net Position available for benefits, at market value	<u>(403,833,272)</u>
Unfunded pension benefit obligation	<u>\$153,997,080</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 2015 through 2024 fiscal years are as follows:

Year	Contributory	Non-Contributory
2024	\$16,634,921	\$ 94,133
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	14,364,992	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

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
2024	\$8,617,931
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

The City implemented GASB Statement #75 in 2018 and in FY24 recognized an unfunded OPEB liability of \$152,466,938.

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 CBIZ CPAs. The independent auditors' report on the basic financial statements for the year ended June 30, 2024, 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, twelve 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, 2023

Christopher P. Morill

Executive Director/CEO

City of Somerville, Massachusetts

Organizational Chart

Year Ended June 30, 2024



City of Somerville, Massachusetts

Principal Officials

As of June 30, 2024



City Government – Term Expires

Katjana Ballantyne, Mayor - January 2026

Edward Bean, Finance Director - At Will

Colleen Tam, Deputy City Auditor - Indefinite

Linda Dubuque, City Treasurer/Collector - At Will

Michael Mastrobuoni, Budget Director - Indefinite

City Council – Term Expires January 2026

Ben Ewen-Campen, Ward 3, President

Judy Pineda Neufeld, Ward 7, Vice President

Willie Burnley, Jr, At-large

Wilfred N. Mbah, At-large

Kristen E. Strezo, At-large

Jake Wilson, At-Large

Matthew McLaughlin, Ward 1

Jefferson Thomas (J.T.) Scott, Ward 2

Jesse Clingan, Ward 4

Naima Sait, Ward 5

Lance L. Davis, Ward 6

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Financial Section



Newly Created Reavis Field
Photo by Colleen Tam

Financial Section

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Independent Auditors' 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 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 (the "City"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2024, 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States ("*Government Auditing Standards*"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City 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's 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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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's 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's 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

As described in Note 16 to the financial statements, the City restated the beginning net position of the governmental activities and the beginning fund balance of the general fund to correct an error in recording a judgement against the City. 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, General Fund budgetary comparison schedule, various pension plan schedules, and various other postemployment benefit plan schedules, 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 GAAS, 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's 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 GAAS. 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 auditors' 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 June 30, 2025, on our consideration of the City's 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's 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's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Merrimack, NH
June 30, 2025

Management's Discussion and Analysis

City of Somerville, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

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, 2024. 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).

City of Somerville, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

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, 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, Dilboy Stadium, and Kennedy School Pool operations.

City of Somerville, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

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 \$27.1 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 \$409.1 million at the close of 2024, which was an increase of \$88.9 million from the prior year restated net position. The City restated the beginning net position of the governmental activities by \$1.6 million, this was to correct an error due to not recording a judgement against the City in the amount of \$28.1 million related to an eminent domain land taking net of the additional amount of land capitalized of \$26.5 million.

Net position of \$435.4 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.

City of Somerville, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

An additional portion of net position, \$89.4 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 \$115.7 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 \$264.3 million and the business-type assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$144.9 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 \$264.3 million at the close of 2024.

	2024	2023 (As restated)
Assets:		
Current assets.....	\$ 288,544,296	\$ 322,696,443
Noncurrent assets (excluding capital).....	56,398,136	32,219,665
Loans Receivable (net of allowance for uncollectibles)....	148,640,547	90,997,427
Capital assets, net of accumulated depreciation.....	477,886,509	500,422,515
Total assets.....	971,469,488	946,336,050
Deferred outflows of resources.....	30,960,420	65,019,877
Liabilities:		
Current liabilities (excluding debt).....	94,031,579	93,529,473
Noncurrent liabilities (excluding debt).....	308,741,577	366,549,824
Current debt.....	42,937,199	40,857,452
Noncurrent debt.....	270,818,904	271,157,842
Total liabilities.....	716,529,259	772,094,591
Deferred inflows of resources.....	21,622,715	40,829,579
Net position:		
Net investment in capital assets.....	316,693,828	299,253,290
Restricted.....	89,382,199	79,055,716
Unrestricted.....	(141,798,093)	(179,877,249)
Total net position.....	\$ 264,277,934	\$ 198,431,757

City of Somerville, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

The largest portion of the City of Somerville's net position \$316.7 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, \$89.4 million, represents resources that are subject to external restrictions on how they may be used. These include funds for 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 \$141.8 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 \$141.8 million deficit of unrestricted net position at June 30, 2024. 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, 2024, has a balance of \$27.1 million and is reported within the Fiduciary Funds in the City's financial statements.

Long-term liabilities include \$270.8 million in long-term debt; \$7.9 million in compensated absence liabilities for unused vacation, special leave, and enhanced longevity benefits payable; \$1.6 million in future year workers' compensation benefits payable; \$141.0 million in future pension benefits; and \$151.6 million in future other postemployment benefits.

Governmental activities net position increased by \$65.8 million in 2024. This was primarily due to a surplus in the general fund of \$22.5 million, the receipt of \$2.8 million in capital grants, the City's ability to add capital assets with current year revenues and decreases in net pension and other post-employment benefit liabilities (net of deferred inflows and outflows) of \$2.7 million and \$23.6 million, respectively.

City of Somerville, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

	2024	2023
Program Revenues:		
Charges for services.....	\$ 34,265,548	\$ 59,404,440
Operating grants and contributions.....	102,449,553	81,161,993
Capital grants and contributions.....	2,849,829	4,293,308
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	250,507,619	219,023,348
Tax and other liens.....	660,386	528,751
Motor vehicle and other excise taxes.....	13,078,629	11,720,377
Community preservation tax.....	3,215,877	2,881,228
Penalties and interest on taxes.....	985,273	937,966
Payments in lieu of taxes.....	1,678,621	1,654,422
Grants and contributions not restricted to specific programs.....	30,487,250	31,304,193
Unrestricted investment income.....	12,448,285	7,789,590
Gain on sale of capital assets.....	959	110,326
Miscellaneous.....	356,990	377,687
Total revenues.....	452,984,819	421,187,629
Expenses:		
General government.....	86,734,032	57,025,437
Public safety.....	59,074,548	58,566,755
Education.....	167,008,401	162,981,860
Public works.....	46,731,763	42,238,801
Community development.....	7,334,218	6,206,878
Health and human services.....	1,199,459	1,142,152
Culture and recreation.....	7,433,198	7,496,971
Community preservation.....	2,074,854	2,028,670
Interest.....	9,100,232	7,694,127
Total expenses.....	386,690,705	345,381,651
Excess (Deficiency) before transfers.....	66,294,114	75,805,978
Transfers.....	(447,937)	(4,295,700)
Change in net position.....	65,846,177	71,510,278
Net position, beginning of year (as restated).....	198,431,757	126,921,479
Net position, end of year.....	\$ 264,277,934	\$ 198,431,757

Real estate and personal property collections exceeded the prior year by approximately 14.4% as a result of increased City property values, new growth, and the Proposition 2 ½ allowable increase in taxes assessed. The increase in operating grants and contributions was due to the City recognizing \$25.0

City of Somerville, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

million in ARPA grants. Charges for services revenue decreased as a result of a \$10 million decrease in mitigation revenues received and building permit revenues down by \$7 million.

The governmental expenses increased due to the fact that depreciation on capital assets exceeded principal expense on long-term bonds by \$1.0 million, an increase in compensated absences due to contract negotiations with various unions, a \$21.7 million increase in sub awards and grants expended out of the ARPA fund, building renovation grants and acquisitions in the Somerville Affordable Housing Trust fund totaling \$5.0 million, and land improvement/acquisition grants of \$2.5 million in both the Open Space Acquisition and Improvement fund and the Construction Stabilization fund, respectively.

Business-type Activities

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

	2024	2023
Assets:		
Current assets.....	\$ 35,434,263	\$ 64,595,064
Noncurrent assets (excluding capital).....	45,564,313	-
Capital assets, nondepreciable.....	72,410,041	42,787,145
Capital assets, net of accumulated depreciation....	134,132,096	118,193,587
Total assets.....	287,540,713	225,575,796
Deferred outflows of resources.....	560,399	1,251,120
Liabilities:		
Current liabilities (excluding debt).....	3,997,466	8,496,365
Noncurrent liabilities (excluding debt).....	3,823,685	4,420,907
Current debt.....	69,027,519	40,400,232
Noncurrent debt.....	64,354,175	49,422,197
Total liabilities.....	141,202,845	102,739,701
Deferred inflows of resources.....	2,031,745	2,271,035
Net position:		
Net investment in capital assets.....	118,724,756	94,890,138
Unrestricted.....	26,141,766	26,926,042
Total net position.....	\$ 144,866,522	\$ 121,816,180

Business-type net position of \$118.7 million represents investments in capital assets net of related debt. The remaining \$26.1 million is available to be used for the ongoing operation of the City's water, sewer,

City of Somerville, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

Dilboy Stadium, and the Kennedy School Pool activities. There was an overall increase of \$23.1 million in net position reported in connection with the enterprise funds.

	2024	2023
Program Revenues:		
Charges for services.....	\$ 48,850,729	\$ 47,492,306
Capital grants and contributions.....	16,086,535	-
General Revenues:		
Unrestricted investment income.....	2,536,108	784,062
Total revenues.....	67,473,372	48,276,368
Expenses:		
Water.....	14,455,784	13,197,093
Sewer.....	29,835,194	24,410,066
Veteran's Memorial Ice Rink.....	-	130,979
Dilboy Stadium.....	107,108	104,136
Kennedy School Pool.....	472,881	358,572
Total expenses.....	44,870,967	38,200,846
Excess (Deficiency) before transfers.....	22,602,405	10,075,522
Transfers.....	447,937	4,295,700
Change in net position.....	23,050,342	14,371,222
Net position, beginning of year.....	121,816,180	107,444,958
Net position, end of year.....	\$ 144,866,522	\$ 121,816,180

The water enterprise fund net position increased \$4.2 million. This increase is primarily due to operating income of \$2.8 million, loan forgiveness from the MCWT of \$856,000, \$920,000 of investment income, offset by \$446,000 of interest expense.

The sewer enterprise fund net position increased by \$18.7 million. This is primarily due to the receipt of \$15.2 million of ARPA related capital grants along with the fund bringing in \$4.2 million of operating income.

The Dilboy Stadium enterprise fund net position increased by \$154,000. User fees were covered by the operating costs and the City transferred in a \$81,000 operational subsidy from the general fund.

The Kennedy School Pool enterprise fund net position decreased by \$18,000. This was the net result of a subsidy transfer from the general fund of \$367,000 offset by an operating loss of \$385,000.

The City established an internal service fund to account for workers compensation activities. Due to the accrual for future worker's compensation payments and higher claim payments in the current year, the fund is in a deficit of \$1.9 million as of June 30, 2024.

City of Somerville, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

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 \$207.4 million, of which balances of \$112.7 million was reported in the general fund, \$46.8 million in the other special revenue fund, a deficit of (\$13.3) million in the capital projects fund and \$61.2 million in the nonmajor governmental funds.

Cumulatively, there was an increase in the governmental funds of \$23.7 million from prior year restated balance. This is due to a \$22.5 million general fund surplus, a surplus of \$3.5 million in the other special revenue fund, and \$5.5 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 a deficit in the capital projects fund of \$7.8 million, 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 \$12.8 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 \$6.4 million. Committed fund balance, which represents the City's various use-specific stabilization funds and the health claims trust, totaled \$93.5 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 3.7% of total general fund expenditures, while total fund balance equaled 32.2% of the same amount. Please see Note 9 for further details.

The City's general fund increased \$22.5 million in the current year. The change was primarily due to the collection of \$3.1 million of unbudgeted investment income, the receipt of \$2.6 million of contributions to establish and fund various special purpose stabilization funds, and the City's ability to control actual budgetary spending. Real estate and personal property collections exceeded the prior year by approximately 14.4% 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 \$3.5 million. The increase is primarily due to the timing of the expenditure of \$2.0 million transferred from the general fund to fund various expenditures. Also contributing was recognition of \$1.2 million in premium from the issuance of bonds.

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,

City of Somerville, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

and the related expenditures. The City has received a total of \$76.6 million dollars of federal ARPA funding. The City recorded \$25.0 million of expenditures and recognized \$25.0 million as revenue. The City has reported the remaining \$37.3 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 \$7.8 million. The decrease is due to the net effect of \$26.5 million of capital expenditures on current and prior year's projects, offset by the issuance of \$14.2 million in bonds, the receipt of a \$1.1 million bond premium, a transfer from the general fund of \$3.2 million and the recognition of school construction aid in the amount of \$200,000 from the Massachusetts School Building Authority (MSBA).

General Fund Budgetary Highlights

The City adopts an annual budget for the general fund. The original 2024 budget authorized \$340.1 million in appropriations and other amounts to be raised, which includes \$4.7 million of amounts carried forward from the prior year.

The \$32.5 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 total unexpended appropriations were \$17.5 million, net of \$6.4 million of amounts carried forward to the next year. This was mainly due to conservative spending.

The actual general fund revenues came in \$7.7 million higher than budgeted. The City does not budget revenue for tax liens which totaled \$393,000. Additionally, departmental and other, and investment income reported budgetary surpluses of \$6.2 million, and \$1.8 million respectively.

The City's general fund reported expenditures and encumbrances less than appropriations by \$17.5 million. The most significant turnbacks were related to general government and public safety which turned back \$5.4 million and \$2.7 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, 2024, amounts to \$626.5 million (net of accumulated depreciation) and its business-type activities amounted to \$206.5 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.

City of Somerville, Massachusetts

Management's Discussion and Analysis

Year Ended June 30, 2024

The net increase in the City's investment in capital assets for the current year governmental assets was \$35.1 million and business-type assets was \$45.6 million.

Major capital asset events during the year included the following:

- Land improvements to various City parks and playgrounds;
- Improvements to school buildings;
- A variety of infrastructure investments in the street, sidewalk, water and sewer systems and;
- Various land 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 \$286.5 million. Additionally, the City reported governmental short-term borrowing of \$27.2 million related to various other projects around the City.

During 2024, the City's governmental long-term debt increased \$778,000. 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 and amortization of premiums during the year. The City's governmental short-term debt amounted to \$27.2 million at year end and relates to various approved capital projects.

The sewer and water enterprise funds have outstanding long-term debt totaling \$37.7 million, and \$30.6 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. The sewer and water enterprise funds have outstanding short-term debt totaling \$56.6 million, and \$8.4 million, respectively, at year end.

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 2024, the City has recorded capital grant proceeds totaling \$112.9 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 and will recognize these additional reimbursements when they are received.

See Notes 6 & 7 for further debt information.

City of Somerville, Massachusetts
Management's Discussion and Analysis
Year Ended June 30, 2024

Requests for Information

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

Basic Financial Statements

City of Somerville, Massachusetts
Statement of Net Position (Continued)

June 30, 2024

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 264,136,965	\$ 19,778,987	\$ 283,915,952
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	3,949,214	-	3,949,214
Tax liens.....	2,215,539	-	2,215,539
Community preservation fund surtax.....	20,661	-	20,661
Motor vehicle and other excise taxes.....	1,377,217	-	1,377,217
User charges.....	-	15,655,276	15,655,276
Departmental and other.....	2,744,789	-	2,744,789
Intergovernmental.....	11,095,610	-	11,095,610
Community preservation state share.....	581,000	-	581,000
Loans.....	2,423,301	-	2,423,301
Total current assets.....	288,544,296	35,434,263	323,978,559
NONCURRENT:			
Restricted cash and cash equivalents.....	10,355,418	45,564,313	55,919,731
Receivables, net of allowance for uncollectibles:			
Loans.....	46,042,718	-	46,042,718
Capital assets, nondepreciable.....	148,640,547	72,410,041	221,050,588
Capital assets, net of accumulated depreciation.....	477,886,509	134,132,096	612,018,605
Total noncurrent assets.....	682,925,192	252,106,450	935,031,642
TOTAL ASSETS.....	971,469,488	287,540,713	1,259,010,201
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	348,450	-	348,450
Deferred outflows related to pensions.....	28,703,224	560,336	29,263,560
Deferred outflows related to other postemployment benefits.....	1,908,746	63	1,908,809
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	30,960,420	560,399	31,520,819

See notes to basic financial statements.

City of Somerville, Massachusetts
Statement of Net Position (Continued)

June 30, 2024

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
LIABILITIES			
CURRENT:			
Warrants payable.....	10,450,178	3,672,671	14,122,849
Accrued payroll.....	6,830,618	59,187	6,889,805
Unearned revenue.....	37,400,724	-	37,400,724
Tax refunds payable.....	522,000	-	522,000
Accrued interest.....	1,797,143	264,608	2,061,751
Other liabilities.....	5,708,962	-	5,708,962
Fees collected in advance.....	134,391	-	134,391
Claims and judgments.....	30,206,622	-	30,206,622
Compensated absences.....	297,600	1,000	298,600
Workers' compensation.....	535,000	-	535,000
Notes payable.....	27,241,926	65,047,133	92,289,059
Right-to-use lease liabilities.....	148,341	-	148,341
Long-term debt.....	15,695,273	3,980,386	19,675,659
Total current liabilities.....	136,968,778	73,024,985	209,993,763
NONCURRENT:			
Compensated absences.....	7,869,000	189,200	8,058,200
Workers' compensation.....	1,605,000	-	1,605,000
Net pension liability.....	141,048,957	2,753,515	143,802,472
Net other postemployment benefits liability.....	151,585,968	880,970	152,466,938
Right-to-use lease liabilities.....	6,632,652	-	6,632,652
Long-term debt.....	270,818,904	64,354,175	335,173,079
Total noncurrent liabilities.....	579,560,481	68,177,860	647,738,341
TOTAL LIABILITIES.....	716,529,259	141,202,845	857,732,104
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	593,276	11,582	604,858
Deferred inflows related to other postemployment benefits.....	21,029,439	2,020,163	23,049,602
TOTAL DEFERRED INFLOWS OF RESOURCES.....	21,622,715	2,031,745	23,654,460
NET POSITION			
Net investment in capital assets.....	316,693,828	118,724,756	435,418,584
Restricted for:			
Community Development.....	9,193,344	-	9,193,344
Loans.....	48,466,019	-	48,466,019
Permanent funds:			
Expendable.....	214,288	-	214,288
Nonexpendable.....	433,126	-	433,126
Gifts and grants.....	8,676,500	-	8,676,500
Community preservation.....	22,398,922	-	22,398,922
Unrestricted.....	(141,798,093)	26,141,766	(115,656,327)
TOTAL NET POSITION.....	\$ 264,277,934	\$ 144,866,522	\$ 409,144,456

See notes to basic financial statements.

City of Somerville, Massachusetts

Statement of Activities (Continued)

Year Ended June 30, 2024

Functions/Programs	Program Revenues					Net (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary Government:						
<i>Governmental Activities:</i>						
General government.....	\$ 86,734,032	\$ 18,869,204	\$ 34,668,158	\$ 1,651,593	\$	(31,545,077)
Public safety.....	59,074,548	8,771,108	1,493,029	-		(48,810,411)
Education.....	167,008,401	4,409,636	58,477,724	200,312		(103,920,729)
Public works.....	46,731,763	999,005	31,633	416,530		(45,284,595)
Community development.....	7,334,218	-	6,310,880	-		(1,023,338)
Health and human services.....	1,199,459	766,845	1,287,571	-		854,957
Culture and recreation.....	7,433,198	449,750	180,558	-		(6,802,890)
Community preservation.....	2,074,854	-	-	581,394		(1,493,460)
Interest.....	9,100,232	-	-	-		(9,100,232)
Total Governmental Activities.....	386,690,705	34,265,548	102,449,553	2,849,829		(247,125,775)
<i>Business-Type Activities:</i>						
Water.....	14,455,784	16,849,433	-	927,360		3,321,009
Sewer.....	29,835,194	31,735,096	-	15,159,175		17,059,077
Dilboy Stadium.....	107,108	177,972	-	-		70,864
Kennedy School Pool.....	472,881	88,228	-	-		(384,653)
Total Business-Type Activities.....	44,870,967	48,850,729	-	16,086,535		20,066,297
Total Primary Government.....	\$ 431,561,672	\$ 83,116,277	\$ 102,449,553	\$ 18,936,364	\$	(227,059,478)

See notes to basic financial statements.

