

**CITY OF MEDFORD,  
MASSACHUSETTS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
For the Fiscal Year  
Ended June 30, 2020**



**On the cover:** Constructed in 1937, in honor of Elizur Wright the visionary responsible for the construction of the Middlesex Fells reservation, Wrights Tower provides a reminder that the City has many recreational and tranquil areas within its boundaries that are sometimes overlooked amongst the bustling metropolis it has become.

*photo credit: coffeegirl\_75*



**Above:** Purchased by the City in 1852 and located at 230 Playstead Road, Oak Grove Cemetery is the most active burial ground in Medford. Currently the Cemetery lists almost 1,300 internments. Above is a photo taken during Memorial Day festivities. The memorial pool and monument are surrounded by United States flags to celebrate the memories to those loved ones who served.

# **CITY OF MEDFORD, MASSACHUSETTS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

For the Fiscal Year Ended June 30, 2020

Breanna Lungo-Koehn, Mayor



*Prepared by Finance*

*Aleesha Nunley Benjamin, Finance Director/Auditor*

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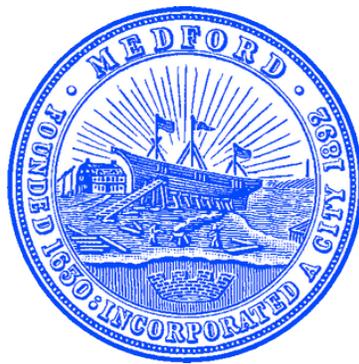
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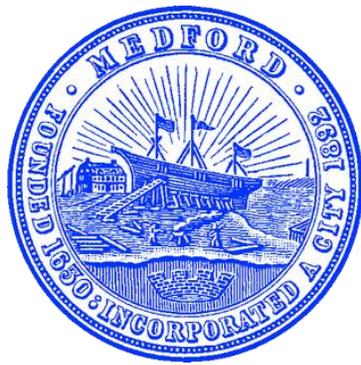
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# INTRODUCTORY SECTION



September 10 was [#HungerActionDay](#). In Medford, 1 in 9 residents struggles with food insecurity, but the City is working hard to address this community members were invited to join us in this effort.

Earlier this year Mayor Lungo-Koehn, the City Council, and the School Committee pledged to work to make Medford Hunger Free by 2028. Soon after, the City installed three micro food pantries around the City. DPW staff took up a collection and raised funds to fully stock the pantry at City Hall. The City is thankful and fortunate that community members and staff have continued to stock this and other micro pantries, and we're excited to report that since March, nine new micro pantries have been installed and two others on the way!



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## Letter of Transmittal

December 30, 2020

Honorable City Council and Residents of the City of Medford, Massachusetts:

We are pleased to acknowledge that the City of Medford has completed its third installment of the *Comprehensive Annual Financial Report* (CAFR). The report, which was prepared by the City's Department of Finance and Audit, is for the fiscal year ended June 30, 2020; and we are proud to be one of only about 45 communities in Massachusetts to accomplish this.

The City is responsible for the accuracy, completeness and fairness of the data presented in the CAFR. This letter of transmittal and **management's discussion and analysis**, located in the financial section, provide a comprehensive financial overview of the City and ensures that the financial and general operations of City government remain transparent and accessible.

The CAFR represents a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) and that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This CAFR meets and exceeds those requirements and presents itself as an informative resource for all those interested in the financial activities of the City.

The report is designed to be used by the City's elected and appointed officials and others who are concerned with its management and progress, such as bond analysts, banking institutions and rating agencies as well as the citizens and taxpayers of the City of Medford.

Since the report consists of management's representations concerning the finances of the City, management assumes full responsibility for the completeness and reliability of all of the information presented. In addition, management is responsible for establishing and maintaining an internal control structure designed to ensure the assets of the City are protected from loss, theft, or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Medford's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

The City's Basic Financial Statements present information about the City (the primary government) and its component unit as required by the Government Accounting Standards Board (GASB). A component unit is included in the City's reporting entity because of the significance of its operational or financial relationship with the City. The inclusion of this component unit in the City's basic financial statements does not affect its separate legal standing.