City of Somerville, Massachusetts

Statement of Activities (Continued)

Year Ended June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ <u>(247,125,775)</u>	\$ <u>20,066,297</u>	\$ <u>(227,059,478)</u>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	250,507,619	-	250,507,619
Tax and utility liens.....	660,386	-	660,386
Motor vehicle and other excise taxes.....	13,078,629	-	13,078,629
Community preservation tax.....	3,215,877	-	3,215,877
Penalties and interest on taxes.....	985,273	-	985,273
Payments in lieu of taxes.....	1,678,621	-	1,678,621
Grants and contributions not restricted to specific programs.....	30,487,250	-	30,487,250
Unrestricted investment income.....	12,448,285	2,536,108	14,984,393
Gain on sale of assets.....	959	-	959
Miscellaneous.....	356,990	-	356,990
<i>Transfers, net</i>	<u>(447,937)</u>	<u>447,937</u>	<u>-</u>
Total general revenues and transfers.....	<u>312,971,952</u>	<u>2,984,045</u>	<u>315,955,997</u>
Change in net position.....	<u>65,846,177</u>	<u>23,050,342</u>	<u>88,896,519</u>
<i>Net position:</i>			
Beginning of year, as previously reported.....	199,983,179	121,816,180	321,799,359
Restatement- correction of an error.....	<u>(1,551,422)</u>	<u>-</u>	<u>(1,551,422)</u>
Beginning of year, as restated.....	<u>198,431,757</u>	<u>121,816,180</u>	<u>320,247,937</u>
End of year.....	\$ <u><u>264,277,934</u></u>	\$ <u><u>144,866,522</u></u>	\$ <u><u>409,144,456</u></u>

See notes to basic financial statements.

City of Somerville, Massachusetts

**Governmental Funds
Balance Sheet**

June 30, 2024

	General	Other Special Revenue Fund	ARPA Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents.....	\$ 157,472,897	\$ 33,862,510	\$ 37,883,536	\$ 11,727,018	\$ 33,273,031	\$ 274,218,992
Receivables, net of uncollectibles:						
Real estate and personal property taxes.....	3,949,214	-	-	-	-	3,949,214
Tax liens.....	2,192,867	-	-	-	22,672	2,215,539
Community preservation fund surtax.....	-	-	-	-	20,661	20,661
Motor vehicle and other excise taxes.....	1,377,217	-	-	-	-	1,377,217
Departmental and other.....	2,744,789	-	-	-	-	2,744,789
Intergovernmental.....	173,351	-	-	-	10,922,259	11,095,610
Community preservation state share.....	-	-	-	-	581,000	581,000
Loans.....	-	15,756,161	-	3,600,000	29,109,858	48,466,019
Due from other funds.....	1,609,263	-	-	-	-	1,609,263
TOTAL ASSETS.....	\$ 169,519,598	\$ 49,618,671	\$ 37,883,536	\$ 15,327,018	\$ 73,929,481	\$ 346,278,304
LIABILITIES						
Warrants payable.....	\$ 7,273,444	\$ 443,497	\$ 522,225	\$ 1,371,600	\$ 835,856	\$ 10,446,622
Accrued payroll.....	6,339,266	148,091	26,690	650	307,518	6,822,215
Unearned revenue.....	-	-	37,334,621	-	66,103	37,400,724
Tax refunds payable.....	522,000	-	-	-	-	522,000
Due to other funds.....	-	-	-	-	1,609,263	1,609,263
Other liabilities.....	3,516,729	2,192,233	-	-	-	5,708,962
Fees collected in advance.....	-	-	-	-	134,391	134,391
Claims and judgments.....	30,206,622	-	-	-	-	30,206,622
Notes payable.....	-	-	-	27,241,926	-	27,241,926
TOTAL LIABILITIES.....	47,858,061	2,783,821	37,883,536	28,614,176	2,953,131	120,092,725
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue.....	8,964,187	-	-	-	9,817,677	18,781,864
FUND BALANCES						
Nonspendable.....	-	-	-	-	433,126	433,126
Restricted.....	-	46,834,850	-	3,600,000	60,935,785	111,370,635
Committed.....	93,497,979	-	-	-	-	93,497,979
Assigned.....	6,372,215	-	-	-	-	6,372,215
Unassigned.....	12,827,156	-	-	(16,887,158)	(210,238)	(4,270,240)
TOTAL FUND BALANCES.....	112,697,350	46,834,850	-	(13,287,158)	61,158,673	207,403,715
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 169,519,598	\$ 49,618,671	\$ 37,883,536	\$ 15,327,018	\$ 73,929,481	\$ 346,278,304

See notes to basic financial statements.

City of Somerville, Massachusetts

**Reconciliation of the Governmental Funds Balance Sheet
Total Fund Balances to the Statement of Net Position**

June 30, 2024

Total governmental fund balances.....	\$	207,403,715
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		626,527,056
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		18,781,864
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.....		9,337,705
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		(1,878,568)
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(1,797,143)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(286,514,177)	
Net pension liability.....	(141,048,957)	
Net other postemployment benefits liability.....	(151,585,968)	
Capital lease obligations.....	(6,780,993)	
Compensated absences.....	<u>(8,166,600)</u>	
Net effect of reporting long-term liabilities.....		<u>(594,096,695)</u>
Net position of governmental activities.....	\$	<u>264,277,934</u>

See notes to basic financial statements.

City of Somerville, Massachusetts

Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances

Year Ended June 30, 2024

	General	Other Special Revenue Fund	ARPA Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:						
Real estate and personal property taxes, net of tax refunds.....	\$ 243,171,943	\$ -	\$ -	\$ -	\$ -	\$ 243,171,943
Tax liens.....	392,524	-	-	-	-	392,524
Motor vehicle and other excise taxes.....	12,791,764	-	-	-	-	12,791,764
Penalties and interest on taxes.....	985,273	-	-	-	-	985,273
Payments in lieu of taxes.....	1,678,621	-	-	-	-	1,678,621
Intergovernmental - Teachers Retirement.....	18,877,249	-	-	-	-	18,877,249
Intergovernmental.....	53,289,860	10,114,238	22,181,370	200,312	32,980,662	118,766,442
Departmental and other.....	27,658,630	8,240,197	-	-	7,238,133	43,136,960
Community preservation taxes.....	-	-	-	-	3,215,877	3,215,877
Community preservation state match.....	-	-	-	-	608,394	608,394
Contributions and donations.....	2,647,073	63,715	-	-	462,317	3,173,105
Investment income.....	7,244,124	1,765,101	2,848,039	-	591,021	12,448,285
Miscellaneous.....	357,769	-	-	-	10,115	367,884
TOTAL REVENUES.....	369,094,830	20,183,251	25,029,409	200,312	45,106,519	459,614,321
EXPENDITURES:						
Current:						
General government.....	45,255,145	13,673,212	25,029,409	6,489,121	1,115,176	91,562,063
Public safety.....	53,395,123	4,406,830	-	-	1,507,061	59,309,014
Education.....	98,571,913	261,878	-	8,073,107	22,683,632	129,590,530
Public works.....	39,509,241	94,732	-	11,951,506	2,375,903	53,931,382
Community development.....	-	-	-	-	6,748,934	6,748,934
Health and human services.....	66,694	412,779	-	-	541,686	1,021,159
Culture and recreation.....	5,099,704	107,864	-	-	141,251	5,348,819
Community preservation.....	-	-	-	-	2,074,854	2,074,854
Pension benefits.....	16,678,160	-	-	-	-	16,678,160
Pension benefits - Teachers Retirement.....	18,877,249	-	-	-	-	18,877,249
Employee benefits.....	34,711,728	-	-	-	-	34,711,728
State and county charges.....	14,212,662	-	-	-	-	14,212,662
Debt service:						
Principal.....	11,864,455	-	-	-	195,000	12,059,455
Interest.....	11,479,227	760,394	-	-	246,644	12,486,265
Principal payments on right-to-use leases.....	70,849	-	-	-	-	70,849
Interest payments on right-to-use leases.....	101,120	-	-	-	-	101,120
TOTAL EXPENDITURES.....	349,893,270	19,717,689	25,029,409	26,513,734	37,630,141	458,784,243
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	19,201,560	465,562	-	(26,313,422)	7,476,378	830,078
OTHER FINANCING SOURCES (USES):						
Issuance of bonds.....	-	-	-	14,222,362	-	14,222,362
Premium from issuance of bonds.....	-	1,184,311	-	1,093,715	-	2,278,026
Right-to-use lease financing.....	6,851,842	-	-	-	-	6,851,842
Proceeds from the sale of assets.....	959	-	-	-	-	959
Transfers in.....	2,646,314	2,000,000	-	3,191,312	578,192	8,415,818
Transfers out.....	(6,217,441)	(103,334)	-	-	(2,542,980)	(8,863,755)
TOTAL OTHER FINANCING SOURCES (USES).....	3,281,674	3,080,977	-	18,507,389	(1,964,788)	22,905,252
NET CHANGE IN FUND BALANCES.....	22,483,234	3,546,539	-	(7,806,033)	5,511,590	23,735,330
FUND BALANCES AT (DEFICITS) AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED.....	118,293,538	43,288,311	-	(5,481,125)	55,647,083	211,747,807
ADJUSTMENT - RESTATEMENT FOR CORRECTION OF AN ERROR.....	(28,079,422)	-	-	-	-	(28,079,422)
FUND BALANCES AT (DEFICITS) AT BEGINNING OF YEAR, AS RESTATED.....	90,214,116	43,288,311	-	(5,481,125)	55,647,083	183,668,385
FUND BALANCES AT END OF YEAR.....	\$ 112,697,350	\$ 46,834,850	\$ -	\$ (13,287,158)	\$ 61,158,673	\$ 207,403,715

See notes to basic financial statements.

City of Somerville, Massachusetts

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities

Year Ended June 30, 2024

Net change in fund balances - total governmental funds.....		\$ 23,735,330
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.		
Capital outlay.....	48,199,432	
Depreciation expense.....	<u>(13,092,318)</u>	
Net effect of reporting capital assets.....		35,107,114
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.....		
		(6,630,461)
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.		
Principal payments on right to use lease.....	70,849	
Issuance of bonds.....	(14,222,362)	
Premium from issuance of bonds.....	(2,278,026)	
Right to use lease financing.....	(6,851,842)	
Net amortization of premium from issuance of bonds.....	3,663,345	
Net change in deferred charge on refunding.....	(201,535)	
Debt service principal payments.....	<u>12,059,455</u>	
Net effect of reporting long-term debt.....		(7,760,116)
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.		
Net change in compensated absences accrual.....	(4,047,200)	
Net change in accrued interest on long-term debt.....	25,343	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(33,307,722)	
Net change in net pension liability.....	35,992,862	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	18,656,664	
Net change in net other postemployment benefits liability.....	<u>4,976,615</u>	
Net effect of recording long-term liabilities.....		22,296,562
The net activity of internal service funds is reported with Governmental Activities.....		<u>(902,252)</u>
Change in net position of governmental activities.....		\$ <u>65,846,177</u>

See notes to basic financial statements.

City of Somerville, Massachusetts

Proprietary Funds Statement of Net Position

June 30, 2024

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund
	Water	Sewer	Dilboy Stadium	Kennedy School Pool	Total	
ASSETS						
CURRENT:						
Cash and cash equivalents.....	\$ 3,250,594	\$ 15,792,691	\$ 295,688	\$ 440,014	\$ 19,778,987	\$ 273,391
Receivables, net of allowance for uncollectibles:						
User charges.....	5,015,990	10,639,286	-	-	15,655,276	-
Total current assets.....	8,266,584	26,431,977	295,688	440,014	35,434,263	273,391
NONCURRENT:						
Restricted cash and cash equivalents.....	13,670,220	31,894,093	-	-	45,564,313	-
Capital assets, nondepreciable.....	13,742,261	58,667,780	-	-	72,410,041	-
Capital assets, net of accumulated depreciation.....	59,641,257	74,490,839	-	-	134,132,096	-
Total noncurrent assets.....	87,053,738	165,052,712	-	-	252,106,450	-
TOTAL ASSETS.....	95,320,322	191,484,689	295,688	440,014	287,540,713	273,391
DEFERRED OUTFLOWS OF RESOURCES						
Deferred outflows related to pensions.....	188,244	372,092	-	-	560,336	-
Deferred outflows related to other postemployment benefits....	45	18	-	-	63	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	188,289	372,110	-	-	560,399	-
LIABILITIES						
CURRENT:						
Warrants payable.....	256,942	3,401,882	4,412	9,435	3,672,671	3,556
Accrued payroll.....	21,496	28,184	2,318	7,189	59,187	8,403
Accrued interest.....	103,626	160,982	-	-	264,608	-
Compensated absences.....	700	300	-	-	1,000	-
Workers' compensation.....	-	-	-	-	-	535,000
Notes payable.....	8,426,805	56,620,328	-	-	65,047,133	-
Long-term debt.....	2,381,815	1,598,571	-	-	3,980,386	-
Total current liabilities.....	11,191,384	61,810,247	6,730	16,624	73,024,985	546,959
NONCURRENT:						
Compensated absences.....	55,100	134,100	-	-	189,200	-
Workers' compensation.....	-	-	-	-	-	1,605,000
Net pension liability.....	925,039	1,828,476	-	-	2,753,515	-
Net other postemployment benefits liability.....	627,911	253,059	-	-	880,970	-
Long-term debt.....	28,250,650	36,103,525	-	-	64,354,175	-
Total noncurrent liabilities.....	29,858,700	38,319,160	-	-	68,177,860	1,605,000
TOTAL LIABILITIES.....	41,050,084	100,129,407	6,730	16,624	141,202,845	2,151,959
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows related to pensions.....	3,891	7,691	-	-	11,582	-
Deferred inflows related to other postemployment benefits.....	1,988,616	31,547	-	-	2,020,163	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	1,992,507	39,238	-	-	2,031,745	-
NET POSITION						
Net investment in capital assets.....	47,994,468	70,730,288	-	-	118,724,756	-
Unrestricted.....	4,471,552	20,957,866	288,958	423,390	26,141,766	(1,878,568)
TOTAL NET POSITION.....	\$ 52,466,020	\$ 91,688,154	\$ 288,958	\$ 423,390	\$ 144,866,522	\$ (1,878,568)

See notes to basic financial statements.

City of Somerville, Massachusetts

**Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position**

Year Ended June 30, 2024

	Water	Sewer	Dilboy Stadium	Kennedy School Pool	Total	Governmental Activities - Internal Service Fund
OPERATING REVENUES:						
Employer contributions.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 675,000
Charges for services.....	16,605,156	31,168,200	177,972	88,228	48,039,556	-
Liens - charges for services.....	244,277	566,896	-	-	811,173	-
TOTAL OPERATING REVENUES	16,849,433	31,735,096	177,972	88,228	48,850,729	675,000
OPERATING EXPENSES:						
Cost of services and administration.....	11,924,957	25,686,766	107,108	472,881	38,191,712	-
Depreciation.....	2,084,467	1,801,982	-	-	3,886,449	-
Employee benefits.....	-	-	-	-	-	1,577,252
TOTAL OPERATING EXPENSES.....	14,009,424	27,488,748	107,108	472,881	42,078,161	1,577,252
OPERATING INCOME (LOSS).....	2,840,009	4,246,348	70,864	(384,653)	6,772,568	(902,252)
NONOPERATING REVENUES (EXPENSES):						
Investment income.....	920,230	1,613,767	2,111	-	2,536,108	-
Interest expense.....	(446,360)	(2,346,446)	-	-	(2,792,806)	-
Intergovernmental.....	71,681	-	-	-	71,681	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	545,551	(732,679)	2,111	-	(185,017)	-
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS.....	3,385,560	3,513,669	72,975	(384,653)	6,587,551	(902,252)
CAPITAL CONTRIBUTIONS.....	855,679	15,159,175	-	-	16,014,854	-
TRANSFERS:						
Transfers in.....	-	-	81,200	366,737	447,937	-
CHANGE IN NET POSITION.....	4,241,239	18,672,844	154,175	(17,916)	23,050,342	(902,252)
NET POSITION AT BEGINNING OF YEAR.....	48,224,781	73,015,310	134,783	441,306	121,816,180	(976,316)
NET POSITION AT END OF YEAR.....	\$ 52,466,020	\$ 91,688,154	\$ 288,958	\$ 423,390	\$ 144,866,522	\$ (1,878,568)

See notes to basic financial statements.

City of Somerville, Massachusetts

Proprietary Funds Statement of Cash Flows

Year Ended June 30, 2024

Business-type Activities - Enterprise Funds						
	Water	Sewer	Dilboy Stadium	Kennedy School Pool	Total	Governmental Activities - Internal Service Fund
OPERATING REVENUES:						
Employer contributions.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 675,000
Charges for services.....	16,605,156	31,168,200	177,972	88,228	48,039,556	-
Liens - charges for services.....	244,277	566,896	-	-	811,173	-
TOTAL OPERATING REVENUES	16,849,433	31,735,096	177,972	88,228	48,850,729	675,000
OPERATING EXPENSES:						
Cost of services and administration.....	11,924,957	25,686,766	107,108	472,881	38,191,712	-
Depreciation.....	2,084,467	1,801,982	-	-	3,886,449	-
Employee benefits.....	-	-	-	-	-	1,577,252
TOTAL OPERATING EXPENSES.....	14,009,424	27,488,748	107,108	472,881	42,078,161	1,577,252
OPERATING INCOME (LOSS).....	2,840,009	4,246,348	70,864	(384,653)	6,772,568	(902,252)
NONOPERATING REVENUES (EXPENSES):						
Investment income.....	920,230	1,613,767	2,111	-	2,536,108	-
Interest expense.....	(446,360)	(2,346,446)	-	-	(2,792,806)	-
Intergovernmental.....	71,681	-	-	-	71,681	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	545,551	(732,679)	2,111	-	(185,017)	-
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS.....	3,385,560	3,513,669	72,975	(384,653)	6,587,551	(902,252)
CAPITAL CONTRIBUTIONS.....	855,679	15,159,175	-	-	16,014,854	-
TRANSFERS:						
Transfers in.....	-	-	81,200	366,737	447,937	-
CHANGE IN NET POSITION.....	4,241,239	18,672,844	154,175	(17,916)	23,050,342	(902,252)
NET POSITION AT BEGINNING OF YEAR.....	48,224,781	73,015,310	134,783	441,306	121,816,180	(976,316)
NET POSITION AT END OF YEAR.....	\$ 52,466,020	\$ 91,688,154	\$ 288,958	\$ 423,390	\$ 144,866,522	\$ (1,878,568)

See notes to basic financial statements.

City of Somerville, Massachusetts
Fiduciary Funds
Statement of Fiduciary Net Position
June 30, 2024

	Total Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents..... \$	9,636,509	\$ 110,289
Investments:		
Investments in Pension Reserve Investment Trust.....	14,093,353	-
U.S. treasury notes.....	3,519,716	-
Real estate and alternative investment mutual funds.....	18,342,797	-
Bond mutual funds.....	61,683,046	-
Equity securities.....	286,532,195	-
Equity mutual funds.....	29,667,441	-
Fixed income mutual funds.....	2,807,898	-
Fixed income.....	4,723,060	-
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	198,507	-
TOTAL ASSETS.....	431,204,522	110,289
LIABILITIES		
Warrants payable.....	254,352	-
NET POSITION		
Restricted for pensions.....	403,833,272	-
Restricted for other postemployment benefits.....	27,116,898	-
Held in trust for other purposes.....	-	110,289
TOTAL NET POSITION..... \$	430,950,170	\$ 110,289

(1) The Pension Trust Fund is as of December 31, 2023.

See notes to basic financial statements.

City of Somerville, Massachusetts

**Fiduciary Funds
Statement of Changes in Fiduciary Net Position**

Year Ended June 30, 2024

	Total Pension and Other Employee Benefit Trust Funds (1)	Private Purpose Trust Fund
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 21,014,222	\$ -
Employer contributions for other postemployment benefit payments..	8,617,931	-
Member contributions.....	10,167,930	-
Retirement benefits - transfers from other systems.....	1,200,015	-
Retirement benefits - 3(8)c contributions from other systems.....	397,791	-
Retirement benefits - workers compensation settlements.....	90,748	-
Retirement benefits - state COLA reimbursements.....	144,834	-
Retirement benefits - member makeup payments and redeposits.....	41,490	-
Retirement benefits - interest not refunded.....	598	-
Retirement benefits - reimbursement of 91A overearnings.....	63	-
Private donations.....	-	8,452
	<hr/>	<hr/>
Total contributions.....	41,675,622	8,452
	<hr/>	<hr/>
Net investment income:		
Investment income.....	8,975,580	3,338
Net change in fair value of investments.....	65,846,267	-
Less: investment expense.....	(1,609,015)	-
	<hr/>	<hr/>
Net investment income (loss).....	73,212,832	3,338
	<hr/>	<hr/>
TOTAL ADDITIONS.....	114,888,454	11,790
	<hr/>	<hr/>
DEDUCTIONS:		
Administration.....	638,405	-
Retirement benefits - transfers to other systems.....	2,333,603	-
Retirement benefits - 3(8)c transfer to other systems.....	1,618,542	-
Retirement benefits and refunds.....	35,948,018	-
OPEB Benefits.....	8,617,931	-
Educational scholarships.....	-	6,000
	<hr/>	<hr/>
TOTAL DEDUCTIONS.....	49,156,499	6,000
	<hr/>	<hr/>
NET INCREASE (DECREASE) IN NET POSITION.....	65,731,955	5,790
	<hr/>	<hr/>
NET POSITION AT BEGINNING OF YEAR.....	365,218,215	104,499
	<hr/>	<hr/>
NET POSITION AT END OF YEAR.....	\$ 430,950,170	\$ 110,289
	<hr/>	<hr/>

(1) The Pension Trust Fund is as of December 31, 2023.