The City's component unit consists of the legally separate City of Medford Contributory Retirement System (the System). Additional information on this legally separate entity can be found in the notes to the basic financial statements.

The City of Medford's financial statements have been audited by Roselli, Clark and Associates, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance on an annual basis that the City's financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also involved assessing the accounting principles used and significant estimates made by management as well as 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 Medford's financial statements for the fiscal year ended June 30, 2020 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 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 Medford's separately issued Single Audit Reports pursuant to Title 2 US "Code of Federal Regulations" (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards".

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement that analysis and should be read in conjunction with it. The City of Medford's MD&A can be found immediately following the report of the independent auditors.

### Profile of the City

Located in eastern Massachusetts, Medford is approximately 5 miles northwest of Boston, and has a land area of approximately 8.2 square miles. It is situated in proximity of Logan Airport and includes 3 exits



off Interstate 93, which connects Medford with Boston. Easy access to Routes 28, 60, 38 and 16; with Interstate 128 being only 7 miles away, make Medford a very accessible community. In fact, the proximity to Boston, access to the major roadways, public transportation and the airport make Medford an attractive option for its residents, businesses and commuters.

Medford has a population of approximately 57,000 and like most communities in the Greater Boston area is considered very diverse.

The City offers a full range of traditional municipal services including: (1) police and fire protection, (2) education, (3) maintenance of streets and sidewalks, (4) solid waste collection, (5) health and human services, and (6) cultural and recreational services. The City is also a member community of the

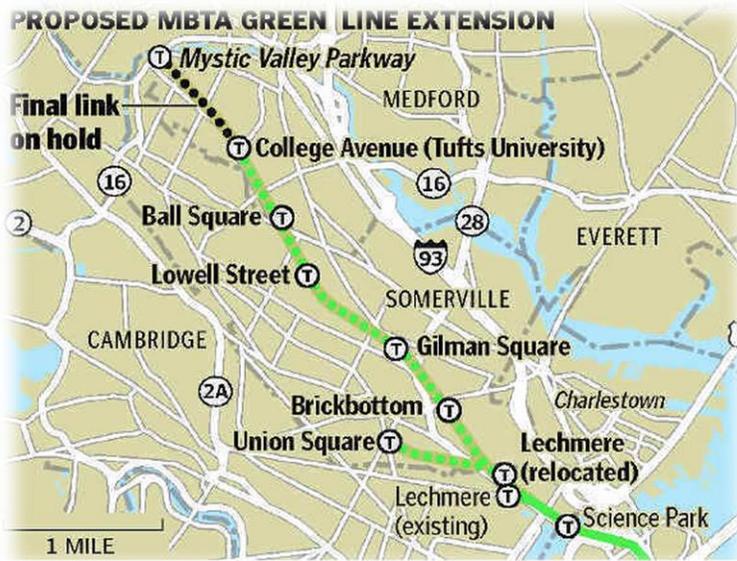
Massachusetts Water Resources Authority (MWRA) who provides water and sewer services for the residents and businesses.

The City is well served by transit. The MBTA Wellington Orange line station is located on the Medford end of Revere Beach Parkway (Route 16), slightly east of its intersection with Route 28. It provides rapid rail connection to downtown Boston in addition to transfers to numerous bus routes which service Medford and surrounding areas. The area also has over 1,300 park and ride spaces and is connected to the Station Landing transit-oriented development by an overhead walkway. Station Landing includes residential and retail buildings and additional parking.



Opened in September 1975, approximately 7,500 commuters board the subway at this station every day. Medford will soon have the Green Line located near Tufts University.

In addition to Wellington Station, the City has a commuter rail station on the Lowell Line, in West



Medford one stop from North Station in Boston. Three MBTA bus routes, two local and one express, stop directly on High Street at West Medford Station. Ongoing public transit improvements include the extension of the Green Line from Lechmere Station to the Hillside area of Medford. The Green Line Extension project involves construction of six new Green Line stations along two branches (the Medford Branch and Union Square Branch) along with the relocation and reconstruction of Lechmere Station. The Medford Branch will become part of the "D" Branch. The new line is expected to be completed at the end of 2021.