See notes to basic financial statements.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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.

City of Somerville, Massachusetts
Notes to Basic Financial Statements
Year Ended June 30, 2024

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.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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 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.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

The *other special revenue fund* is used to account for the activity of gifts received and other purpose-required special revenue receipts.

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

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

The nonmajor governmental funds consist of other special revenue, capital projects (other than major funds), and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

The *permanent fund* is used to account for and report financial resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

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

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

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

The *Dilboy Stadium 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.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

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

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

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

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

Motor Vehicle Excise

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

Water and Sewer

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

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

Departmental and Other

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

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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".

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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. Fund Net Position and Fund Balance

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:

“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.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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, 2024, there are various deficits reported within the Capital Project Funds. These deficits will be funded with available funds and future bond proceeds.

T. Total Column

Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

The total column on the fund financial statements is presented only to facilitate financial analysis. Data in this column is not the equivalent of consolidated financial information.

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "Cash and Cash Equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (Pool). In addition, there are various restrictions limiting the amount and length of deposits and investments.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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 3 months.

The City Treasurer is the custodian of funds held in the Other Postemployment Benefit (OPEB) Trust Fund. As of June 30, 2024, \$27,116,898 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 \$254,162,719 and the bank balance totaled \$259,116,665. Of the bank balance, \$70,957,176 was covered by Federal Depository Insurance, \$187,292,482 was collateralized and \$867,007 remained uncollateralized.

At December 31, 2023, carrying amount of deposits for the System totaled \$3,593,006 and the bank balance totaled \$3,856,454. The entire bank balance of the System was covered by Federal Depository Insurance and is collateralized.

Investments

As of June 30, 2024, the City of Somerville had the following investments:

Investment Type	Fair value	Maturities			Ratings
		Under 1 Year	1-5 Years	6-10 Years	
<u>Debt securities:</u>					
U.S. treasury notes.....	\$ 3,519,716	\$ 372,544	\$ 2,877,032	\$ 270,140	AA+
Government sponsored enterprises.....	1,611,570	590,652	619,619	401,299	AA+
Corporate bonds.....	3,111,490	220,622	2,412,170	478,698	BBB to AAA
Total debt securities.....	\$ 8,242,776	\$ 1,183,818	\$ 5,908,821	\$ 1,150,137	
<u>Other investments:</u>					
Equity securities.....	12,207,202				
Equity mutual funds.....	2,038,360				
Fixed income mutual funds.....	2,807,898				
Money market mutual funds.....	1,820,661				
MMDT - Cash portfolio.....	85,783,254				
Total investments.....	\$ 112,900,151				

City of Somerville, Massachusetts
Notes to Basic Financial Statements
Year Ended June 30, 2024

As of December 31, 2023, the System had the following investments:

<u>Investment Type</u>	<u>Fair value</u>	<u>Rating</u>
<u>Debt securities:</u>		
Fixed income fund.....	\$ 61,683,104	BAA/NR
<u>Other investments:</u>		
Equity securities.....	274,324,993	
Equity mutual funds.....	27,629,023	
Real estate investment trust.....	18,342,797	
Money market mutual funds.....	4,222,841	
Pension Reserve Investment Trust (PRIT)...	14,093,353	
Total investments.....	<u>\$ 400,296,111</u>	

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 \$3,519,716, government sponsored enterprises of \$1,611,570, corporate bonds of \$3,111,490, and equity securities of \$12,207,202, the City has custodial credit risk exposure of \$20,449,978, because the related securities are uninsured, unregistered and held by the counterparty.

Of the System’s \$274,324,993 in equity securities, the System has custodial credit risk exposure of \$274,324,993 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.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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, 2024:

Investment Type	June 30, 2024	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 3,519,716	\$ 3,519,716	\$ -	\$ -
Government sponsored enterprises.....	1,611,570	-	1,611,570	-
Corporate bonds.....	3,111,490	-	3,111,490	-
Total debt securities.....	8,242,776	3,519,716	4,723,060	-
<u>Other investments:</u>				
Equity securities.....	12,207,202	12,207,202	-	-
Equity mutual funds.....	2,038,360	2,038,360	-	-
Fixed income mutual funds.....	2,807,898	2,807,898	-	-
Money market mutual funds.....	1,820,661	1,820,661	-	-
Total other investments.....	18,874,121	18,874,121	-	-
Total investments measured at fair value.....	27,116,897	\$ 22,393,837	\$ 4,723,060	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	85,783,254			
Total investments.....	\$ 112,900,151			

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

U.S. Treasury notes, 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 and government sponsored enterprises are 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, 2023:

Investment Type	December 31, 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)
Investments measured at fair value:				
<u>Debt securities:</u>				
Fixed income mutual funds.....	\$ 61,683,104	\$ 61,683,104	\$ -	\$ -
<u>Other investments:</u>				
Equity securities.....	274,324,993	274,324,993	-	-
Equity mutual funds.....	27,629,023	27,629,023	-	-
Real estate investment trust.....	18,342,797	-	-	18,342,797
Money market mutual funds.....	4,222,841	4,222,841	-	-
Total other investments.....	324,519,654	306,176,857	-	18,342,797
Total investments measured at fair value.....	386,202,758	\$ 367,859,961	\$ -	\$ 18,342,797
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT)..<	14,093,353			
Total investments.....	\$ 400,296,111			

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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 and are valued using either a discounted cash flow or market comparable companies' technique.

PRIT Investments are valued using the net asset value method as a practical expedient. 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, 2024, receivables for the individual major governmental funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.... \$	4,151,092	\$ (201,878)	\$ 3,949,214
Tax liens.....	2,215,539	-	2,215,539
Community preservation fund surtax.....	20,661	-	20,661
Motor vehicle and other excise taxes.....	2,792,063	(1,414,846)	1,377,217
Departmental and other.....	7,339,054	(4,594,265)	2,744,789
Intergovernmental.....	11,095,610	-	11,095,610
Community preservation state share.....	581,000	-	581,000
Loans.....	48,466,019	-	48,466,019
Total.....	<u>\$ 76,661,038</u>	<u>\$ (6,210,989)</u>	<u>\$ 70,450,049</u>

At June 30, 2024, 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..... \$	5,015,990	\$ -	\$ 5,015,990
Sewer user charges.....	10,639,286	-	10,639,286
Total.....	<u>\$ 15,655,276</u>	<u>\$ -</u>	<u>\$ 15,655,276</u>

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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
Receivables:			
Real estate and personal property taxes.....	\$ 2,649,314	\$ -	\$ 2,649,314
Tax liens.....	2,192,867	22,672	2,215,539
Community preservation fund surtax.....	-	20,661	20,661
Motor vehicle and other excise taxes.....	1,377,217	-	1,377,217
Departmental and other.....	77,973	-	77,973
Intergovernmental - highway improvements...	-	-	-
Community development block grants.....	-	9,193,344	9,193,344
Community preservation state share.....	-	581,000	581,000
Parking tickets.....	2,666,816	-	2,666,816
Total.....	\$ 8,964,187	\$ 9,817,677	\$ 18,781,864

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning Balance (As Restated)	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land.....	\$ 80,398,652	\$ 6,000,000	\$ -	\$ 86,398,652
Construction in progress.....	37,126,775	32,516,472	(7,401,352)	62,241,895
Total capital assets not being depreciated.....	117,525,427	38,516,472	(7,401,352)	148,640,547
Capital assets being depreciated:				
Land improvements.....	76,515,095	5,882,007	-	82,397,102
Books and periodicals.....	1,937,023	-	-	1,937,023
Buildings and improvements.....	483,425,731	8,408,245	-	491,833,976
Machinery and equipment.....	8,459,541	249,977	-	8,709,518
Vehicles.....	15,303,087	663,767	(550,369)	15,416,485
Infrastructure.....	61,176,217	1,880,316	-	63,056,533
Total capital assets being depreciated.....	646,816,694	17,084,312	(550,369)	663,350,637
Less accumulated depreciation for:				
Land improvements.....	(23,922,125)	(2,784,561)	-	(26,706,686)
Books and periodicals.....	(1,937,024)	-	-	(1,937,024)
Buildings and improvements.....	(102,548,317)	(6,641,678)	-	(109,189,995)
Machinery and equipment.....	(6,804,097)	(354,223)	-	(7,158,320)
Vehicles.....	(11,800,410)	(1,265,267)	550,369	(12,515,308)
Infrastructure.....	(25,910,206)	(2,046,589)	-	(27,956,795)
Total accumulated depreciation.....	(172,922,179)	(13,092,318)	550,369	(185,464,128)
Total capital assets being depreciated, net.....	473,894,515	3,991,994	-	477,886,509
Total governmental activities capital assets, net.....	\$ 591,419,942	\$ 42,508,466	\$ (7,401,352)	\$ 626,527,056

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 7,944,755	\$ 6,888,193	\$ (1,090,687)	\$ 13,742,261
<u>Capital assets being depreciated:</u>				
Buildings.....	16,087	-	-	16,087
Machinery and equipment.....	5,227,721	-	-	5,227,721
Vehicles.....	611,141	-	-	611,141
Infrastructure.....	69,929,135	6,951,555	-	76,880,690
Total capital assets being depreciated....	75,784,084	6,951,555	-	82,735,639
<u>Less accumulated depreciation for:</u>				
Buildings.....	(14,879)	(804)	-	(15,683)
Machinery and equipment.....	(4,734,539)	(320,487)	-	(5,055,026)
Vehicles.....	(371,912)	(144,476)	-	(516,388)
Infrastructure.....	(15,888,585)	(1,618,700)	-	(17,507,285)
Total accumulated depreciation.....	(21,009,915)	(2,084,467)	-	(23,094,382)
Total capital assets being depreciated, net.....	54,774,169	4,867,088	-	59,641,257
Total water activities capital assets, net.....	\$ 62,718,924	\$ 11,755,281	\$ (1,090,687)	\$ 73,383,518

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ 34,842,390	\$ 29,688,489	\$ (5,863,099)	\$ 58,667,780
<u>Capital assets being depreciated:</u>				
Vehicles.....	503,626	-	-	503,626
Infrastructure.....	81,615,881	12,873,403	-	94,489,284
Total capital assets being depreciated.....	82,119,507	12,873,403	-	94,992,910
<u>Less accumulated depreciation for:</u>				
Vehicles.....	(377,127)	(126,497)	-	(503,624)
Infrastructure.....	(18,322,962)	(1,675,485)	-	(19,998,447)
Total accumulated depreciation.....	(18,700,089)	(1,801,982)	-	(20,502,071)
Total capital assets being depreciated, net.....	63,419,418	11,071,421	-	74,490,839
Total sewer activities capital assets, net.....	\$ 98,261,808	\$ 40,759,910	\$ (5,863,099)	\$ 133,158,619

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

Governmental Activities:

General government.....	\$ 2,358,087
Public safety.....	1,008,541
Education.....	5,652,633
Public works.....	2,846,056
Culture and recreation.....	<u>1,227,001</u>

Total depreciation expense - governmental activities..... \$ 13,092,318

Business-Type Activities:

Water.....	\$ 2,084,467
Sewer.....	<u>1,801,982</u>

Total depreciation expense - business-type activities..... \$ 3,886,449

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The City’s interfund balances at June 30, 2024, consisted of \$1.6 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, 2024, are summarized as follows:

Transfers Out:	Transfers In:						Total	
	General fund	Other Special Revenue	Capital Projects fund	Nonmajor governmental funds	Dilboy Stadium Enterprise fund	Kennedy School Pool Enterprise fund		
General fund.....	\$ -	\$ 2,000,000	\$ 3,191,312	\$ 578,192	\$ 81,200	\$ 366,737	\$ 6,217,441	(1)
Other Special Revenue.....	103,334	-	-	-	-	-	103,334	(2)
Nonmajor governmental funds.....	<u>2,542,980</u>	-	-	-	-	-	<u>2,542,980</u>	(3)
Total.....	<u>\$ 2,646,314</u>	<u>\$ 2,000,000</u>	<u>\$ 3,191,312</u>	<u>\$ 578,192</u>	<u>\$ 81,200</u>	<u>\$ 366,737</u>	<u>\$ 8,863,755</u>	

- (1) Represents transfers out of the general fund to the affordable housing trust fund, various capital projects, various nonmajor funds, and a subsidy transfer to the Dilboy Stadium fund, and the Kennedy School Pool fund.
- (2) Represents a transfer out of other special revenue to the general fund to close out the cable access fund.
- (3) Represents transfers from various nonmajor funds to the general fund to fund the operating budget and a transfer between non-major funds.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 6 – LEASES

The City has entered into a facility lease agreement for the property at 5 Middlesex Ave, to be used as a fire station. The cost of the lease for the year ended June 30, 2024 totaled \$171,969 and is reported as debt service on leases in the general fund. A corresponding intangible right-to-use building in the amount of the present value of the future lease payments has been added to capital assets.

The following identifies the balance of the intangible right-to-use asset recorded under a lease agreement along with the related accumulated depreciation:

	<u>Governmental Activities</u>	
<u>Asset:</u>		
Right-to-use building.....	\$	6,851,842
Less: accumulated depreciation.....		<u>(228,395)</u>
Total.....	\$	<u><u>6,623,447</u></u>

The future minimum lease payments as of June 30, 2024, are as follows:

<u>Years ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025.....	\$ 148,341	\$ 201,235	\$ 349,576
2026.....	152,792	196,784	349,576
2027.....	157,375	192,201	349,576
2028.....	162,097	187,479	349,576
2029.....	166,959	182,617	349,576
2030-2034.....	913,002	834,878	1,747,880
2035-2039.....	1,058,420	689,460	1,747,880
2040-2044.....	1,226,999	520,881	1,747,880
2045-2049.....	1,422,427	325,453	1,747,880
2050-2054.....	<u>1,372,581</u>	<u>203,330</u>	<u>1,575,911</u>
Total.....	\$ <u><u>6,780,993</u></u>	\$ <u><u>3,534,318</u></u>	\$ <u><u>10,315,311</u></u>

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 7 – SHORT-TERM FINANCING

Short-term debt may be authorized and issued to fund the following:

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

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

Details related to the short-term debt activity for the year ended June 30, 2024, is as follows:

Governmental Activities

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2023	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2024
Governmental Funds:							
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)	-
BAN	Somerville High School (1).....	4.50%	05/30/25	-	8,252,811	-	8,252,811
BAN	Somerville Ave Streetscape Improvements.....	4.50%	05/30/25	-	9,012,000	-	9,012,000
BAN	Union Square Streetscape Plaza and Design.....	4.50%	05/30/25	-	1,000,000	-	1,000,000
BAN	City Hall, High School & Edgerly School Design.....	4.50%	05/30/25	-	101,115	-	101,115
BAN	Clarendon Hill Redevelopment DIF.....	4.50%	05/30/25	-	4,000,000	-	4,000,000
BAN	Clarendon Hill Infrastructure Improvements (GF)(DIF).....	4.50%	05/30/25	-	676,000	-	676,000
BAN	Somerville Ave Streetscape Improvements.....	4.50%	05/30/25	-	4,200,000	-	4,200,000
Total Governmental Funds Short-Term Debt.....				\$ 26,278,705	\$ 27,241,926	\$ (26,278,705)	\$ 27,241,926

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Enterprise Activities

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2023	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2024
Water Enterprise Fund:							
BAN	Somerville Ave Water Improvements.....	5.00%	05/30/24	\$ 1,163,488	\$ -	\$ (1,163,488)	\$ -
BAN	Sprin Hill Sewer Separation Project - Water.....	5.00%	05/30/24	3,908,246	-	(3,908,246)	-
BAN	Somerville Ave Water Improvements.....	4.50%	05/30/25	-	1,195,000	-	1,195,000
BAN	Spring Hill Sewer Separation - Water.....	4.50%	05/30/25	-	7,231,805	-	7,231,805
BAN	SRF Lead Service Replacement Program.....	0.00%	06/30/25	-	855,679	(855,679)	-
Total Water Enterprise Fund.....				5,071,734	9,282,484	(5,927,413)	8,426,805
Sewer Enterprise Fund:							
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)	-
BAN	Somerville Ave Sewer Improvements.....	4.50%	05/30/25	-	19,003,000	-	19,003,000
BAN	Sewer Pump Station and Force Main (Poplar Street).....	4.50%	05/30/25	-	2,085,000	-	2,085,000
BAN	Spring Hill Sewer Separation Project Design Phase (DIF).....	4.50%	05/30/25	-	1,398,328	-	1,398,328
BAN	Spring Hill Sewer Separation Project - Drainage.....	4.50%	05/30/25	-	10,219,000	-	10,219,000
BAN	Poplar Street Sewer Pump Station.....	4.50%	05/30/25	-	3,300,000	-	3,300,000
BAN	Sewer Shed Design.....	4.50%	05/30/25	-	1,000,000	-	1,000,000
BAN	Clarendon Hill Infrastructure Improvements (Sewer)(DIF).....	4.50%	05/30/25	-	415,000	-	415,000
BAN	Poplar Street Sewer Pump Station.....	4.50%	05/30/25	-	17,200,000	-	17,200,000
BAN	Somerville Ave Sewer Improvements.....	4.50%	05/30/25	-	2,000,000	-	2,000,000
Total Sewer Enterprise Fund.....				32,852,380	56,620,328	(32,852,380)	56,620,328
Total Enterprise Funds.....				\$ 37,924,114	\$ 65,902,812	\$ (38,779,793)	\$ 65,047,133

NOTE 8 – LONG-TERM DEBT

Under the provisions of Chapter 44, Section 10, Municipal Law authorizes indebtedness up to a limit of 5% of the equalized valuation. Debt issued in accordance with this section of the law is designated as being "inside the debt limit". In addition, however, debt may be authorized in excess of that limit for specific purposes. Such debt, when issued, is designated as being "outside the debt limit".