The City is well served with parks and recreational facilities with over 25 city parks, as well as 1,400 acres owned and operated by the Department of Conservation and Recreation (DCR). The City has a strong commitment to maintenance and upgrading of its facilities including an Open Space and Recreation Plan (2019) which includes a seven-year vision and master plan for the Open Space System as well as its recreational facilities. Medford's Open Space and Recreation Plan is the first one in the Commonwealth to fully integrate climate resiliency recommendations. Completion of the plan also insures the City's eligibility to compete for State and Federal funds for open space acquisition and development.

Projects that have most recently been completed using a variety of funding sources include installation of a new tot lot, natural



play area and spray park at Harris Park, an irrigation system, invasives removal and rain garden at Wright's Pond, the City's first bocce courts, various building and ground restoration projects at the Brooks Estate, renovation of the Condon Shell, upgrades to several school playgrounds. The Harris Park restoration and improvement project, subsidized with Federal Land and Water Conservation combined with City and Community Preservation Act funding, was completed in June 2020.

Other park and recreation improvements that have been completed in recent years include the creation of the Krystle Campbell Peace Garden the construction of Medford's first Off-leash Recreation Area (dog park) with separate areas for large and small dogs and the creation of an additional municipal community garden at Tufts Park. Medford continues to run seasonal outdoor ice rinks at three parks and works with Medford Boy Scouts to improve and formalize walking trails in the Fells, particularly around Wright's Pond, which is home to Medford's seasonal swimming beach, situated on the edge of the Middlesex Fells Reservation.



Additional recreational facilities in Medford include an outdoor swimming pool at Tufts Park, an indoor community swimming pool at Medford High School and two permanent ice rinks, one of which is managed by the City.

Medford is traversed by the Mystic River, formally a tidal river and home to historic shipbuilding. Much of the land abutting the Mystic River is the property of DCR and the City has been working in partnership with

the DCR and the Mystic River Watershed Association to open up access to the river. In recent years there have been many vista-pruning activities under the supervision of Medford's Tree Warden and the team has been working to fill in missing riverside-trails in the extensive network of multi-use paths that connect Boston to Concord with routes along the Mystic River through Medford.

Paths along the Mystic River, through Torbert MacDonald Park and Memorial Park have been created or re-paved recently. A key link in the network which connects Medford Square to Riverbend Park along the river is referred to as the "Clippership Connector". This has completed the permitting process and brownfield remediation and the DCR is preparing to put the construction out to bid. The Clippership Connector construction is in part funded by a Land and Water Grant. In addition, using proceeds from a grant from the Massachusetts Gaming Commission, Medford is also exploring a bike path on the South side of the Mystic River which would provide a key off-road bike route from Medford to Assembly Row in Somerville and in to the Encore Boston Harbor Casino (formerly the Wynn Casino) in Everett.

The Gaming Commission has also provided funding for the design and engineering of a pedestrian and bicycle boardwalk under Rte. 28 connecting Torbert MacDonald Park and Stations Landing, along the Mystic River as well as partial funding to complete the shared use trails along the Wellington MBTA station.

A significant portion of the historic Middlesex Fells Reservation is located in Medford. It is over 2,500 acres of wooded trails, ponds and wildlife.



It is a rare peaceful retreat for city dwellers where they can hike, bike, cross country ski, picnic, bird watch and sightsee. The Middlesex Fells have been particularly popular during the global pandemic and has provided a much needed natural retreat for residents from the region.

Medford also prides itself on the quality of its educational system. In recent years the City has replaced its old outdated school buildings with six new state of the art educational facilities, representing an investment of about \$116 million.

Phase I, completed in September 2001 involved construction of an elementary school and two middle schools adjacent to Hormel Stadium and the Mystic River, in Riverbend Park. Phase II involved construction of three elementary schools at different locations throughout the City. Phase II schools opened in September 2003.