The City issued \$33,134,725 of new general obligation bonds and MWRA loans. The current year financial statements have recognized bond proceeds in the amount of \$14,222,362 in the governmental funds, \$12,167,515 in the water enterprise fund, and \$6,744,848 in the sewer enterprise fund.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Details related to the general obligation bonds outstanding at June 30, 2024, and the debt service requirements are as follows:

Long-term Debt Schedule – Governmental Activities

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2024
General Obligation Bonds Payable:				
MSBA - February 12, 2008.....	2033	\$ 7,282,102	7.1 - 8.0%	\$ 3,276,947
Municipal Purpose - February 23, 2011.....	2025	5,020,000	2.0 - 5.0%	310,000
Municipal Purpose - May 17, 2013.....	2042	15,750,000	2.0 - 5.0%	11,795,000
Municipal Purpose - October 9, 2013.....	2033	13,940,000	2.0 - 5.0%	5,915,000
MSBA - September 25, 2013.....	2043	6,250,000	2.0%	4,784,824
Municipal Purpose - October 15, 2015.....	2038	8,603,000	2.125 - 5.0%	1,100,000
Municipal Purpose - October 5, 2016.....	2039	17,771,000	2.0 - 4.0%	11,775,000
Municipal Purpose - June 1, 2017.....	2042	1,235,000	3.0 - 5.0%	6,815,000
Municipal Purpose - June 7, 2018.....	2046	9,643,102	3.0 - 4.0%	6,090,000
Municipal Purpose - December 7, 2017 - Refunding...	2029	7,810,975	4.0%	3,126,050
Municipal Purpose - June 6, 2019.....	2047	23,735,975	3.0 - 5.0%	12,645,000
Municipal Purpose - June 4, 2020.....	2045	148,620	2.0 - 5.0%	5,700,000
Municipal Purpose - October 22, 2020.....	2051	123,960,000	1.75 - 4.75%	117,450,000
Municipal Purpose - June 3, 2021.....	2051	28,032,000	2.0 - 5.0%	25,650,000
Municipal Purpose - May 25, 2022.....	2052	28,668,138	3.3 - 5.0%	26,655,000
Municipal Purpose - June 1, 2023.....	2043	13,031,734	5.0%	12,120,000
Municipal Purpose - May 29, 2024.....	2044	14,222,362	3.25 - 5.00%	14,222,362
Subtotal General Obligation Bonds Payable.....				269,430,183
Capital Financing Payable:				
IT Equipment Capital Financing.....	2025	600,298	4.0%	159,016
Add: Unamortized premium on bonds.....				16,924,978
Total long-term debt, net.....				\$ 286,514,177

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

Governmental Activities

Year	General Obligation Bonds Payable			Capital Financing Payable		
	Principal	Interest	Total	Principal	Interest	Total
2025.....	\$ 12,801,984	\$ 8,659,781	\$ 21,461,765	\$ 159,016	\$ 6,360	\$ 165,376
2026.....	12,944,622	8,099,747	21,044,369	-	-	-
2027.....	13,154,622	7,515,964	20,670,586	-	-	-
2028.....	12,885,672	6,940,433	19,826,105	-	-	-
2029.....	12,574,622	6,393,413	18,968,035	-	-	-
2030.....	12,944,622	5,852,039	18,796,661	-	-	-
2031.....	12,744,622	5,315,547	18,060,169	-	-	-
2032.....	12,834,622	4,818,326	17,652,948	-	-	-
2033.....	12,299,624	4,375,156	16,674,780	-	-	-
2034.....	11,465,517	4,001,646	15,467,163	-	-	-
2035.....	11,100,517	3,672,227	14,772,744	-	-	-
2036.....	11,055,517	3,366,104	14,421,621	-	-	-
2037.....	11,005,517	3,055,427	14,060,944	-	-	-
2038.....	9,880,517	2,740,607	12,621,124	-	-	-
2039.....	9,600,517	2,472,412	12,072,929	-	-	-
2040.....	9,160,517	2,219,093	11,379,610	-	-	-
2041.....	9,380,517	1,986,195	11,366,712	-	-	-
2042.....	9,600,517	1,746,235	11,346,752	-	-	-
2043.....	8,020,518	1,503,957	9,524,475	-	-	-
2044.....	7,945,000	1,299,622	9,244,622	-	-	-
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.....	\$ 269,430,183	\$ 89,846,587	\$ 359,276,770	\$ 159,016	\$ 6,360	\$ 165,376

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Long-term Debt Schedule – Enterprise Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2024
General Obligation Bonds Payable:				
Municipal Purpose - June 7, 2018.....	2046	\$ 490,000	3.0 - 4.0%	\$ 430,000
Municipal Purpose - December 7, 2017 - Refunding...	2030	844,925	4.0%	513,950
Municipal Purpose - June 6, 2019.....	2047	3,195,000	3.0 - 5.0%	2,850,000
Municipal Purpose - June 4, 2020.....	2045	2,400,000	2.0 - 5.0%	2,150,000
Municipal Purpose - June 3, 2021.....	2030	370,000	4.0 - 5.0%	265,000
Municipal Purpose - May 24, 2022.....	2052	4,370,511	3.3 - 5.0%	4,065,000
Municipal Purpose - June 1, 2023.....	2053	4,751,500	5.0%	4,550,000
Municipal Purpose - May 29, 2024.....	2054	5,057,515	3.25 - 5.0%	5,057,515
Subtotal General Obligation Bonds Payable.....				<u>19,881,465</u>
Direct Borrowings Bonds Payable:				
Massachusetts Water Resource Authority - MWRA...	2025	875,000	0.0%	87,500
Massachusetts Water Resource Authority - MWRA...	2027	1,660,000	0.0%	498,000
Massachusetts Water Resource Authority - MWRA...	2029	2,543,000	0.0%	1,271,500
Massachusetts Water Resource Authority - MWRA...	2030	900,000	0.0%	540,000
Massachusetts Water Resource Authority - MWRA...	2032	1,555,000	0.0%	1,244,000
Massachusetts Water Resource Authority - MWRA...	2034	7,110,000	0.0%	<u>7,110,000</u>
Subtotal Direct Borrowings Bonds Payable.....				<u>10,751,000</u>
Total Water Enterprise Long-term Debt.....				<u>\$ 30,632,465</u>

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2024
General Obligation Bonds Payable:				
Municipal Purpose - June 7, 2018.....	2046	\$ 680,000	3.0 - 4.0%	\$ 430,000
Municipal Purpose - December 7, 2017.....	2027	809,100	4.0%	220,000
Municipal Purpose - June 6, 2019.....	2047	4,240,000	3.0 - 5.0%	3,570,000
Municipal Purpose - June 4, 2020.....	2045	3,004,070	2.0 - 5.0%	2,690,000
Municipal Purpose - June 3, 2021.....	2030	433,000	2.0 - 5.0%	320,000
Municipal Purpose - May 24, 2022.....	2051	6,791,351	3.3 - 5.0%	6,195,000
Municipal Purpose - June 1, 2023.....	2053	19,875,022	5%	16,090,000
Municipal Purpose - May 29, 2024.....	2054	5,025,123	3.25 - 5.0%	<u>5,025,123</u>
Subtotal General Obligation Sewer Bonds Payable.....				34,540,123
Direct Borrowings Bonds Payable				
Massachusetts Water Resource Authority - MWRA....	2029	499,775	0.0%	249,886
Massachusetts Water Resource Authority - MWRA....	2034	1,719,725	0.0%	<u>1,719,725</u>
Subtotal Direct Borrowings Bonds Payable.....				<u>1,969,611</u>
Add: Unamortized premium on bonds.....				<u>1,192,362</u>
Total Sewer Enterprise Long-term Debt.....				<u>\$ 37,702,096</u>

Enterprise Funds

Year	General Obligation Bonds Payable			Direct Borrowings Bonds Payable		
	Principal	Interest	Total	Principal	Interest	Total
2025.....	\$ 2,262,638	\$ 2,258,496	\$ 4,521,134	\$ 1,686,251	\$ -	\$ 1,686,251
2026.....	2,325,000	2,165,708	4,490,708	1,598,751	-	1,598,751
2027.....	2,435,000	2,051,307	4,486,307	1,598,751	-	1,598,751
2028.....	2,413,950	1,933,265	4,347,215	1,432,751	-	1,432,751
2029.....	2,450,000	1,814,966	4,264,966	1,432,747	-	1,432,747
2030.....	2,340,000	1,697,785	4,037,785	1,128,473	-	1,128,473
2031.....	2,245,000	1,588,014	3,833,014	1,038,473	-	1,038,473
2032.....	2,350,000	1,480,866	3,830,866	1,038,473	-	1,038,473
2033 - 2037.....	8,955,000	6,053,371	15,008,371	1,593,973	-	1,593,973
2038 - 2042.....	9,610,000	4,317,310	13,927,310	171,968	-	171,968
2043 - 2047.....	10,750,000	2,450,653	13,200,653	-	-	-
2048 - 2052.....	5,335,000	750,800	6,085,800	-	-	-
2053 & 2054.....	950,000	51,146	1,001,146	-	-	-
Total.....	<u>\$ 54,421,588</u>	<u>\$ 28,613,687</u>	<u>\$ 83,035,275</u>	<u>\$ 12,720,611</u>	<u>\$ -</u>	<u>\$ 12,720,611</u>

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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, 2024, the outstanding principal amount of these loans totaled \$12.7 million.

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 2024, the City has recorded capital grant proceeds totaling \$112.9 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 fiscal year 2022, 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, 2024, \$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.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

At June 30, 2024, the City had the following authorized and unissued debt:

Purpose	Amount
High School Construction.....	\$ 8,252,811
Winter Hill Community Innovation School Repairs.....	1,468,259
Somerville Ave Streetscape.....	9,012,000
Somerville Ave Infrastructure Improvements- Water.....	1,195,000
Somerville Ave Infrastructure Improvements - Sewer.....	19,003,000
Paving And Sidewalk Improvements.....	61,000
City Hall Sch & Edgerly Design & Engineer.....	529,115
FY20 Streets & Sidewalk Improve.....	1,653,000
Union Sq Street Scape & Plaza Design.....	1,000,000
Central Hill Camp Op Space.....	2,713,765
Spring Hill Sewer Improvement Streetscape.....	1,583,417
FY22 Street Resurfacing, Sidewalk, Ada Ramps Impv.....	290,801
FY23 Street Resurfacing, Sidewalk, Ada Ramps Impv.....	4,545,827
FY24 Street Resurfacing, Sidewalk, Ada Ramps Impv.....	5,561,768
Clarendon Hill Redevelopment Dif.....	10,000,000
FY22 Repairs & Improvement City Owned Building.....	1,757,000
FY23 Building Improvements.....	2,840,000
FY24 Building Improvements.....	3,010,000
GF Clarendon Hills Infrastructure Improve Project.....	993,132
Somerville Ave Streetscape (Sausi) GF.....	4,200,000
Assembly Square Fire Station Fit-Out.....	6,430,638
Edgerly Education Center & Winter Hill Community School Building imprv...	883,000
Fire Pumper.....	973,985
217 Somerville Ave Pocket Park.....	1,500,000
Fire Pumper.....	1,271,785
Annual Water Distr System Replacement & Rehab.....	2,500,000
Spring Hill Sewer Separation - Water.....	8,460,815
Water Bond - Mwra Lead Line Replacement.....	96,000
FY23 Annual Water Distribution Rehab System.....	6,939,000
Srf Lead Service Replacement Program.....	2,068,800
MCWT SRF Lead Service Replacement Ph3.....	2,240,740
MCWT Lead Service Replacement program.....	7,310,000
Spring Hill Sewer Separation Project Design Phase.....	1,398,328
Sewer Pump Station And Force Main (Poplar Street) (Design).....	2,085,000
Sewer & Drain Pipes.....	241,000
FY23 Sewer Syst Evaluation Study I/I Assessment.....	1,600,000
FY24 Sewer Syst Evaluation Study I/I Assessment.....	1,800,000
Spring Hill Sewer-Drainage Impv.....	11,318,094
FY23 Sewer Improvement.....	2,464,000
FY24 Sewer Improvement.....	4,269,990
Marginal Interceptor Sewer Rehabilitation.....	994,000
Poplar Street Pump Station Pump House & Facility Pre-Construction (Ph2).....	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
Total.....	\$ 245,309,977

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Changes in Long-term Liabilities

During the year ended June 30, 2024, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term general obligation bonds payable..\$	267,114,377	\$ 14,222,362	\$ (11,906,556)	\$ -	\$ -	\$ 269,430,183	\$ 12,801,982
Long-term capital financing payable.....	311,915	-	(152,899)	-	-	159,016	159,016
Add: Unamortized premium on bonds.....	18,310,297	2,278,026	(3,663,345)	-	-	16,924,978	2,734,275
Total long-term debt payable.....	285,736,589	16,500,388	(15,722,800)	-	-	286,514,177	15,695,273
Right-to-use lease obligations.....	-	-	-	6,851,842	(70,849)	6,780,993	148,341
Compensated absences.....	4,119,400	-	-	4,789,200	(742,000)	8,166,600	297,600
Workers' compensation.....	1,211,000	-	-	1,232,000	(303,000)	2,140,000	535,000
Net pension liability.....	177,041,819	-	-	2,685,140	(38,678,002)	141,048,957	-
Other postemployment benefits.....	156,562,583	-	-	18,656,664	(23,633,279)	151,585,968	-
Total governmental activity long-term liabilities.....\$	624,671,391	\$ 16,500,388	\$ (15,722,800)	\$ 34,214,846	\$ (63,427,130)	\$ 596,236,695	\$ 16,676,214
Business-Type Activities:							
Long-term general obligation bonds payable..\$	45,982,016	\$ 10,082,638	\$ (1,643,066)	\$ -	\$ -	\$ 54,421,588	\$ 2,262,640
Long-term direct borrowings payable.....	4,694,164	8,829,725	(803,278)	-	-	12,720,611	1,686,251
Add: Unamortized premium on bonds.....	1,222,135	-	(29,773)	-	-	1,192,362	31,495
Total long-term debt payable.....	51,898,315	18,912,363	(2,476,117)	-	-	68,334,561	3,980,386
Compensated absences.....	85,900	-	-	105,800	(1,500)	190,200	1,000
Net pension liability.....	3,549,290	-	-	113,242	(909,017)	2,753,515	-
Other postemployment benefits.....	787,217	-	-	231,102	(137,349)	880,970	-
Total business-type activity long-term liabilities.....\$	56,320,722	\$ 18,912,363	\$ (2,476,117)	\$ 450,144	\$ (1,047,866)	\$ 72,159,246	\$ 3,981,386

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 \$2.1 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 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year end, the balance of the Rainy-Day Stabilization fund is \$9.6 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.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

As of June 30, 2024, the fund balances consisted of the following:

	General	Other Special Revenue	Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal..... \$	\$ -	\$ -	\$ -	\$ 433,126	\$ 433,126
Restricted for:					
Strategic planning & community development.....	-	-	-	19,644,508	19,644,508
Other special revenue.....	-	46,834,850	3,600,000	-	50,434,850
School special revenue funds.....	-	-	-	2,286,094	2,286,094
School state & private grants.....	-	-	-	3,246,421	3,246,421
City state grant funds.....	-	-	-	1,248,211	1,248,211
City revolving funds.....	-	-	-	716,726	716,726
City receipts reserved.....	-	-	-	5,987,260	5,987,260
City private grants.....	-	-	-	2,106,012	2,106,012
School lunch.....	-	-	-	3,087,343	3,087,343
Community preservation.....	-	-	-	22,398,922	22,398,922
Other permanent funds.....	-	-	-	214,288	214,288
Committed to:					
Max-Pak stabilization fund.....	22,137	-	-	-	22,137
East Somerville stabilization fund.....	114,297	-	-	-	114,297
Street tree stabilization fund.....	375,592	-	-	-	375,592
Alpine restaurant stabilization fund.....	2,796	-	-	-	2,796
Rockwell restaurant stabilization fund.....	10,080	-	-	-	10,080
Capital projects stabilization fund.....	16,888,329	-	-	-	16,888,329
Construction stabilization fund.....	2,636,597	-	-	-	2,636,597
Traffic safety stabilization fund.....	1,942,481	-	-	-	1,942,481
Mitigation stabilization fund.....	104,230	-	-	-	104,230
270 Cedar Street LLC stabilization fund.....	1,117	-	-	-	1,117
Workforce training stabilization fund.....	458	-	-	-	458
Bicycle stabilization fund.....	2,431	-	-	-	2,431
Linwood Street sidewalk improvement stabilization fund.....	13,089	-	-	-	13,089
Davis Square traffic and Sign stabilization fund.....	316	-	-	-	316
Trash transfer station stabilization fund.....	666	-	-	-	666
Salary and wage stabilization fund.....	11,050,930	-	-	-	11,050,930
Open space improvement stabilization fund.....	2,030,979	-	-	-	2,030,979
Union Square revitalization stabilization fund.....	13,674	-	-	-	13,674
Facility construction & renovation stabilization fund.....	25,533,938	-	-	-	25,533,938
Street reconstruction & resurfacing stabilization fund.....	10,404,885	-	-	-	10,404,885
Elmwood stabilization fund.....	41,060	-	-	-	41,060
377 Broadway stabilization fund.....	4,778	-	-	-	4,778
Green Line extension stabilization fund.....	3,136,257	-	-	-	3,136,257
Highland Ave stabilization fund.....	10,860	-	-	-	10,860
Medical marijuana stabilization fund.....	3,484,579	-	-	-	3,484,579
Algonquin mitigation stabilization fund.....	22	-	-	-	22
Boynton Yards stabilization fund.....	365,241	-	-	-	365,241
Washington stabilization fund.....	8,949	-	-	-	8,949
259 McGrath stabilization fund.....	3,754	-	-	-	3,754
378 Highland Ave stabilization fund.....	3,218	-	-	-	3,218
Immigrant legal services stabilization fund.....	477,128	-	-	-	477,128
Bike share stabilization fund.....	92,438	-	-	-	92,438
Emergency response stabilization fund.....	978,355	-	-	-	978,355
Small business assistance stabilization fund.....	706,857	-	-	-	706,857
Water transportation public safety stabilization fund.....	313,610	-	-	-	313,610
Union Square community benefit stabilization fund.....	3,419,040	-	-	-	3,419,040
Alpine Street stabilization fund.....	10,725	-	-	-	10,725
Open space acquisition and improvement stabilization fund.....	164,588	-	-	-	164,588
Racial and social justice stabilization fund.....	1,069,697	-	-	-	1,069,697
COVID-19 stabilization fund.....	667,001	-	-	-	667,001
COVID-19 small business emergency relief stabilization fund.....	120,945	-	-	-	120,945
Energy stabilization fund.....	1,585,122	-	-	-	1,585,122
Encore artist and culture stabilization fund.....	111,382	-	-	-	111,382
Xmbly square transit area improvement stabilization fund.....	201,436	-	-	-	201,436
Xmbly square public realm improvement stabilization fund.....	586,260	-	-	-	586,260
Xmbly square off-site infrastructure stabilization fund.....	732,824	-	-	-	732,824
Participatory budgeting stabilization fund.....	1,806,918	-	-	-	1,806,918
Community Composting stabilization fund.....	350,019	-	-	-	350,019
Compensated absences liability fund.....	1,895,894	-	-	-	1,895,894
Assigned to:					
General government.....	2,012,218	-	-	-	2,012,218
Public safety.....	516,845	-	-	-	516,845
Education.....	984,724	-	-	-	984,724
Public works.....	1,827,404	-	-	-	1,827,404
Culture and recreation.....	62,463	-	-	-	62,463
Other.....	968,561	-	-	-	968,561
Unassigned.....	12,827,156	-	(16,887,158)	(210,238)	(4,270,240)
Total Fund Balances..... \$	\$ 112,697,350	\$ 46,834,850	\$ (13,287,158)	\$ 61,158,673	\$ 207,403,715

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 10 – RISK FINANCING

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

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

The City is self-insured for its workers' compensation activities. 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, 2024, the amount of the liability for workers' compensation claims totaled \$2.1 million.

Changes in the reported liability since July 1, 2022, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2023.....	\$ 1,168,000	\$ 411,168	\$ (368,168)	\$ 1,211,000	\$ 303,000
2024.....	1,211,000	1,323,911	(394,911)	2,140,000	535,000

NOTE 11 - PENSION PLAN

Plan Descriptions

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

The City is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <https://mtrs.state.ma.us/service/financial-reports/>.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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, 2023. The City's portion of the collective pension expense, contributed by the Commonwealth, of \$18,877,249 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 \$202,176,517 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, 2023.

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.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

At December 31, 2023, the System membership consists of the following:

Active members.....	1,397
Inactive members.....	549
Disabled members.....	124
Retirees and beneficiaries currently receiving benefits...	<u>818</u>
Total.....	<u><u>2,888</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, 2023 was \$17,814,222, 16.65% 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 \$16,634,921, which equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2024, were as follows:

Total pension liability.....	\$ 557,830,352
Total pension plan's fiduciary net position.....	<u>(403,833,272)</u>
Total net pension liability.....	<u><u>\$ 153,997,080</u></u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	72.39%

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

At June 30, 2024, the City reported a liability of \$143,802,472 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. 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, 2023, the City's proportion was 93.38% which changed from its proportion measured at December 31, 2022, of 92.86%.

Pension Expense

For the year ended June 30, 2024, the City recognized a pension expense of \$13,836,539. At June 30, 2024, the City reported deferred outflows of resources related to pensions of \$29,263,560, and deferred inflows of resources related to pensions of \$604,858.

The balances of deferred outflows and inflows at June 30, 2024 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 6,810,604	\$ -	\$ 6,810,604
Differences between projected and actual earnings, net.....	14,358,891	-	14,358,891
Changes in assumptions.....	7,538,264	-	7,538,264
Changes in proportion and proportionate share of contributions.	555,801	(604,858)	(49,057)
Total deferred outflows/(inflows) of resources.....	\$ 29,263,560	\$ (604,858)	\$ 28,658,702

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

Year ended June 30, 2024:

2025.....	\$ 3,295,132
2026.....	13,506,424
2027.....	18,309,374
2028.....	(7,190,378)
2029.....	738,150
Total.....	\$ 28,658,702

City of Somerville, Massachusetts
Notes to Basic Financial Statements
Year Ended June 30, 2024

Actuarial Assumptions

The total pension liability in the January 1, 2024, actuarial valuation was determined using the following actuarial assumptions:

Valuation date.....	January 1, 2024
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Amortization method.....	Payments increasing at 8.00%.
Remaining amortization period.....	Increasing amortization of unfunded actuarial accrued liability over 9 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 3.25% per year.
Cost of living adjustments.....	2.75% of the lesser of the pension amount or \$16,000.
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 for 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

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 21.11%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Discount rate

The discount rate used to measure the total pension liability at December 31, 2023 and December 31, 2022 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%)
The City's proportionate share of the net pension liability.....	\$ <u>198,700,940</u>	\$ <u>143,802,472</u>	\$ <u>97,193,744</u>
System total net pension liability.....	\$ <u>212,787,464</u>	\$ <u>153,997,080</u>	\$ <u>104,084,109</u>

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 2024 totaled \$94,133.

Changes in Assumptions

Assumed salaries including longevity will increase at a rate of 3.25% per year. Prior rate was 3.00%.

Cost of living increases have been assumed to be 2.75% of the pension amount and \$16,000 per year. The previous base was \$15,000.

Changes in Plan Provisions

None.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

The City of Somerville administers a single employer defined benefit healthcare plan (“Plan”). The Plan provides health, dental and life insurance for eligible retirees and their spouses through a single employer defined Other Postemployment Benefit (OPEB) plan. The Plan is administered through the Group Insurance Commission (GIC) as of January 1, 2012. The Plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the City’s group health, life and GIC health plans which covers both active and retired members. Chapter 32b, Section 19, of the MGL, and an agreement between the City and the Public Employee Committee (PEC) which is subject to renegotiation at the end of each contract period provides the authority to establish and amend benefit provisions of the Plan. The Plan does not issue a publicly available financial report. The 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 2024, the City’s benefit payments totaled \$8.6 million, and the City contributed another \$3.2 million to the OPEB Trust fund. For the year ended June 30, 2024, the City’s average contribution rate was 7.66% 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 2024, the City pre-funded future OPEB liabilities by contributing \$3.2 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, 2024, the balance of this fund totaled \$27.1 million.

The annual money-weighted rate of return on OPEB plan investments was 9.71%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

Plan Membership

The following table represents the Plan's membership at June 30, 2024:

Active members.....	1,932
Retirees and beneficiaries.....	<u>1,706</u>
Total.....	<u>3,638</u>

Components of OPEB Liability

The following table represents the components of the Plan's OPEB liability as of June 30, 2024:

Total OPEB liability.....	\$ 179,583,836
Less: OPEB plan's fiduciary net position.....	<u>(27,116,898)</u>
Net OPEB liability.....	<u>\$ 152,466,938</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability...	15.10%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the June 30, 2024, 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, 2024
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.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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, 2024, which did not change from June 30, 2023. 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.....	\$ 175,850,979	\$ 152,466,938	\$ 133,228,104

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%).

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

	1% Decrease (3.5%)	Current Trend (4.5%)	1% Increase (5.5%)
Net OPEB liability.....	\$ 131,433,911	\$ 152,466,938	\$ 178,490,182

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, 2023.....	\$ 179,054,824	\$ 21,705,024	\$ 157,349,800
Changes for the year:			
Service cost.....	4,300,252	-	4,300,252
Interest.....	12,605,825	-	12,605,825
Contributions - employer.....	-	11,817,931	(11,817,931)
Differences between expected and actual experience...	(7,759,134)	-	(7,759,134)
Investment income.....	-	2,211,874	(2,211,874)
Benefit payments.....	(8,617,931)	(8,617,931)	-
Net change.....	529,012	5,411,874	(4,882,862)
Balances at June 30, 2024.....	\$ 179,583,836	\$ 27,116,898	\$ 152,466,938

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

For the year ended June 30, 2024, the City recognized an OPEB expense/(revenue) of (\$11,153,644). At June 30, 2024, 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.....	\$ 10,863	\$ (9,919,292)	\$ (9,908,429)
Difference between projected and actual earnings, net.....	-	(372,573)	(372,573)
Changes in assumptions.....	-	(10,859,791)	(10,859,791)
Changes in proportion.....	<u>1,897,946</u>	<u>(1,897,946)</u>	<u>-</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>1,908,809</u>	\$ <u>(23,049,602)</u>	\$ <u>(21,140,793)</u>

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

Years ended June 30:	
2025.....	\$ (15,887,138)
2026.....	(1,297,873)
2027.....	(1,490,908)
2028.....	(1,464,567)
2029.....	<u>(1,000,307)</u>
Total.....	\$ <u>(21,140,793)</u>

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

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

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

	Pension Trust Fund (as of December 31, 2023)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 7,815,847	\$ 1,820,662	\$ 9,636,509
Investments:			
Investments in Pension Reserve Investment Trust.....	14,093,353	-	14,093,353
U.S. treasury notes.....	-	3,519,716	3,519,716
Real estate and alternative investment mutual funds.....	18,342,797	-	18,342,797
Bond mutual funds.....	61,683,046	-	61,683,046
Equity securities.....	274,324,993	12,207,202	286,532,195
Equity mutual funds.....	27,629,081	2,038,360	29,667,441
Fixed income mutual funds.....	-	2,807,898	2,807,898
Other fixed income investments.....	-	4,723,060	4,723,060
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	198,507	-	198,507
TOTAL ASSETS.....	404,087,624	27,116,898	431,204,522
LIABILITIES			
Warrants payable.....	254,352	-	254,352
NET POSITION			
Restricted for pensions.....	403,833,272	-	403,833,272
Restricted for other postemployment benefits.....	-	27,116,898	27,116,898
TOTAL NET POSITION.....	\$ 403,833,272	\$ 27,116,898	\$ 430,950,170

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

	Pension Trust Fund (as of December 31, 2023)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 17,814,222	\$ 3,200,000	\$ 21,014,222
Employer contributions for other postemployment benefit payments....	-	8,617,931	8,617,931
Member contributions.....	10,167,930	-	10,167,930
Retirement benefits - transfers from other systems.....	1,200,015	-	1,200,015
Retirement benefits - 3(8)c contributions from other systems.....	397,791	-	397,791
Retirement benefits - workers compensation settlements.....	90,748	-	90,748
Retirement benefits - state COLA reimbursements.....	144,834	-	144,834
Retirement benefits - member makeup payments and redeposits.....	41,490	-	41,490
Retirement benefits - interest not refunded.....	598	-	598
Retirement benefits - reimbursement of 91A overearnings.....	63	-	63
Total contributions.....	29,857,691	11,817,931	41,675,622
Net investment income:			
Investment income (loss).....	6,763,706	2,211,874	8,975,580
Net change in fair value of investments.....	65,846,267	-	65,846,267
Less: investment expense.....	(1,609,015)	-	(1,609,015)
Net investment income (loss).....	71,000,958	2,211,874	73,212,832
TOTAL ADDITIONS.....	100,858,649	14,029,805	114,888,454
DEDUCTIONS:			
Administration.....	638,405	-	638,405
Retirement benefits - transfers to other systems.....	2,333,603	-	2,333,603
Retirement benefits - 3(8)c transfer to other systems.....	1,618,542	-	1,618,542
Retirement benefits and refunds.....	35,948,018	-	35,948,018
Other postemployment benefit payments.....	-	8,617,931	8,617,931
TOTAL DEDUCTIONS.....	40,538,568	8,617,931	49,156,499
NET INCREASE (DECREASE) IN NET POSITION.....	60,320,081	5,411,874	65,731,955
NET POSITION AT BEGINNING OF YEAR.....	343,513,191	21,705,024	365,218,215
NET POSITION AT END OF YEAR.....	\$ 403,833,272	\$ 27,116,898	\$ 430,950,170

NOTE 14 – COMMITMENTS

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

The City has entered into, or is planning to enter into, contracts totaling approximately \$245.3 million. The Poplar St. Pump Station construction project, 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 \$6.4 million.

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 15 – CONTINGENCIES

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* through June 30, 2024, 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. The City restated the general fund beginning fund balance and the governmental beginning net position as of June 30, 2024, due to a court judgement related to an eminent domain land taking. See Note 16 for more information. Management believes there are no additional liabilities to be recognized as of June 30, 2024.

NOTE 16 – RESTATEMENT FOR A CORRECTION OF AN ERROR

Subsequent to the issuance of the Fiscal Year 2023 financial statements, management identified that a court judgement related to amounts paid for a parcel of land at 90 Washington Street in an eminent domain taking, against the City and its Redevelopment Authority rendered during May 2023, was not properly recorded. As a result, the City's governmental activities and the general fund have been restated to recognize the court judgement as follows:

	06/30/2023 Previously Reported Balances	Restatement for Correction of Error	06/30/2023 Restated Balances
Government-Wide Financial Statements			
Judgement Liabilities.....	\$ -	\$ (28,079,422)	\$ (28,079,422)
Interest Expense.....	\$ 7,694,127	\$ 1,551,422	\$ 9,245,549
Capital Assets, Nondepreciable.....	\$ 122,112,547	\$ 26,528,000	\$ 148,640,547
Net Position.....	\$ 199,983,179	\$ (1,551,422)	\$ 198,431,757
Governmental funds - General Fund			
Judgement Liabilities.....	\$ -	\$ (28,079,422)	\$ (28,079,422)
Interest Expenditures.....	\$ 9,195,970	\$ 1,551,422	\$ 10,747,392
Community Development Expense.....	\$ -	\$ 26,528,000	\$ 26,528,000
Fund Balance.....	\$ 118,293,538	\$ (28,079,422)	\$ 90,214,116

City of Somerville, Massachusetts

Notes to Basic Financial Statements

Year Ended June 30, 2024

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 30, 2025, which is the date the financial statements were available to be issued.

The City had \$92.3 million in short-term bond anticipation notes (BANs) outstanding as of June 30, 2024, that came due subsequent to year end, on May 30, 2025. Of the \$92.3 million in BANs, \$2.7 million was paid down with available funds, \$20.9 million was rolled into a new BAN with an interest rate of 4.00% and a maturity date of June 18, 2026, \$61.0 million was rolled into a new BAN with an interest rate of 5.00% and a maturity date of July 1, 2026. The remaining \$7.7 million was financed long-term with additional new issuances. The \$7.7 million will be recognized as long-term in fiscal year 2025.

NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2024, the following GASB pronouncements were implemented:

- The GASB issued Statement #100, *Accounting Changes and Error Corrections*. Financial Statements were updated to be in compliance with this statement. See note 16 for more information.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #101, *Compensated Absences*, which is required to be implemented in 2025.
- The GASB issued Statement #102, *Certain Risk Disclosures*, which is required to be implemented in 2025.
- The GASB Issued Statement #103, *Financial Reporting Model Improvements*, which is required to be implemented in 2026.
- The GASB issued Statement #104, *Disclosure of Certain Capital Assets*, which is required to be implemented in 2026.

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

Required Supplementary Information

City of Somerville, Massachusetts

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Year Ended June 30, 2024

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ -	\$ 240,250,339	\$ 240,250,339	\$ 242,875,954	\$ 241,587,143	\$ -	\$ (1,288,811)
Tax liens.....	-	-	-	-	392,524	-	392,524
Motor vehicle and other excise taxes.....	-	11,512,653	11,512,653	11,512,653	12,791,764	-	1,279,111
Penalties and interest on taxes.....	-	696,530	696,530	696,530	985,273	-	288,743
Payments in lieu of taxes.....	-	1,661,522	1,661,522	1,661,522	1,678,621	-	17,099
Intergovernmental - other.....	-	54,069,744	54,069,744	54,069,744	53,006,534	-	(1,063,210)
Departmental and other.....	-	20,583,258	20,583,258	20,583,258	26,797,626	-	6,214,368
Investment income.....	-	2,321,526	2,321,526	2,321,526	4,159,909	-	1,838,383
Miscellaneous.....	-	260,163	260,163	260,163	324,672	-	64,509
TOTAL REVENUES.....	-	331,355,735	331,355,735	333,981,350	341,724,066	-	7,742,716
EXPENDITURES:							
GENERAL GOVERNMENT							
City Council							
Salaries.....	-	505,000	505,000	505,000	456,990	-	48,010
Expenses.....	26	89,910	89,936	89,910	37,204	-	52,706
TOTAL.....	26	594,910	594,936	594,910	494,194	-	100,716
Clerk of Committees							
Salaries.....	-	69,764	69,764	69,764	47,608	-	22,156
Executive Office							
Salaries.....	-	6,411,356	6,411,356	6,427,431	5,909,182	-	518,249
Expenses.....	158,840	2,076,770	2,235,610	2,173,307	1,544,246	8,484	620,577
Special items.....	18,025	505,000	523,025	551,643	353,765	101,682	96,196
Capital.....	-	1,361,000	1,361,000	359,249	355,584	200	3,465
TOTAL.....	176,865	10,354,126	10,530,991	9,511,630	8,162,777	110,366	1,238,487
Racial and Social Justice							
Salaries.....	-	899,692	899,692	899,692	780,595	-	119,097
Expenses.....	48,478	373,500	421,978	410,411	185,505	83,086	141,820
TOTAL.....	48,478	1,273,192	1,321,670	1,310,103	966,100	83,086	260,917
Auditor's Office							
Salaries.....	-	1,310,402	1,310,402	1,310,402	1,220,160	-	90,242
Expenses.....	30,984	162,702	193,686	186,864	125,214	30,400	31,250
TOTAL.....	30,984	1,473,104	1,504,088	1,497,266	1,345,374	30,400	121,492
Grants Management							
Salaries.....	-	290,518	290,518	290,518	289,871	-	647
Expenses.....	130	21,750	21,880	21,759	9,382	-	12,377
TOTAL.....	130	312,268	312,398	312,277	299,253	-	13,024
Purchasing							
Salaries.....	-	659,203	659,203	659,203	645,067	-	14,136
Expenses.....	289	27,715	28,004	27,715	23,807	-	3,908
TOTAL.....	289	686,918	687,207	686,918	668,874	-	18,044
Assessing							
Salaries.....	-	669,228	669,228	669,228	619,005	-	50,223
Expenses.....	37,485	242,950	280,435	280,351	262,217	2,304	15,830
TOTAL.....	37,485	912,178	949,663	949,579	881,222	2,304	66,053
Treasurer's/ Collector's Office							
Salaries.....	-	764,706	764,706	764,706	728,994	-	35,712
Expenses.....	29,107	419,445	448,552	433,477	181,215	34,730	217,532
TOTAL.....	29,107	1,184,151	1,213,258	1,198,183	910,209	34,730	253,244
Law Department							
Salaries.....	-	940,931	940,931	940,931	918,531	-	22,400
Expenses.....	192,987	601,925	794,912	909,509	733,169	162,902	13,438
TOTAL.....	192,987	1,542,856	1,735,843	1,850,440	1,651,700	162,902	35,838
Personnel Department							
Salaries.....	-	1,832,615	1,832,615	1,835,615	1,635,605	-	200,010
Expenses.....	45,119	1,108,510	1,153,629	1,140,540	457,174	89,287	594,079
Special Items.....	-	74,000	74,000	74,000	29,490	35,000	9,510
TOTAL.....	45,119	3,015,125	3,060,244	3,050,155	2,122,269	124,287	803,599

See notes to required supplementary information.

City of Somerville, Massachusetts

General Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Year Ended June 30, 2024

	Budgeted Amounts						
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
Information Technology							
Salaries.....	-	1,278,490	1,278,490	1,278,490	1,195,880	-	82,610
Expenses.....	650,744	4,184,787	4,835,531	4,827,820	4,427,200	355,294	45,326
TOTAL.....	650,744	5,463,277	6,114,021	6,106,310	5,623,080	355,294	127,936
Communications							
Salaries.....	-	1,043,301	1,043,301	1,043,301	861,050	-	182,251
Expenses.....	10,560	275,510	286,070	284,885	267,152	9,600	8,133
TOTAL.....	10,560	1,318,811	1,329,371	1,328,186	1,128,202	9,600	190,384
SomerViva Office of Immigrant Affairs							
Salaries.....	-	1,222,440	1,222,440	1,222,440	1,067,384	-	155,056
Expenses.....	19,846	221,744	241,590	229,660	165,441	14,528	49,691
TOTAL.....	19,846	1,444,184	1,464,030	1,452,100	1,232,825	14,528	204,747
PEG Access							
Salaries.....	-	290,598	290,598	298,748	280,337	-	18,411
Expenses.....	-	89,763	89,763	89,763	70,673	-	19,090
TOTAL.....	-	380,361	380,361	388,511	351,010	-	37,501
City Clerk							
Salaries.....	-	944,592	944,592	944,592	911,159	-	33,433
Expenses.....	73,831	286,903	360,734	358,193	308,747	7,013	42,433
TOTAL.....	73,831	1,231,495	1,305,326	1,302,785	1,219,906	7,013	75,866
Elections							
Salaries.....	-	608,039	608,039	608,039	511,145	-	96,894
Expenses.....	-	183,320	183,320	183,320	158,251	2,575	22,494
TOTAL.....	-	791,359	791,359	791,359	669,396	2,575	119,388
Licensing Committee							
Salaries.....	-	11,628	11,628	11,628	11,628	-	-
Community Development							
Salaries.....	-	9,275,162	9,275,162	9,260,410	8,726,234	-	534,176
Expenses.....	520,204	2,975,160	3,495,364	3,113,561	1,765,045	838,613	509,903
Capital.....	-	500,000	500,000	500,000	139,234	235,368	125,398
TOTAL.....	520,204	12,750,322	13,270,526	12,873,971	10,630,513	1,073,981	1,169,477
Veterans Benefits							
Salaries.....	-	218,370	218,370	276,086	191,924	-	84,162
Expenses.....	-	654,250	654,250	596,534	302,868	1,152	292,514
TOTAL.....	-	872,620	872,620	872,620	494,792	1,152	376,676
Building Insurance							
Expenses.....	-	1,162,247	1,162,247	1,179,020	1,120,452	-	58,568
Person and Property Insurance							
Expenses.....	-	183,750	183,750	500,932	498,946	-	1,986
Contingency Account							
Expenses.....	-	2,667,580	2,667,580	255,648	110,644	-	145,004
Total General Government.....	1,836,655	49,696,226	51,532,881	48,094,295	40,640,974	2,012,218	5,441,103
PUBLIC SAFETY							
Police Department							
Salaries.....	-	18,466,071	18,466,071	18,646,623	17,956,660	-	689,963
Expenses.....	100,902	639,500	740,402	719,148	451,801	86,462	180,885
TOTAL.....	100,902	19,105,571	19,206,473	19,365,771	18,408,461	86,462	870,848
Fire Department							
Salaries.....	-	21,531,437	21,531,437	21,531,436	20,627,176	1,084	903,176
Expenses.....	81,195	547,100	628,295	762,094	628,074	66,766	67,254
Special items.....	-	24,455	24,455	24,455	-	4,861	19,594
TOTAL.....	81,195	22,102,992	22,184,187	22,317,985	21,255,250	72,711	990,024
Emergency Management							
Salaries.....	-	154,942	154,942	154,942	-	-	154,942
Expenses.....	9,300	78,050	87,350	84,800	34,400	8,550	41,850
TOTAL.....	9,300	232,992	242,292	239,742	34,400	8,550	196,792
Animal Control							
Salaries.....	-	147,147	147,147	147,147	134,660	-	12,487
Expenses.....	5,008	15,900	20,908	18,712	12,469	2,401	3,842
TOTAL.....	5,008	163,047	168,055	165,859	147,129	2,401	16,329
Traffic and Parking							
Salaries.....	-	3,228,905	3,228,905	3,228,905	3,019,296	-	209,609
Expenses.....	146,452	1,146,340	1,292,792	1,271,854	861,369	325,776	84,709
TOTAL.....	146,452	4,375,245	4,521,697	4,500,759	3,880,665	325,776	294,318

See notes to required supplementary information.