School construction costs were made possible through a partnership with the Commonwealth of Massachusetts who reimbursed the City a substantial portion of eligible construction costs through the Massachusetts School Building Authority.

In addition, \$3.5 million was invested in improvements to Medford High School during fiscal years 2010 through 2012. Energy efficiency upgrades have been made system-wide and continue to be evaluated and implemented, which makes a major positive impact on utility costs and environmental impact. The City updated its technology school-wide during fiscal year 2013 at a cost of \$3.3 million with the proceeds of a prior bond issue.

In fiscal years 2013 and 2014 Medford High School received several major investments including a complete renovation of the indoor pool, replacement of the steam boilers and a \$14 million renovation to the science department, resulting in state-of-the-art high school science labs and classrooms.

Recent school upgrades include a full transition to LED lighting at the Curtis-Tufts School and Andrews Middle School, as well as LED lighting in high-use areas of all of the schools. The Medford Vocational Technical High School has been completely renovating

many of its shops including Robotics and Engineering, Cosmetology, Media and Video Technologies which includes a new TV studio that is used in the evenings and on weekends for public access and Culinary Arts, including a new café open to the public.





*Columbus Elementary School*



*McGlynn Elementary School*



*Andrews Middle School*



*McGlynn Middle School*



*Roberts Elementary School*

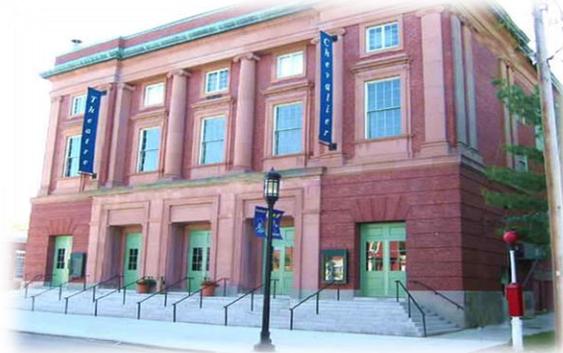


*Brooks Elementary School*

The Chevalier Theatre is a staple of downtown Medford, and one of Boston area's hidden gems. This performance art theatre was built in 1939 as part of the old Medford High School complex, and currently represents a historical landmark, a memorial to a hero and a cultural icon.

The exterior building, constructed in the Greek revival style, is decorated with columns and clean lines that are characteristic of this architectural period. The spacious interior features 1,800 seats, 1,100 on the floor and 700 in the Grand curved balcony.

The facility was one of four major public construction projects built from Federal funds in Medford Square during the Medford building boom of the late 1930s; the Post Office, the Old Medford High School and the Medford City Hall were the other three.



Unfortunately, in 1965 a fire occurred at the Medford High School, but miraculously, the theatre was spared the worst of the blaze, although it did suffer smoke damage.

A new Medford High School was subsequently rebuilt at another location and the theatre fell into disuse until the 1980's when a massive rehabilitation project took place by an all-volunteer Civic Commission. For the past 35 years the Civic Commission has been carefully working to preserve the Theatre's rich heritage.

In fiscal year 2017 the City completed a Request for Proposal (RFP) for a professional management company to maintain and operate the theatre.

This resulted in the City engaging a professional theatre manager and booking agent who has been instrumental in booking many great performances in 2019 and 2020, including Boyz II Men, Gabriel Iglesias, Jane Fonda, Cheap



Trick, Trevor Noah, Jennie Garth & Tori Spelling. This programming has become an economic catalyst for area businesses and the arts.

In 2019 the original historic windows were restored, and in the spring of 2020, an air conditioning system was installed to allow performances to occur year-round.

## Form of Government

The City operates under a strong Mayor/City Council form of government. Both the Mayor and the seven-member City Council are elected to two-year terms. January 2020 marked the beginning of new two-year terms. The City Council makes legislative decisions, and the Mayor is responsible for carrying out policies and for managing the day-to-day operations of the City.