City of Somerville, Massachusetts

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Year Ended June 30, 2024

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
Board of Health							
Salaries.....	-	2,118,879	2,118,879	2,118,879	1,969,557	-	149,322
Expenses.....	164,194	869,398	1,033,592	951,763	796,874	20,945	133,944
TOTAL.....	164,194	2,988,277	3,152,471	3,070,642	2,766,431	20,945	283,266
Total Public Safety.....	507,051	48,968,124	49,475,175	49,660,758	46,492,336	516,845	2,651,577
EDUCATION							
Operational.....	359,272	100,009,209	100,368,481	100,944,425	98,431,147	984,724	1,528,554
PUBLIC WORKS							
Administration							
Salaries.....	-	898,631	898,631	898,631	842,887	-	55,744
Expenses.....	93,454	887,098	980,552	922,562	717,717	51,242	153,603
TOTAL.....	93,454	1,785,729	1,879,183	1,821,193	1,560,604	51,242	209,347
Electrical							
Salaries.....	-	512,043	512,043	412,043	346,804	-	65,239
Expenses.....	88,296	382,500	470,796	376,243	234,781	91,465	49,997
TOTAL.....	88,296	894,543	982,839	788,286	581,585	91,465	115,236
Engineering							
Salaries.....	-	673,505	673,505	679,430	604,987	-	74,443
Expenses.....	-	626,506	626,506	548,359	545,341	-	3,018
TOTAL.....	-	1,300,011	1,300,011	1,227,789	1,150,328	-	77,461
Snow Removal							
Expenses.....	-	1,687,488	1,687,488	1,715,688	1,712,776	-	2,912
Highway							
Salaries.....	-	2,999,105	2,999,105	2,774,105	2,611,476	-	162,629
Expenses.....	61,986	1,247,200	1,309,186	1,294,485	910,221	137,532	246,732
TOTAL.....	61,986	4,246,305	4,308,291	4,068,590	3,521,697	137,532	409,361
Sanitation							
Expenses.....	438,293	8,856,023	9,294,316	8,901,344	8,467,307	68,555	365,482
Building and Grounds							
Salaries.....	-	1,925,849	1,925,849	1,767,832	1,537,954	-	229,878
Expenses.....	636,017	10,611,784	11,247,801	12,731,748	10,375,834	1,271,785	1,084,129
TOTAL.....	636,017	12,537,633	13,173,650	14,499,580	11,913,788	1,271,785	1,314,007
Fleet							
Expenses.....	50,058	641,430	691,488	658,955	454,286	80,993	123,676
DPW Grounds							
Salaries.....	-	1,423,010	1,423,010	1,258,010	1,198,260	-	59,750
Expenses.....	61,767	1,328,945	1,390,712	1,443,515	1,123,277	119,378	200,860
TOTAL.....	61,767	2,751,955	2,813,722	2,701,525	2,321,537	119,378	260,610
Fields							
Salaries.....	-	-	-	165,119	147,349	-	17,770
Expenses.....	-	-	-	277,000	156,131	6,454	114,415
TOTAL.....	-	-	-	442,119	303,480	6,454	132,185
School Custodians							
Salaries.....	-	2,680,477	2,680,477	2,978,139	2,814,471	-	163,668
Expenses.....	-	1,400,000	1,400,000	1,400,000	1,227,760	-	172,240
TOTAL.....	-	4,080,477	4,080,477	4,378,139	4,042,231	-	335,908
Total Public Works.....	1,429,871	38,781,594	40,211,465	41,203,208	36,029,619	1,827,404	3,346,185
CULTURE AND RECREATION							
Library							
Salaries.....	-	2,675,038	2,675,038	2,675,038	2,570,919	-	104,119
Expenses.....	3,205	748,766	751,971	751,155	736,843	3,732	10,580
TOTAL.....	3,205	3,423,804	3,427,009	3,426,193	3,307,762	3,732	114,699
Recreation and Youth Programs							
Salaries.....	-	1,909,698	1,909,698	1,744,579	1,442,561	-	302,018
Expenses.....	60,008	735,500	795,508	503,457	349,381	58,731	95,345
TOTAL.....	60,008	2,645,198	2,705,206	2,248,036	1,791,942	58,731	397,363
Total Culture and Recreation.....	63,213	6,069,002	6,132,215	5,674,229	5,099,704	62,463	512,062

See notes to required supplementary information.

City of Somerville, Massachusetts

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

Year Ended June 30, 2024

	Budgeted Amounts				Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Amounts Carried Forward From Prior Year	Current Year Initial Budget	Original Budget	Final Budget			
OTHER							
Pension Benefits							
Pension benefits.....	-	16,635,921	16,635,921	16,635,921	16,634,921	-	1,000
Non-contributory pension.....	-	96,016	96,016	96,016	94,133	-	1,883
Total Pension Benefits.....	-	16,731,937	16,731,937	16,731,937	16,729,054	-	2,883
Employee Benefits							
Health and life insurance.....	-	34,980,163	34,980,163	34,982,268	32,590,033	4,888	2,387,347
Worker's Compensation.....	4,250	216,231	220,481	217,166	188,613	-	28,553
Unemployment compensation.....	-	225,888	225,888	218,706	114,129	-	104,577
Total Employee Benefits.....	4,250	35,422,282	35,426,532	35,418,140	32,892,775	4,888	2,520,477
Debt and Interest							
Debt principal.....	-	11,711,557	11,711,557	11,711,557	11,711,556	-	1
Debt interest.....	-	9,349,551	9,349,551	9,349,551	9,339,550	-	10,001
TOTAL.....	-	21,061,108	21,061,108	21,061,108	21,051,106	-	10,002
Pay-Go-Capital							
Pay-Go-Capital.....	460,314	2,061,347	2,521,661	4,085,687	2,980,060	963,673	141,954
State and County Charges							
State and county.....	-	15,524,980	15,524,980	15,524,980	14,212,662	-	1,312,318
Total Other.....	464,564	90,801,654	91,266,218	92,821,852	87,865,657	968,561	3,987,634
TOTAL EXPENDITURES.....	4,660,626	334,325,809	338,986,435	338,398,767	314,559,437	6,372,215	17,467,115
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(4,660,626)	(2,970,074)	(7,630,700)	(4,417,417)	27,164,629	(6,372,215)	25,209,831
OTHER FINANCING SOURCES (USES):							
Proceeds from the sale of assets.....	-	-	-	-	959	-	959
Transfers in.....	-	4,093,011	4,093,011	4,458,805	4,572,908	-	114,103
Transfers out.....	-	(1,122,937)	(1,122,937)	(34,205,782)	(34,205,782)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	2,970,074	2,970,074	(29,746,977)	(29,631,915)	-	115,062
NET CHANGE IN FUND BALANCE.....	(4,660,626)	-	(4,660,626)	(34,164,394)	(2,467,286)	(6,372,215)	25,324,893
BUDGETARY FUND BALANCE, Beginning of year	-	41,473,781	41,473,781	41,473,781	41,473,781	-	-
BUDGETARY FUND BALANCE, End of year..... \$	(4,660,626)	\$ 41,473,781	\$ 36,813,155	\$ 7,309,387	\$ 39,006,495	\$ (6,372,215)	\$ 25,324,893

See notes to required supplementary information.

Pension Plan Schedules – Retirement System

The Pension Plan's Schedule of Changes in the Net Pension Liability and Related Ratios 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.

All pension schedules are reporting the required ten years of information.

City of Somerville, Massachusetts

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	December 31, 2023
Total pension liability:										
Service cost.....	\$ 7,699,763	\$ 8,007,754	\$ 8,007,754	\$ 8,025,850	\$ 8,961,771	\$ 8,721,918	\$ 9,595,934	\$ 8,274,064	\$ 9,072,180	\$ 11,326,575
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	39,729,528
Changes in benefit terms.....	-	-	-	-	1,387,482	-	-	1,796,398	-	1,781,393
Differences between expected and actual experience....	-	-	(2,943,803)	-	(1,066,376)	17,499,297	3,190,411	7,086,968	1,078,566	3,516,152
Changes in assumptions.....	-	-	2,806,740	-	36,759,494	-	-	12,510,076	-	3,386,928
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)	(39,900,164)
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	19,840,412
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	537,989,940
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	\$ 557,830,352
Plan fiduciary net position:										
Employer contributions.....	\$ 13,812,101	\$ 14,199,527	\$ 14,659,434	\$ 14,805,336	\$ 15,226,941	\$ 15,226,941	\$ 15,836,018	\$ 16,627,819	\$ 17,162,384	\$ 17,814,222
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	11,409,435
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)	71,092,371
Administrative expenses.....	(380,845)	(397,417)	(468,722)	(500,849)	(647,449)	(596,023)	(602,212)	(651,854)	(698,297)	(638,408)
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)	(39,900,164)
Other receipts.....	-	-	-	739,557	862,254	884,782	1,061,793	870,335	917,220	542,625
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)	60,320,081
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	343,513,191
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	\$ 403,833,272
Net pension liability - ending (a)-(b).....	\$ 127,924,354	\$ 143,311,298	\$ 149,854,803	\$ 123,051,924	\$ 186,162,171	\$ 161,800,234	\$ 104,134,217	\$ 74,243,446	\$ 194,476,749	\$ 153,997,080
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%	72.39%
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	\$ 106,977,543
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%	143.95%

See notes to required supplementary information.

City of Somerville, Massachusetts

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, 2023.....	\$ 17,814,222	\$ (17,814,222)	\$ -	\$ 106,977,543	16.65%
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%

See notes to required supplementary information.

City of Somerville, Massachusetts

Schedule of Investment Returns

Somerville Contributory Retirement System

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2023.....	21.11%
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%

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.

All pension schedules are reporting the required ten years of information.

City of Somerville, Massachusetts

Schedule of the City's Proportionate Share of the Net Pension Liability

Somerville Contributory Retirement System

<u>Year</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Net pension liability as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
December 31, 2023.....	93.38%	\$ 143,802,472	\$ 99,895,633	143.95%	72.39%
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%

See notes to required supplementary information.

City of Somerville, Massachusetts

Schedule of the City's Contributions

Somerville Contributory Retirement System

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
June 30, 2024.....	\$ 16,634,921	\$ (16,634,921)	\$ -	\$ 101,893,546	16.33%
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%

See notes to required supplementary information.

City of Somerville, Massachusetts

Schedule of the Special Funding Amounts of the Net Pension Liability

Massachusetts Teachers' Retirement System

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2024.....	\$ 202,176,517	\$ 18,877,249	58.48%
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%

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.

The following schedules are required to show ten years of information once available. Currently, all schedules reporting the eight years since the implementation of GASB #75.

See notes to required supplementary information.

City of Somerville, Massachusetts

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	June 30, 2024
Total OPEB Liability								
Service Cost.....	\$ 11,768,411	\$ 9,597,889	\$ 10,029,794	\$ 10,481,135	\$ 3,770,484	\$ 3,940,156	\$ 4,115,074	\$ 4,300,251
Interest.....	11,159,516	11,592,912	9,899,647	10,593,394	11,373,126	11,863,002	12,079,032	12,605,826
Differences between expected and actual experience..	-	(40,800,875)	-	(34,868,389)	-	26,607	-	(7,759,134)
Changes of assumptions.....	-	-	-	(107,822,190)	-	-	-	-
Benefit payments.....	(9,258,566)	(8,485,245)	(8,485,245)	(7,793,272)	(8,143,969)	(8,655,912)	(9,327,272)	(8,617,931)
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	529,012
Total OPEB liability - beginning.....	290,405,580	304,074,941	275,979,622	287,423,818	158,014,496	165,014,137	172,187,990	179,054,824
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>	<u>\$ 179,583,836</u>
Plan fiduciary net position								
Employer contributions.....	\$ 10,258,566	\$ 13,985,245	\$ 9,485,245	\$ 8,793,272	\$ 9,143,969	\$ 13,184,065	\$ 12,951,634	\$ 11,817,931
Net investment income (loss).....	7,508	26,801	556,183	492,428	1,873,762	(1,124,689)	1,406,749	2,211,874
Benefit payments.....	(9,258,566)	(8,485,245)	(8,485,245)	(7,793,272)	(8,143,969)	(8,655,912)	(9,327,272)	(8,617,931)
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	5,411,874
Plan fiduciary net position - beginning of year.....	813,767	1,821,275	7,348,076	8,904,259	10,396,687	13,270,449	16,673,913	21,705,024
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>	<u>\$ 27,116,898</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 302,253,666</u>	<u>\$ 268,631,546</u>	<u>\$ 278,519,559</u>	<u>\$ 147,617,809</u>	<u>\$ 151,743,688</u>	<u>\$ 155,514,077</u>	<u>\$ 157,349,800</u>	<u>\$ 152,466,938</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%	 15.10%
Covered-employee payroll.....	\$ 104,221,637	\$ 107,444,987	\$ 111,205,562	\$ 116,071,422	\$ 120,133,922	\$ 132,216,109	\$ 136,843,673	\$ 154,251,570
Net OPEB liability as a percentage of covered-employee payroll.....	290.01%	250.02%	250.45%	127.18%	126.31%	117.62%	114.99%	98.84%

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.

City of Somerville, Massachusetts

Schedule of the City's Contributions

Other Postemployment Benefit Plan

<u>Year</u>	<u>Statutorily determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2024.....	\$ 8,617,931	\$ (11,817,931)	\$ (3,200,000)	\$ 154,251,570	7.66%
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.

City of Somerville, Massachusetts

Schedule of Investment Returns

Other Postemployment Benefit Plan

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2024.....	9.71%
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.

City of Somerville, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2024

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 2024 approved budget authorized \$335.5 million in current year appropriations and other amounts to be raised and \$4.7 million in prior year articles and encumbrances carried forward. During 2024, the Council also increased appropriations by approximately \$32.5 million. The City Auditor's Office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

See notes to required supplementary information.

City of Somerville, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2024

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, 2024, is depicted below:

Net change in fund balance - budgetary basis.....	\$ (2,467,286)
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	25,492,920
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	772,000
Net change in recording 60 day receipts.....	812,800
Net change in claims and judgements.....	(2,127,200)
Recognition of right to use lease financing proceeds...	6,851,842
Recognition of right to use lease financing expenditure:	(6,851,842)
Recognition of revenue for on-behalf payments.....	18,877,249
Recognition of expenditures for on-behalf payments..	<u>(18,877,249)</u>
Net change in fund balance - GAAP basis.....	\$ <u>22,483,234</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.

See notes to required supplementary information.

City of Somerville, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2024

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.

See notes to required supplementary information.

City of Somerville, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2024

D. Changes in Assumptions

Assumed salaries including longevity will increase at a rate of 3.25% per year. Prior rate was 3.00%.

Cost of living increases have been assumed to be 2.75% of the pension amount and \$16,000 per year. The previous base was \$15,000.

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, 2024, actuarial valuation was determined by using the following actuarial assumptions, applied to all periods including the measurement date.

See notes to required supplementary information.

City of Somerville, Massachusetts

Notes to Required Supplementary Information

Year Ended June 30, 2024

Valuation date.....	June 30, 2024
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.

See notes to required supplementary information.

Combining Statements

See notes to required supplementary information.

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.

See notes to required supplementary information.

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.

See notes to required supplementary information.

City of Somerville, Massachusetts

Nonmajor Governmental Funds Combining Balance Sheet

June 30, 2024

	Special Revenue Funds							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	City Revolving Funds	Receipts Reserved	City Private Grants	School Lunch Funds	Strategic Planning & Community Development	Community Preservation	COVID-19	Subtotal	
ASSETS															
Cash and cash equivalents.....	\$ 2,476,138	\$ -	\$ 3,114,780	\$ -	\$ 1,421,764	\$ -	\$ 729,620	\$ 5,995,391	\$ 2,239,924	\$ 3,169,563	\$ 2,520,679	\$ 10,749,504	\$ 208,254	\$ 32,625,617	
Receivables, net of uncollectibles:															
Tax liens.....	-	-	-	-	-	-	-	-	-	-	-	22,672	-	22,672	
Community preservation fund surtax.....	-	-	-	-	-	-	-	-	-	-	-	20,661	-	20,661	
Intergovernmental - other.....	-	948,842	218,067	-	-	560,461	-	-	-	-	9,193,344	-	1,545	10,922,259	
Community preservation state share.....	-	-	-	-	-	-	-	-	-	-	-	581,000	-	581,000	
Loans.....	-	-	-	-	-	-	-	-	-	-	17,290,899	11,818,959	-	29,109,858	
TOTAL ASSETS.....	\$ 2,476,138	\$ 948,842	\$ 3,332,847	\$ -	\$ 1,421,764	\$ 560,461	\$ 729,620	\$ 5,995,391	\$ 2,239,924	\$ 3,169,563	\$ 29,004,922	\$ 23,192,796	\$ 209,799	\$ 73,282,067	
LIABILITIES															
Warrants payable.....	\$ 36,233	\$ 88,572	\$ 22,402	\$ 825	\$ 126,049	\$ -	\$ 11,768	\$ 7,303	\$ 132,351	\$ 76,019	\$ 157,078	\$ 167,951	\$ 9,305	\$ 835,856	
Accrued payroll.....	153,811	13,054	64,024	7,827	47,504	-	1,126	828	1,561	6,201	9,992	1,590	-	307,518	
Unearned revenue.....	-	-	-	-	-	-	-	-	-	-	-	-	66,103	66,103	
Due to other funds.....	-	918,736	-	130,066	-	560,461	-	-	-	-	-	-	-	1,609,263	
Fees collected in advance.....	-	-	-	-	-	-	-	-	-	-	-	-	134,391	134,391	
TOTAL LIABILITIES.....	190,044	1,020,362	86,426	138,718	173,553	560,461	12,894	8,131	133,912	82,220	167,070	169,541	209,799	2,953,131	
DEFERRED INFLOWS OF RESOURCES															
Unavailable revenue.....	-	-	-	-	-	-	-	-	-	-	9,193,344	624,333	-	9,817,677	
FUND BALANCES															
Nonspendable.....	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Restricted.....	2,286,094	-	3,246,421	-	1,248,211	-	716,726	5,987,260	2,106,012	3,087,343	19,644,508	22,398,922	-	60,721,497	
Unassigned.....	-	(71,520)	-	(138,718)	-	-	-	-	-	-	-	-	-	(210,238)	
TOTAL FUND BALANCES.....	2,286,094	(71,520)	3,246,421	(138,718)	1,248,211	-	716,726	5,987,260	2,106,012	3,087,343	19,644,508	22,398,922	-	60,511,259	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 2,476,138	\$ 948,842	\$ 3,332,847	\$ -	\$ 1,421,764	\$ 560,461	\$ 729,620	\$ 5,995,391	\$ 2,239,924	\$ 3,169,563	\$ 29,004,922	\$ 23,192,796	\$ 209,799	\$ 73,282,067	

See notes to required supplementary information.

City of Somerville, Massachusetts

**Nonmajor Governmental Funds
Combining Balance Sheet**

June 30, 2024

	Permanent Funds			Total Nonmajor Governmental Funds
	Permanent Funds Principal	Expendable Permanent Funds	Subtotal	
ASSETS				
Cash and cash equivalents.....	\$ 433,126	\$ 214,288	\$ 647,414	\$ 33,273,031
Receivables, net of uncollectibles:				
Tax liens.....	-	-	-	22,672
Community preservation fund surtax.....	-	-	-	20,661
Intergovernmental - other.....	-	-	-	10,922,259
Community preservation state share.....	-	-	-	581,000
Loans.....	-	-	-	29,109,858
TOTAL ASSETS.....	\$ 433,126	\$ 214,288	\$ 647,414	\$ 73,929,481
LIABILITIES				
Warrants payable.....	\$ -	\$ -	\$ -	\$ 835,856
Accrued payroll.....	-	-	-	307,518
Unearned revenue.....	-	-	-	66,103
Due to other funds.....	-	-	-	1,609,263
Fees collected in advance.....	-	-	-	134,391
TOTAL LIABILITIES.....	-	-	-	2,953,131
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue.....	-	-	-	9,817,677
FUND BALANCES				
Nonspendable.....	433,126	-	433,126	433,126
Restricted.....	-	214,288	214,288	60,935,785
Unassigned.....	-	-	-	(210,238)
TOTAL FUND BALANCES.....	433,126	214,288	647,414	61,158,673
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 433,126	\$ 214,288	\$ 647,414	\$ 73,929,481

See notes to required supplementary information.