*City Councilors from left to right: Isaac “Zac” Bears, Nicole Morell, Adam Knight, Michael J. Marks, John C. Falco, Jr., Richard F. Caraviello, George A. Scarpelli*

An annual operating budget is submitted by the Mayor and approved by the City Council. The annual budget serves as the foundation for the City’s financial planning and control.



*Mayor Breanna Lungo-Koehn*

The budget is prepared by fund, function (e.g. general government), department (e.g. finance) and category (e.g. personnel and non-personnel) allowing the department heads to allocate resources within the department for non-personnel costs and personnel costs. Transfers between departments, or between personnel and

non-personnel need approval from the City Council unless specifically exempted by state statute.

An elected, seven-member School Committee appoints a School Superintendent who administers the public-school system of the City through enforcing policies and procedures adopted by the School Committee. The Mayor is ex-officio School Committee Chairperson, and the other six School Committee members are elected biennially.



*School Committee from left to right: Paul Ruseau, Paulette Van der Kloot, Kathy Kreatz, Breanna Lungo-Koehn, Melanie P. McLaughlin, Mea Quinn Mustone, Jenny R. Graham*

In Massachusetts, cities and towns are required to follow the provisions of the Education Reform Act, which specifies, amongst other things, that communities provide a



*Superintendent Marice Edouard-Vincent*

minimum net school spending amount in its annual education budget. A portion of this is subsidized by the Commonwealth of Massachusetts

through a formula grant called Chapter 70

while the remainder is mostly through taxation of the City’s residents.

## Factors Affecting Economic Conditions

Approximately 1,400 businesses employing almost 19,000 individuals are located in Medford. The business base is quite diverse. These include manufacturers, service-oriented companies and financial institutions. Tufts University, a world-renowned higher education and research facility is located in the City and employs over 2,400 individuals, some in facilities in nearby Somerville.

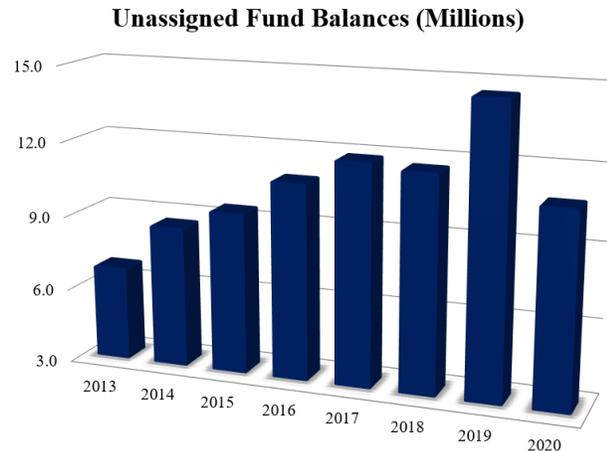
This has resulted in a commercial, industrial and personal tax base that in aggregate represents about 20% of the total tax base.

The growth of the City's main source of revenue, property taxes, is capped by Proposition 2 ½ and can only be overridden by the voters. While revenue increases have been limited in recent years, fixed costs, including health insurance and pension costs, have increased substantially.

The City has responded well to these challenges. A new administration took office in January 2020 and made some structural changes to the budget process including (1) a more comprehensive budget that will be submitted to the GFOA for consideration of a budget award, and (2) the creation of a comprehensive multiyear capital plan.

The last quarter of fiscal year 2020 brought significant and unforeseen financial challenges as a direct result of the global Coronavirus (Covid-19) health crisis. Covid-19 affected revenue sources due to the unprecedented nature of this health pandemic. The City experienced a significant decrease in local receipts due to restrictions placed on business sectors including hotels and lodging, as well as food service establishments. The Administration froze hiring and non-essential expenditures to mitigate the impact on unassigned fund balances as illustrated above. The City was awarded \$5M in Cares Act funding from the Federal Government via the Commonwealth for PPE, technology, backfill due to Covid-19, disinfection of public buildings and various other Covid-19 related expenses. The City continues to monitor this situation closely as it has extended into fiscal 2021 with another pending lock down possible.

New revenue initiatives that began in fiscal 2015 and are expected to return dividends in future fiscal years revolve around the gaming industry in Massachusetts. More specifically, on November 22, 2011, the Governor signed into law, Chapter 194 "An Act Establishing Expanded Gaming in the Commonwealth." This legislation is designed to provide significant benefits to the Commonwealth by advancing job creation and economic development. The Gaming Act allowed for up to three destination resort casinos located in three geographically diverse regions across the state. To that end, the neighboring community of Everett was chosen as a destination community and Wynn Resorts became the developer. Under this arrangement, Medford was identified as an impacted surrounding community and would be entitled mitigation to offset the inherent impact the casino may cause the City. After months of negotiations with Wynn Resorts (now Encore Boston), the City entered into a surrounding community agreement that would pay Medford one million dollars per year, together with



cost of living escalators, upon the opening of the project to the general-public for as long as the license is in force at the site.

Wynn Resorts also (1) donated \$250,000 to the construction of the Krystle Campbell Peace Park (a memorial to those who were killed or injured in the marathon bombings); (2) committed to making approximately one million dollars in improvements to twelve intersections that are in proximity of the Casino; (3) committed to contributing \$1.5 million to commission a permanent solution to the Wellington Circle traffic issue; and (4) numerous other perks to local vendors and residents of Medford.

Wynn Resort’s gaming license went into effect on November 5, 2014 after a ballot question to reverse the Expanded Gaming Law was defeated. The \$2.5 billion resort opened in fiscal 2019 and this is when the annual payment began. Unfortunately, due to Covid-19 the Casino has laid off hundreds of workers, and while the City expects the Casino to eventually provide robust stimulus to the local economy, it is currently uncertain when that will be observed.

### **Long-term Financial Planning**

The City has a policy of preparing rolling five-year projections. The City believes this will provide better insight when preparing annual budgets and will also alert the City to any potential budgeting issues far ahead of when these situations become real issues.

The City implemented a five-year capital plan in fiscal year 2017, which provides the necessary funding for building and infrastructure improvements and capital equipment needs. The City is currently working on a more comprehensive multi-year capital plan to be presented to the City Council in fiscal year 2021. The capital plan leverages free cash, Federal and State grant funds, trust funds, and other sources of funding.

Under this capital plan, the City purchased a new HVAC system for the Chevalier Theatre, new APX 8000 all band portable radios for the Fire department, Chromebooks for the schools, security cameras, solar LED pedestrian crossing blinker signs, water meters, IT upgrades, purchased two new pumper trucks for the Fire department to be delivered in fiscal year 2021, laptops for departments, and other improvements throughout the City. This capital investment plan positions Medford to maintain and modernize its assets for the future.

The following represents the City’s five-year revenue projection:

	2021	2022	2023	2024	2025
Real Estate and Personal Property Taxes	\$ 122,092,129	\$ 126,144,432	\$ 130,298,043	\$ 134,555,494	\$ 138,919,382
Intergovernmental Revenue - Local Aid *	26,587,778	26,853,656	27,122,192	27,610,392	28,107,379
Intergovernmental Revenue - MSBA	3,172,025	-	-	-	-
Local Receipts	15,830,089	15,988,390	16,148,274	16,309,757	16,472,854
Recurring transfers from special revenue	384,507	372,972	369,242	372,934	380,393
Indirect charges	1,551,240	1,582,265	1,613,910	1,646,188	1,679,112
<b>Total Revenues</b>	<b><u>\$169,617,768</u></b>	<b><u>\$170,941,715</u></b>	<b><u>\$175,551,661</u></b>	<b><u>\$180,494,765</u></b>	<b><u>\$185,559,120</u></b>

\* Local Aid increases as State Assessments increase

The City will continue to implement budget reforms and work with collective bargaining units to maximize expenditure efficiencies; consequently, the City expects that annual budget sources as forecasted will be sufficient to fund annual appropriations as they were very conservative.

The City is also undergoing numerous economic and development initiatives that if successful, will substantially increase the overall tax base, both commercial and residential.