City of Somerville, Massachusetts

Nonmajor Governmental Funds Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Year Ended June 30, 2024

	Special Revenue Funds							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	City Revolving Funds	Receipts Reserved	City Private Grants	School Lunch Funds	Strategic Planning & Community Development	Community Preservation	COVID-19	Subtotal
REVENUES:														
Intergovernmental.....	\$ -	\$ 7,089,783	\$ 4,085,390	\$ 544,697	\$ 7,349,509	\$ 597,696	\$ 24,941	\$ 280,635	\$ 98,841	\$ 3,912,064	\$ 8,815,466	\$ -	\$ 181,640	\$ 32,980,662
Departmental and other.....	4,047,131	-	-	-	139,882	-	183,092	2,844,551	-	23,477	-	-	-	7,238,133
Community preservation taxes.....	-	-	-	-	-	-	-	-	-	-	-	3,215,877	-	3,215,877
Community preservation state match.....	-	-	-	-	-	-	-	-	-	-	-	608,394	-	608,394
Contributions and donations.....	14,818	-	184,811	-	-	-	-	360	262,328	-	-	-	-	462,317
Investment income.....	-	-	-	-	1,743	-	-	149,974	-	145,030	195,123	77,075	-	568,945
Miscellaneous.....	-	-	-	-	-	-	10,115	-	-	-	-	-	-	10,115
TOTAL REVENUES.....	4,061,949	7,089,783	4,270,201	544,697	7,491,134	597,696	218,148	3,275,520	361,169	4,080,571	9,010,589	3,901,346	181,640	45,084,443
EXPENDITURES:														
Current:														
General government.....	-	-	-	7,501	305,368	-	70,358	615,902	52,698	-	-	-	63,349	1,115,176
Public safety.....	-	-	-	362,040	941,895	-	-	-	200,858	-	-	-	2,268	1,507,061
Education.....	4,294,092	6,947,791	5,401,771	174,795	1,221,184	-	-	-	531,931	4,047,327	-	-	64,741	22,683,632
Public works.....	-	-	-	-	1,768,700	597,696	8,925	-	-	-	-	-	582	2,375,903
Community development.....	-	-	-	-	-	-	-	-	-	-	6,699,533	-	49,401	6,748,934
Health and human services.....	-	-	-	89,367	157,135	-	32,427	-	261,728	-	-	-	1,029	541,686
Culture and recreation.....	-	-	-	-	72,398	-	68,583	-	-	-	-	-	270	141,251
Community preservation.....	-	-	-	-	-	-	-	-	-	-	-	2,074,854	-	2,074,854
Debt service:														
Principal.....	-	-	-	-	-	-	-	-	-	-	-	195,000	-	195,000
Interest.....	-	-	-	-	-	-	-	-	-	-	-	246,644	-	246,644
TOTAL EXPENDITURES.....	4,294,092	6,947,791	5,401,771	633,703	4,466,680	597,696	180,293	615,902	1,047,215	4,047,327	6,699,533	2,516,498	181,640	37,630,141
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(232,143)	141,992	(1,131,570)	(89,006)	3,024,454	-	37,855	2,659,618	(686,046)	33,244	2,311,056	1,384,848	-	7,454,302
OTHER FINANCING SOURCES (USES):														
Transfers in.....	-	-	115,310	-	-	-	528,750	-	-	49,974	-	(115,842)	-	578,192
Transfers out.....	-	-	-	-	(3,774)	-	(11,277)	(2,643,771)	-	-	-	115,842	-	(2,542,980)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	115,310	-	(3,774)	-	517,473	(2,643,771)	-	49,974	-	-	-	(1,964,788)
NET CHANGE IN FUND BALANCES.....	(232,143)	141,992	(1,016,260)	(89,006)	3,020,680	-	555,328	15,847	(686,046)	83,218	2,311,056	1,384,848	-	5,489,514
FUND BALANCES AT BEGINNING OF YEAR.....	2,518,237	(213,512)	4,262,681	(49,712)	(1,772,469)	-	161,398	5,971,413	2,792,058	3,004,125	17,333,452	21,014,074	-	55,021,745
FUND BALANCES AT END OF YEAR.....	\$ 2,286,094	\$ (71,520)	\$ 3,246,421	\$ (138,718)	\$ 1,248,211	\$ -	\$ 716,726	\$ 5,987,260	\$ 2,106,012	\$ 3,087,343	\$ 19,644,508	\$ 22,398,922	\$ -	\$ 60,511,259

See notes to required supplementary information.

City of Somerville, Massachusetts

**Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

Year Ended June 30, 2024

	Permanent Funds			Total Nonmajor Governmental Funds
	Permanent Funds Principal	Expendable Permanent Funds	Subtotal	
REVENUES:				
Intergovernmental - other.....	\$ -	\$ -	\$ -	\$ 32,980,662
Departmental and other.....	-	-	-	7,238,133
Community preservation taxes.....	-	-	-	3,215,877
Community preservation state match.....	-	-	-	608,394
Contributions and donations.....	-	-	-	462,317
Investment income.....	-	22,076	22,076	591,021
Miscellaneous.....	-	-	-	10,115
TOTAL REVENUES.....	-	22,076	22,076	45,106,519
EXPENDITURES:				
Current:				
General government.....	-	-	-	1,115,176
Public safety.....	-	-	-	1,507,061
Education.....	-	-	-	22,683,632
Public works.....	-	-	-	2,375,903
Community development.....	-	-	-	6,748,934
Health and human services.....	-	-	-	541,686
Culture and recreation.....	-	-	-	141,251
Community preservation.....	-	-	-	2,074,854
Debt service:				
Principal.....	-	-	-	195,000
Interest.....	-	-	-	246,644
TOTAL EXPENDITURES.....	-	-	-	37,630,141
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	-	22,076	22,076	7,476,378
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	-	-	578,192
Transfers out.....	-	-	-	(2,542,980)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	(1,964,788)
NET CHANGE IN FUND BALANCES.....	-	22,076	22,076	5,511,590
FUND BALANCES AT BEGINNING OF YEAR.....	433,126	192,212	625,338	55,647,083
FUND BALANCES AT END OF YEAR.....	\$ 433,126	\$ 214,288	\$ 647,414	\$ 61,158,673

See notes to required supplementary information.

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Statistical Section



City Staff and Community Members Install New Garden in the Front of City Hall
Photo by Jon Bronenkant

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.

City of Somerville, Massachusetts

Net Position by Component

Last Ten Years

	2015	2016	2017 (1)	2018	2019	2020 (2)	2021	2022	2023 (3)	2024
Governmental activities										
Net investment in capital assets.....	\$ 132,766,621	\$ 130,183,221	\$ 128,346,108	\$ 138,950,212	\$ 157,254,898	\$ 235,101,623	\$ 224,503,253	\$ 257,843,923	\$ 299,253,290	\$ 316,693,828
Restricted.....	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	89,382,199
Unrestricted.....	<u>(149,966,003)</u>	<u>(156,698,433)</u>	<u>(339,726,313)</u>	<u>(343,484,682)</u>	<u>(346,604,182)</u>	<u>(352,912,928)</u>	<u>(267,727,953)</u>	<u>(205,871,917)</u>	<u>(179,877,249)</u>	<u>(141,798,093)</u>
Total governmental activities net assets.....	<u>\$ 7,864,518</u>	<u>\$ 249,822</u>	<u>\$ (184,614,969)</u>	<u>\$ (161,345,186)</u>	<u>\$ (132,425,159)</u>	<u>\$ (62,049,099)</u>	<u>\$ 23,311,693</u>	<u>\$ 126,921,479</u>	<u>\$ 198,431,757</u>	<u>\$ 264,277,934</u>
Business-type activities										
Net investment in capital assets.....	\$ 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	\$ 118,724,756
Unrestricted.....	<u>17,231,368</u>	<u>17,715,352</u>	<u>20,250,359</u>	<u>26,284,738</u>	<u>21,859,239</u>	<u>17,580,512</u>	<u>26,868,129</u>	<u>18,103,872</u>	<u>26,926,042</u>	<u>26,141,766</u>
Total business-type activities net assets.....	<u>\$ 57,086,589</u>	<u>\$ 61,526,134</u>	<u>\$ 66,331,801</u>	<u>\$ 71,920,213</u>	<u>\$ 85,990,001</u>	<u>\$ 91,222,320</u>	<u>\$ 97,571,664</u>	<u>\$ 107,444,958</u>	<u>\$ 121,816,180</u>	<u>\$ 144,866,522</u>
Primary government										
Net investment in capital assets.....	\$ 172,621,842	\$ 173,994,003	\$ 174,427,550	\$ 184,585,687	\$ 221,385,660	\$ 308,743,431	\$ 295,206,788	\$ 347,185,009	\$ 394,143,428	\$ 435,418,584
Restricted.....	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	89,382,199
Unrestricted.....	<u>(132,734,635)</u>	<u>(138,983,081)</u>	<u>(319,475,954)</u>	<u>(317,199,944)</u>	<u>(324,744,943)</u>	<u>(335,332,416)</u>	<u>(240,859,824)</u>	<u>(187,768,045)</u>	<u>(152,951,207)</u>	<u>(115,656,327)</u>
Total primary government net position.....	<u>\$ 64,951,107</u>	<u>\$ 61,775,956</u>	<u>\$ (118,283,168)</u>	<u>\$ (89,424,973)</u>	<u>\$ (46,435,158)</u>	<u>\$ 29,173,221</u>	<u>\$ 120,883,357</u>	<u>\$ 234,366,437</u>	<u>\$ 320,247,937</u>	<u>\$ 409,144,456</u>

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

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

(3) = Balances restated as part of a correction of error.

City of Somerville, Massachusetts

Changes in Net Position

Last Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government.....	\$ 30,201,124	\$ 32,270,976	\$ 34,076,945	\$ 39,372,354	\$ 45,798,151	\$ 41,941,228	\$ 45,787,511	\$ 42,785,665	\$ 57,025,437	\$ 86,734,032
Public safety.....	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	59,074,548
Education.....	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	167,008,401
Public works.....	33,520,992	28,957,827	31,017,581	30,766,736	35,201,167	31,358,498	29,042,535	34,709,306	42,238,801	46,731,763
Community development.....	5,730,544	5,177,605	9,696,020	4,556,946	5,623,403	4,243,725	5,387,639	4,264,877	4,655,456	7,334,218
Human services.....	229,633	178,570	244,417	279,442	468,398	882,548	1,753,478	1,512,279	1,142,152	1,199,459
Community preservation.....	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	2,074,854
Culture and recreation.....	4,948,901	4,787,187	5,245,975	5,843,577	5,780,260	4,515,562	5,644,695	5,663,962	7,496,971	7,433,198
Interest.....	2,913,723	2,956,192	3,563,654	3,727,244	8,746,700	4,439,863	6,596,003	7,060,306	9,245,538	9,100,232
Total government activities expenses.....	245,004,752	253,761,220	276,488,072	271,983,205	305,380,539	283,861,302	284,091,125	282,105,570	345,381,640	386,690,705
Business-type activities:										
Water.....	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	14,455,784
Sewer.....	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	29,833,194
Veteran's memorial ice rink.....	750,644	721,990	679,098	713,303	693,015	624,804	586,778	347,226	130,979	-
Dilboy stadium.....	160,855	136,199	154,881	143,967	144,238	171,128	181,541	106,671	104,136	107,108
Kennedy school pool.....	-	-	-	-	-	616,457	275,240	329,749	358,572	472,881
Total business-type activities expenses.....	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	44,870,967
Total primary government expenses.....	\$ 272,008,220	\$ 281,929,863	\$ 306,594,833	\$ 302,867,990	\$ 337,637,507	\$ 323,723,088	\$ 320,794,406	\$ 320,046,633	\$ 383,582,486	\$ 431,561,672
Program Revenues										
Governmental activities:										
General government charges for services.....	\$ 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	\$ 18,869,204
Public safety charges for services.....	9,701,430	9,726,266	11,648,005	10,933,048	12,128,811	12,306,646	14,491,168	14,836,270	16,422,568	8,771,108
Education charges for services.....	2,854,004	3,025,441	3,251,770	3,689,821	4,258,895	3,120,517	1,497,752	3,852,627	4,747,632	4,409,636
Other charges for services.....	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	2,215,600
General government operating grants and contributions.....	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	34,668,158
Public safety operating grants and contributions.....	787,168	734,344	567,768	780,100	1,504,557	1,977,424	1,737,346	2,452,912	1,769,265	1,493,029
Education operating grants and contributions.....	38,046,566	41,967,740	46,466,462	46,045,575	47,632,509	53,530,987	60,485,179	52,994,776	54,703,342	58,477,724
Public works operating grants and contributions.....	1,151,440	932,462	2,059,979	389,071	1,799,897	268,617	1,093,406	1,478,201	1,264,669	31,633
Community development operating grants and contributions.....	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	6,310,880
Other operating grants and contributions.....	957,692	861,352	888,955	900,158	1,834,924	3,097,493	4,972,600	3,938,763	2,210,763	1,468,129
Education capital grants and contributions.....	9,685	2,212,282	1,598,709	12,072,086	30,995,107	40,330,199	13,219,350	9,463,690	2,146,530	200,312
Other capital grants and contributions.....	991,751	2,090,371	440,747	2,152,819	5,592,603	3,345,161	4,623,260	2,106,227	2,146,778	2,649,517
Total government activities program revenues.....	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	139,564,930
Business-type activities:										
Water charges for services.....	11,923,024	13,249,816	13,945,725	14,027,720	13,771,306	13,748,243	14,761,070	15,525,407	17,184,671	16,849,433
Sewer charges for services.....	17,304,880	19,298,052	21,673,233	22,396,044	23,414,555	23,846,465	24,361,609	26,744,034	30,150,055	31,735,096
Veteran's memorial ice rink charges for services.....	579,538	638,822	587,035	634,804	570,342	464,286	467,827	100,052	-	-
Dilboy stadium charges for services.....	181,942	227,234	200,074	232,101	160,379	66,338	51,031	78,334	104,559	177,972
Kennedy School Pool charges for services.....	-	-	-	-	-	87,136	20,475	70,011	53,021	88,228
Other capital grant and contributions.....	-	-	-	-	7,891,015	5,456,391	-	1,400,000	-	16,086,535
Total business-type activities program revenues.....	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	64,937,264
Total primary government program revenues.....	\$ 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	\$ 204,502,194
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (163,678,256)	\$ (174,025,885)	\$ (187,597,104)	\$ (162,257,395)	\$ (170,252,846)	\$ (142,119,723)	\$ (150,129,393)	\$ (138,799,926)	\$ (200,521,899)	\$ (247,125,775)
Business-type activities.....	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	20,066,297
Total primary government net (expense)/program revenue.....	\$ (160,692,340)	\$ (168,780,604)	\$ (181,297,798)	\$ (155,851,511)	\$ (156,702,217)	\$ (138,312,650)	\$ (147,170,662)	\$ (132,823,151)	\$ (191,230,439)	\$ (227,059,478)

City of Somerville, Massachusetts

Changes in Net Position

Last Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes.....	\$ 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	\$ 250,507,619
Tax and utility liens.....	416,809	297,772	201,283	159,603	771,316	121,868	847,056	818,802	528,751	660,386
Motor vehicle and other excise taxes.....	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	13,078,629
Penalties and interest on taxes.....	858,956	801,173	729,944	869,868	1,955,547	2,164,439	2,374,574	2,597,943	2,881,228	985,273
Payments in lieu of taxes.....	304,688	829,780	1,248,682	1,327,790	673,359	511,666	1,134,120	980,761	937,966	1,678,621
Community Preservation surtax.....	1,430,721	1,545,198	1,664,815	1,794,508	1,507,020	1,611,453	1,506,512	1,622,603	1,654,422	3,215,877
Grants and contributions not restricted.....	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	30,487,250
Unrestricted investment income.....	292,212	303,517	496,273	1,407,965	3,545,866	3,176,974	901,578	716,412	7,789,590	12,448,285
Gain on sale of assets.....	2,031,564	2,031,564	2,031,564	3,911	68,470	7,140	12,007,693	118,412	110,326	959
Miscellaneous.....	113,230	308,206	184,008	537,703	282,746	649,557	544,795	1,226,545	377,687	356,990
Transfers, net.....	217,176	949,090	(345,056)	1,088,397	(158,000)	(1,053,571)	(3,151,461)	(3,710,869)	(4,295,700)	(447,937)
Total governmental activities.....	160,325,673	168,442,753	176,234,502	185,527,178	199,172,873	212,352,986	235,490,185	242,409,712	272,032,188	312,971,952
Business-type activities:										
Unrestricted investment income.....	163,536	142,354	160,353	270,925	361,159	371,675	239,152	185,650	784,062	2,536,108
Transfers.....	(217,176)	(948,090)	345,056	(1,088,397)	158,000	1,053,571	3,151,461	3,710,869	4,295,700	447,937
Total business-type activities.....	(53,640)	(805,736)	505,409	(817,472)	519,159	1,425,246	3,390,613	3,896,519	5,079,762	2,984,045
Total primary government general revenues and other changes in net position.....	\$ 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	\$ 315,955,997
Changes in Net Position										
Governmental activities.....	\$ (3,352,583)	\$ (5,583,132)	\$ (11,362,602)	\$ 23,269,783	\$ 28,920,027	\$ 70,233,263	\$ 85,360,792	\$ 103,609,786	\$ 71,510,289	\$ 65,846,177
Business-type activities.....	2,932,276	4,439,545	6,804,715	5,588,412	14,069,788	5,232,319	6,349,344	9,873,294	14,371,222	23,050,342
Total primary government changes in net position.....	\$ (420,307)	\$ (1,143,587)	\$ (4,557,887)	\$ 28,858,195	\$ 42,989,815	\$ 75,465,582	\$ 91,710,136	\$ 113,483,080	\$ 85,881,511	\$ 88,896,519

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.

During 2023, the City closed the Veteran's Memorial Rink enterprise fund and transferred all associated items to the governmental activities.

City of Somerville, Massachusetts

Fund Balances, Governmental Funds

Last Ten Years

	2015	2016	2017	2018	2019	2020 (1)	2021	2022	2023 (2)	2024
General Fund										
Committed.....	\$ 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	\$ 93,497,979
Assigned.....	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	6,372,215
Unassigned.....	13,692,118	15,507,488	20,194,053	19,666,376	26,014,633	36,978,228	31,955,542	46,202,853	14,741,102	12,827,156
Total general fund.....	\$ 50,217,701	\$ 54,684,889	\$ 60,635,867	\$ 64,254,363	\$ 68,901,476	\$ 75,162,299	\$ 89,329,893	\$ 104,870,429	\$ 90,214,116	\$ 112,697,350
All Other Governmental Funds										
Nonspendable.....	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126	\$ 433,126
Restricted.....	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	111,370,635
Unassigned.....	(15,052,796)	(14,895,671)	(11,385,014)	(31,035,675)	(38,927,012)	(8,317,055)	(9,210,126)	(17,246,479)	(7,516,818)	(17,097,396)
Total all other governmental funds.....	\$ 18,333,777	\$ 21,982,096	\$ 29,376,280	\$ 16,316,019	\$ 22,190,450	\$ 51,120,240	\$ 66,731,471	\$ 77,054,971	\$ 93,454,269	\$ 94,706,365

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

(2) The general fund was restated for correction of an error.

City of Somerville, Massachusetts

Changes in Fund Balances, Governmental Funds

Last Ten Years

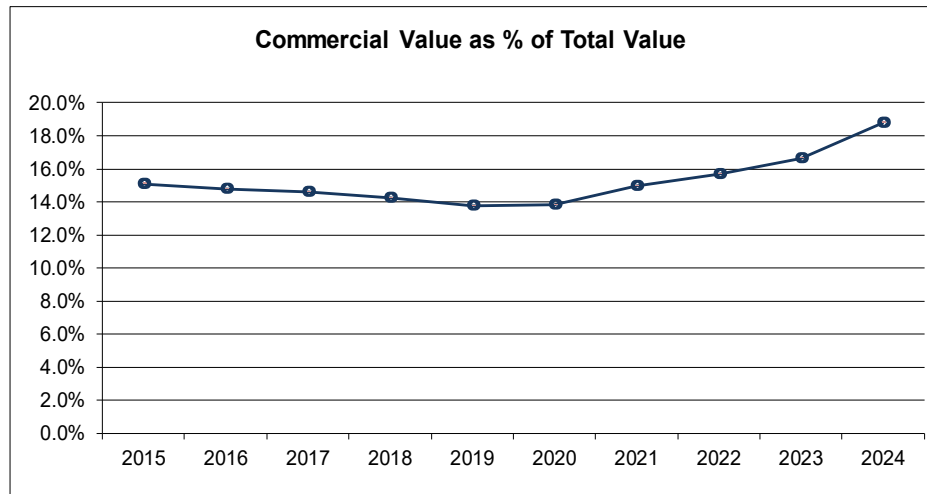
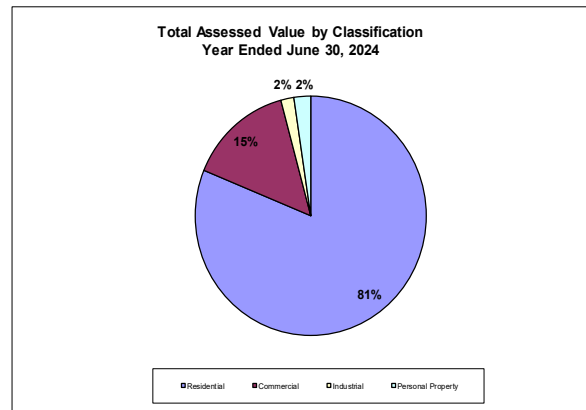
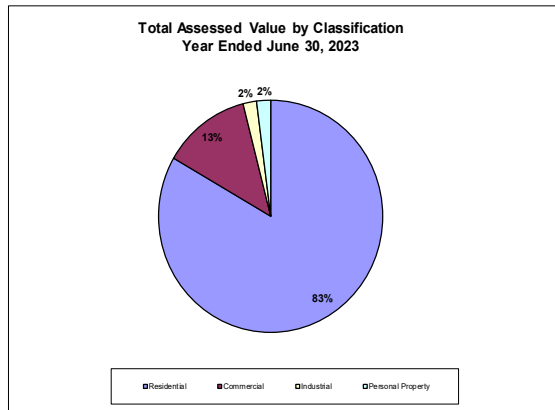
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues:										
Real estate and personal property taxes.....	\$ 120,742,247	\$ 127,359,478	\$ 134,759,721	\$ 142,059,305	\$ 153,512,695	\$ 163,664,577	\$ 183,154,974	\$ 198,544,652	\$ 218,807,935	\$ 243,171,943
Tax liens.....	654,405	606,130	392,962	192,533	291,986	278,585	356,770	512,067	541,965	392,524
Motor vehicle and other excise taxes.....	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	12,791,764
Payments in lieu of taxes.....	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	1,678,621
Intergovernmental.....	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	137,643,691
Departmental and other.....	31,314,092	26,795,775	29,238,662	34,761,282	35,246,737	32,291,865	33,486,068	59,651,221	61,571,571	44,122,233
Community preservation taxes.....	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	3,824,271
Contributions.....	3,044,440	757,384	621,388	644,117	855,434	3,014,993	4,151,637	3,337,621	4,814,103	3,173,105
Investment income.....	292,212	308,289	500,910	1,415,231	3,535,215	3,176,974	901,578	716,412	7,789,590	12,448,285
Miscellaneous.....	113,209	205,935	134,582	537,703	282,746	649,557	544,795	1,232,224	376,992	367,884
Total Revenue.....	242,409,811	246,020,919	269,541,142	296,190,280	339,388,587	350,428,491	358,715,228	384,161,772	418,823,046	459,614,321
Expenditures:										
General government.....	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	71,986,035
Public safety.....	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	51,170,379
Education.....	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	121,364,592
Public works.....	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	41,087,267
Community development.....	6,731,292	4,752,888	8,904,122	4,556,946	5,584,239	4,243,725	5,387,639	4,272,125	31,183,456	7,334,218
Health and human services.....	229,633	178,570	244,417	276,304	430,234	882,548	1,753,478	1,512,279	1,142,152	1,021,159
Culture and recreation.....	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	5,348,819
Pension benefits.....	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	35,555,409
Employee benefits.....	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	34,711,728
Claims and judgments.....	237,987	99,590	53,800	-	-	-	-	-	-	-
Community preservation.....	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	2,074,854
State and county charges.....	12,569,633	12,740,178	13,532,201	13,634,548	12,993,749	13,531,432	13,340,937	14,228,726	14,108,419	14,212,662
Capital outlay.....	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	48,199,432
Debt service:										
Principal.....	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	12,059,455
Interest.....	3,016,183	2,866,743	3,639,566	4,112,187	6,505,047	5,287,667	7,313,526	10,127,610	11,762,816	12,486,265
Right to Use Leases:										
Principal.....	-	-	-	-	-	-	-	-	-	70,849
Interest.....	-	-	-	-	-	-	-	-	-	101,120
Total Expenditures.....	248,282,551	257,554,893	273,276,254	318,928,299	348,623,065	438,140,310	403,074,063	386,887,293	427,147,837	458,784,243
Excess of revenues over (under) expenditures.....	(5,872,740)	(11,533,974)	(3,735,112)	(22,738,019)	(9,234,478)	(87,711,819)	(44,358,835)	(2,725,521)	(8,324,791)	830,078
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	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	14,222,362
Issuance of refunding bonds.....	-	-	-	7,810,975	-	-	-	-	-	-
Premium from issuance of bonds.....	-	930,391	2,970,178	2,119,409	2,950,552	1,970,136	10,440,333	2,913,578	2,846,298	2,278,026
Premium from issuance of refunding bonds.....	-	-	-	578,540	-	-	-	-	-	-
Capital purchase financing.....	-	-	-	-	-	-	-	600,298	-	6,851,842
Payments to refunded bond escrow agent.....	-	-	-	(8,448,080)	-	-	(9,013,030)	-	-	-
Proceeds from the sale of assets.....	-	-	2,120,152	3,911	68,470	7,140	18,869,818	118,412	110,326	959
Transfers in.....	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	8,415,818
Transfers out.....	(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)	(8,863,755)
Total other financing sources (uses).....	9,489,006	19,649,481	17,080,274	13,296,254	19,756,022	122,759,635	54,137,660	28,589,557	10,067,776	22,905,252
Special item:										
MBTA reimbursement.....	-	-	-	-	-	-	20,000,000	-	-	-
Net change in fund balance.....	\$ 3,616,266	\$ 8,115,507	\$ 13,345,162	\$ (9,441,765)	\$ 10,521,544	\$ 35,047,816	\$ 29,778,825	\$ 25,864,036	\$ 1,742,985	\$ 23,735,330
Debt service as a percentage of noncapital expenditures.....	4.69%	4.18%	4.28%	4.11%	4.64%	4.24%	4.86%	5.09%	5.78%	6.02%

City of Somerville, Massachusetts

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
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
2024	19,119,895,029	10.52	3,441,020,536	433,862,500	549,882,130	4,424,765,166	18.20	11.96	23,544,660,195



(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.

City of Somerville, Massachusetts

Principal Taxpayers

Current Year and Nine Years Ago

Name	Nature of Business	2024			2015		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Street Retail Inc	Commercial/Residential	\$ 858,459,532	1	3.65%	\$ 69,195,400	1	0.66%
DW Propco EF LLC	Office Building	\$ 471,909,100	2	2.00%	-	-	-
101 South Street Owner LLC	Office Building	\$ 314,873,800	3	1.34%	-	-	-
74M Property Owner LLC	Office Building	\$ 161,699,200	4	0.69%	-	-	-
BRE-BMR Assembly Innovation	Shopping Mall	\$ 156,531,900	5	0.66%	-	-	-
Assembly Row 5B LLC	Office Building	\$ 149,282,200	6	0.63%	-	-	-
DW NP Property LLC	Office Building	\$ 148,992,800	7	0.63%	-	-	-
NSTAR/Eversource Electric Co	Electric Company	\$ 143,992,480	8	0.61%	\$ 68,077,840	2	0.65%
NSTAR/Eversource Gas Co	Gas Company	\$ 114,137,660	9	0.48%	-	-	-
Building 2 Owner LLC	Office Building	\$ 113,424,100	10	0.48%	-	-	-
CRP 70 Inner Belt LLC	Telecom	-	-	-	\$ 35,519,600	7	0.34%
FR Assembly Square LLC	Shopping Mall	-	-	-	\$ 67,423,200	3	0.64%
Twin City Plaza LLC	Retail Mall	-	-	-	\$ 48,736,700	5	0.46%
I-93 Somerville LLC	Retail	-	-	-	\$ 37,411,900	6	0.36%
Kadima Medical Properties LLC	Professional Building	-	-	-	\$ 33,453,600	8	0.32%
National Tax Search LLC Trustee	Office Building	-	-	-	\$ 28,013,200	10	0.27%
North River II LLC	Industrial Office	-	-	-	\$ 30,789,000	9	0.29%
Street Retail Inc (c/o Avalon Bay)	Mixed Use	-	-	-	\$ 72,920,700	4	0.69%
Totals		\$2,633,302,772		11.18%	\$491,541,140		4.68%

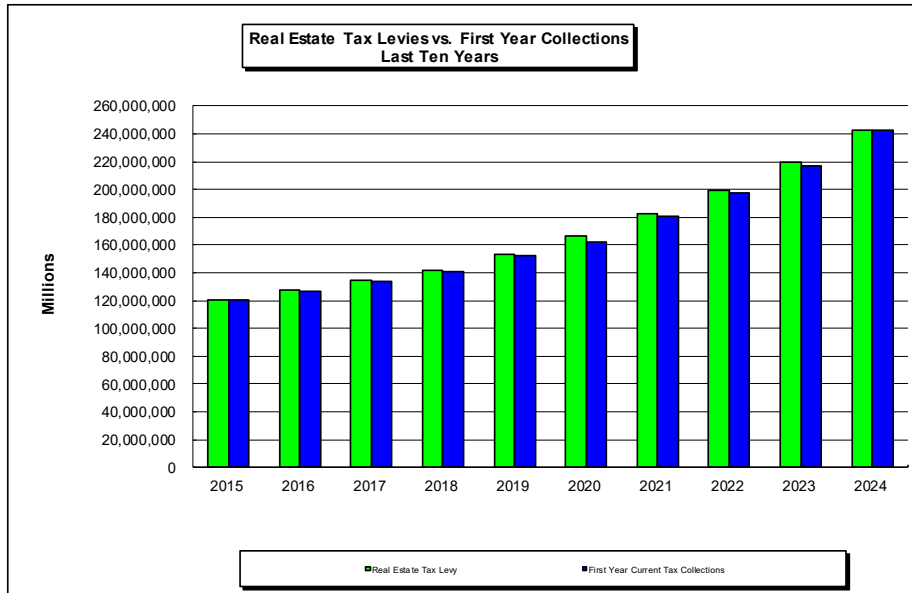
Source: Official Statement for Sale of Bonds

City of Somerville, Massachusetts

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
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%	1,002,592	218,273,835	99.45%
2024	244,828,530	1,952,576	242,875,954	242,133,911	99.69%	545,294	242,679,205	99.92%



(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

City of Somerville, Massachusetts

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
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%
2024	80,407	5,849,287,622	23,544,660,195	286,355,161	159,016	3,563	4.90%	1.22%

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
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	47,204,151	4,694,164	337,634,904	4,233	6.50%	1.51%
2024	55,613,950	12,720,611	354,848,738	4,413	6.07%	1.51%

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

City of Somerville, Massachusetts

Computation of Legal Debt Margin

Last Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Equalized Valuation.....	\$ 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	\$ 22,812,899,800
Debt Limit -5% of Equalized Valuation..	\$ 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	\$ 1,140,644,990
Less:										
Outstanding debt applicable to limit....	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	130,007,093
Authorized and unissued debt.....	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	245,309,977
Legal debt margin.....	\$ 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	\$ 765,327,920
Total debt applicable to the limit as a percentage of debt limit.....	13.78%	19.04%	23.77%	35.11%	30.06%	32.53%	32.17%	28.66%	32.64%	32.90%

Source: Official Statement for Sale of Bonds

City of Somerville, Massachusetts

Direct and Overlapping Governmental Activities Debt

As of June 30, 2024

<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.....	\$ 1,867,871,000	3.43%	\$ 64,152,791
MWRA Sewer.....	2,640,386,000	3.31%	87,453,419
Massachusetts Bay Transportation Authority.....	5,469,584,000	3.08%	<u>168,463,187</u>
Subtotal, overlapping debt.....			<u>320,069,397</u>
City direct debt.....			<u>286,514,177</u>
Total direct and overlapping debt.....			<u>\$ 606,583,574</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.

City of Somerville, Massachusetts
Demographic and Economic Statistics
Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	Unemployment Rate
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%
2024	80,407	5,849,287,622	72,746	32.0	4.0%

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

City of Somerville, Massachusetts

Principal Employers

Current Year and Nine Years Ago

Employer	Nature of Business	2024			2015		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
City of Somerville	Government	1,402	1	4.20%	-	-	-
Cambridge Health Alliance	Health Care	1,152	2	3.45%	1,014	2	3.87%
Bluebird Bio, Inc	Scientific Research	513	3	1.54%	-	-	-
The Stop & Shop Supermarket Company LLC	Supermarket	408	4	1.22%	300	10	1.15%
FormLabs, Inc.	Scientific Research	400	5	1.20%	-	-	-
Trustees of Tufts College	Higher Education	397	6	1.19%	-	-	-
Mass General Brigham Health Plan, Inc.	Health Care	367	7	1.10%	-	-	-
Rogers Foam Corporation	Foam Products	350	8	1.05%	300	9	1.15%
Home Depot U.S.A., Inc.	Construction Retail	334	9	1.00%	-	-	-
NGP Van	Web Service Provider	296	10	0.89%	-	-	-
ABM Industries	Janitorial Services	-	-	-	2,000	1	7.64%
Cambridge Health Alliance	Health Care	-	-	-	1,014	2	3.87%
J&S Electric Company	Building Equipment	-	-	-	525	4	2.01%
Angelica Corporation	Laundry	-	-	-	546	3	2.09%
Royal Hospitality Services Inc.	Office Supplies	-	-	-	300	8	1.15%
Market Basket	Grocery Store	-	-	-	400	7	1.53%
Federal Realty Investment Trust	Real Estate	-	-	-	510	5	1.95%
Somerville Hospital	Health Care	-	-	-	500	6	1.91%
Totals		5,619		16.84%	7,409		28.31%

Source: Company or institution listed

City of Somerville, Massachusetts
Full-Time Equivalent City Employees

Last Ten Years

	<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>2024</u>
<u>Full-Time Equivalents</u>										
General government.....	225	226	233	235	240	238	281	263	285	292
Public safety.....	257	260	267	269	275	273	322	347	348	363
School.....	923	929	937	1107	1139	1074	1096	1089	1103	1264
Public works.....	118	119	122	123	126	125	147	136	140	136
Health and human services.....	24	24	25	25	26	25	30	29	35	35
Culture and recreation.....	11	11	12	12	12	12	14	53	57	53
Community development.....	<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>	<u>103</u>
Total	<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>	<u>2,246</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.

City of Somerville, Massachusetts

Operating Indicators by Function/Program

Last Ten Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government:										
Registered Voters.....	45,655	51,319	51,362	54,672	54,351	58,173	59,627	55,358	55,358	57,393
Births.....	863	838	854	798	772	723	655	686	701	681
Marriages.....	513	590	606	557	511	294	361	486	539	462
Domestic Partnerships.....	NA	NA	NA	NA	NA	NA	NA	NA	16	5
Deaths.....	589	561	427	415	405	492	405	395	387	396
Dogs Licensed.....	1,780	2,053	1,831	1,759	1,870	1,899	2,054	1,978	1,663	1,898
Business Certificates.....	318	307	274	290	229	192	211	219	238	223
Fire:										
Total Fires.....	431	429	462	442	389	452	407	505	328	413
Structure Fires.....	258	321	354	360	321	365	50	55	51	52
Vehicle Fires.....	24	14	21	17	14	13	24	15	19	19
Other Fires.....	149	94	87	65	54	71	333	435	258	342
Civilian										
Injuries.....	0	8	5	3	2	5	2	3	4	3
Fire Service										
Injuries.....	17	29	23	75	102	56	45	46	34	42
Dollar Loss.....	\$663,875	\$ 3,601,500	\$3,666,101	\$ 1,703,650	\$2,715,100	\$2,694,950	\$6,008,900	\$2,618,550	\$ 3,362,000	\$ 3,996,483
Police:										
Violent crime total.....	183	198	172	184	167	136	152	191	180	174
Murder and nonnegligent manslaughter..	0	0	2	0	0	1	2	1	1	1
Forcible rape.....	8	15	19	26	17	17	17	17	11	15
Robbery.....	40	48	39	44	38	17	30	44	22	32
Aggravated assault.....	135	135	112	114	112	101	103	129	146	126
Property crime total.....	1,695	1,239	1,104	1062	1053	997	938	1140	1,185	1,088
Burglary.....	305	207	171	161	140	120	30	115	165	103
Larceny-theft.....	1,257	931	834	789	825	784	816	920	855	864
Motor vehicle theft.....	133	101	99	112	88	93	92	105	165	121
Traffic and Parking:										
Tickets Issued.....	140,974	137,973	125,472	124,855	127,424	97,843	124,704	131,618	143,933	133,418
Inspectional:										
Building Permit Count.....	2,166	2,034	2,186	2,194	2,033	1,589	1,869	2,009	1,916	1,931
Education:										
Total enrollment.....	4,987	4,931	4,950	4,956	4,909	4,755	4,673	4,815	4,748	4,745
Library:+										
Total Circulation.....	387,222	396,812	378,929	381,074	394,531	358,169	400,163	565,116	622,049	529,109
Total Holdings.....	205,045	211,941	215,289	217,865	221,390	223,095	240,896	240,699	248,874	243,490
Registered users.....	29,351	33,500	34,395	28,626	36,746	37,011	34,127	34,584	34,992	34,568

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 and Mass DoE, MBoLC

City of Somerville, Massachusetts

Capital Asset Statistics by Function/Program

Last Ten Years

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fire:										
Fire stations.....	5	5	5	5	5	5	5	5	5	5
Emergency vehicles.....	8	8	8	8	8	8	8	38	38	38
Police:										
Stations.....	3	3	3	3	3	3	3	3	3	3
Public works:										
Streets (miles).....	119.7	119.7	119.7	119.7	119.7	119.7	119.7	119.8	119.8	124.8
Electric:										
Streetlights.....	4,056	4,056	4,056	4,056	4,056	4,056	4,056	5,700	5,700	5,700
Sewer:										
Sanitary sewers (miles).....	68	68	68	68	68	68	68	135	135	136.1
Storm sewers (miles).....	35	35	35	35	35	35	35	47	47	51.7
Library:										
Main library.....	1	1	1	1	1	1	1	1	1	1
Number of branches.....	2	2	2	2	2	2	2	2	2	2
Parks and recreation:										
City Parks										
Number of Parks.....	43	69	69	69	69	69	69	69	69	71
Acreage.....	51.35	58.3	58.3	58.3	57.6	57.6	57.6	57.6	57.6	64.1
DCR Parks in Somerville										
Number of Parks.....	6	8	8	8	8	8	8	8	8	8
Acreage.....	77.5	81.3	81.3	81.3	81.3	81.3	81.3	81.3	81.3	81.3
Other Open and Public Space										
Number of Spaces.....	28	10	11	11	13	13	13	13	13	13
Acreage.....	50.34	19.3	25.0	25.0	32.1	32.1	32.1	32.1	32.1	33.1
Water:										
Water mains (miles).....	125	125	125	125	125	125	125	120	120	120
Fire hydrants.....	1,555	1,555	1,555	1,555	1,555	1,555	1,555	1,357	1,357	1,357
Education:										
Elementary schools.....	9	9	9	9	9	9	9	9	9	9
High school.....	1	1	1	1	1	1	1	1	1	1

NA - Information not available

Source: Various City Departments

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Report on Internal Control over Financial Reporting and on Compliance and Other Matters

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"), the 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 (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 30, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Entity's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CBIZ CPAs P.C.

Merrimack, NH
June 30, 2025

City of Somerville, Massachusetts
Schedule of Findings and Responses
Year Ended June 30, 2024

Finding 2024-001: Financial Reporting – Errors Noted – Material Weakness

Criteria: Proper internal control procedures should be designed and implemented to ensure that financial statements are prepared in accordance with Accounting Principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board.

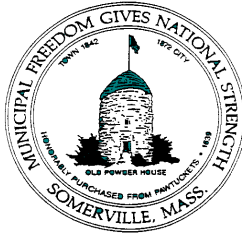
Condition: A judgement rendered against the City was not recorded in the proper period resulting in the understatement of expenditures, capital assets and liabilities as of June 30, 2023. Restatements of beginning net position of governmental activities and fund balance of the general fund were necessary to correct for such misstatements.

Cause: The lack of an established process to evaluate judgements against the City at year end to determine whether accruals or disclosures are necessary in accordance with GAAP.

Effect: The errors as a result of not recording the noted liability in the proper period resulted in misstatements in the governmental activities and general fund financial statements.

Recommendation: The City should implement a formal process for identifying and communicating all material claims and judgements against the City. This process will involve working with the City Solicitor's Office to ensure that complete and accurate information is provided to the finance department when completing a legal confirmation request and list of status of outstanding litigations.

Views of Responsible Officials: See Corrective Action Plan.



City of Somerville, Massachusetts
Katjana Ballantyne
Mayor

CORRECTIVE ACTION PLAN

Oversight Agency for Audit: U.S. Department of Education

The City of Somerville, Massachusetts respectfully submits the following corrective action plans for the year ended June 30, 2024.

Name and address of the independent public accounting firm:

CBIZ CPAs P.C.

9 Executive Park Drive, Suite 100

Merrimack, NH 03054

Audit Period: July 1, 2023, through June 30, 2024

The findings from the June 30, 2024, schedule of findings and responses are discussed below. The findings are numbered consistently with the number assigned in the schedule.

FINDINGS – FINANCIAL STATEMENTS AUDIT

Finding 2024-001: – Material Weakness

Criteria: Proper internal control procedures should be designed and implemented to ensure that financial statements are prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board.

Condition: A judgement rendered against the City was not recorded in the proper period resulting in the understatement of expenditures, capital assets and liabilities as of June 30, 2023. Restatements of beginning net position of governmental activities and fund balance of the general fund were necessary to correct for such misstatements.

Cause: The lack of an established process to evaluate judgements against the City at year end to determine whether accruals or disclosures are necessary in accordance with GAAP.

Effect: The errors as a result of not recording the noted liability in the proper period resulted in misstatements in the governmental activities and general fund financial statements.

Recommendation: The City should implement a formal process for identifying and communicating all material claims and judgements against the City. This process will involve working with the City Solicitor's Office to ensure that complete and accurate information is provided to the finance department when completing a legal confirmation request and list of the status of outstanding litigations.

Views of Responsible Officials: In the opinion of the City Solicitor, the judgement was rendered against the Somerville Redevelopment Authority, not the City of Somerville. Hence, the City Solicitor believed no reason to disclose as a liability of the City of Somerville. City Management will work with the City Solicitor's Office to assure that complete and accurate information regarding all outstanding material claims and judgements against the City are disclosed in accordance with Accounting Principles Generally Accepted (GAAP) as promulgated by the Government Accounting Standards Board.