### **Economic Development**

Proximity to Boston, quality school system, access to public transit, significant open space and a mix of housing choices contribute to the popularity of the City as a location to live, work and do business. Planning efforts are focusing on identifying and guiding growth and development. Using smart growth principles, the City is creating walkable, mixed use areas oriented to transit services.

In 2020, in recognition of the importance of sustainability throughout the work of the City, and particularly in the areas of planning and community development, the City chose to merge the offices of Community Development and Energy and Environment, not consolidating, but rather expanding and merging the work of both offices to bring climate planning and resiliency into all of the community development efforts. The new office is in the process of merging into the Office of Planning, Development and Sustainability.

The City, acting through this Office, is currently seeking proposals from professional consultants to undertake a public planning process to prepare a Comprehensive Master Plan for the City that would result in a long-range vision for the City with corresponding policy and guidance for implementation of the Plan over the next ten years. This planning process is expected to begin in late 2020 and continue for twelve to eighteen months. The resulting Plan will provide a basis for decision making about economic development, land use planning and redevelopment, climate adaptation and mitigation practices, budget preparation and capital improvement planning for the City of Medford's future.

In addition, the City has created a new position of Economic Development Director within this Office who will work to recruit new industry, manage business retention/expansion efforts, and spur downtown revitalization. The City is currently in the final stages of the hiring process for this position.

The City is leading a process to create a Housing Production Plan that identifies the Medford community's current housing needs and recommend ways to create a mix of housing types for different income levels. It will also act as a roadmap to creating and maintaining a minimum of ten (10) percent of year-round housing stock that is affordable.

In the wake of the global Coronavirus (Covid-19) health crisis, the city has convened teams to focus on business support, restaurant reopening and emergency housing needs, consisting of both staff and residents. The Emergency Housing Team has worked with the Community Preservation Committee to establish an Emergency Rental Assistance Fund administered by ABCD Boston to help residents afford to stay in their homes.

The Business Support team developed a grant program for small and micro businesses using Community Development Block Grant (CDBG) CARES Act funds and funds from the State Attorney General's Office to award grants to 54 small businesses in Medford and is preparing to launch a second grant round. This funding is meant to support local businesses with operating expenses in the wake of Covid-19 closures.

The Restaurant Reopening Team has been working directly with food establishments to significantly increase the outdoor dining program in Medford, using State grants and City resources, as well as to extend outdoor dining as long into the fall and winter as practical.

Medford already had a Food Security Task Force which launched the "Are you OK" program, calling

Medford's senior and vulnerable population and connecting them with needed supports throughout the pandemic. Additionally, the Food Security Task Force significantly expanded the number of micro-food pantries throughout the city and established a program for providing hot lunches to youth and families throughout the City, in the absence of the schools' free lunch program.

The City has implemented one of the strongest Complete Streets policies in the State, as rated by the State's Complete Streets guidance. In 2017 the City received \$400,000 from the Massachusetts Department of Transportation (MassDOT) to implement safety and accessibility improvements at six locations in Medford. These improvements, particularly the three in the Medford business districts, will make it easier for pedestrians to frequent Medford businesses and for anyone to arrive at a business district and then frequent multiple businesses, because of the pedestrian crossing improvements. The redesign of Tufts Square in South Medford was completed during 2020, including the creation of a new parking area.

In 2020 the City received \$270,000 from the MassDOT Shared Streets and Places Program to implement "quick build" solutions to support residents and businesses being outside during the pandemic. With this funding the city has been able to pilot several curb extension and traffic calming solutions in South Medford, provide more spaces for restaurants to serve customers outside on public property and to create a dedicated bus lane on Route 38 in both Medford and Somerville.

Advocacy from Medford's Bicycle Commission and the civic organization "Walk Medford" continues to propel the City to be more proactive about increasing bicycle and pedestrian access to our businesses and recreational areas, making Medford a great place to live, work and thrive. These organizations have inspired partnerships with the Mystic River Watershed Association and the Massachusetts Department of Conservation and Recreation to improving access to business districts through multi-use paths, as mentioned previously.

The City continues to leverage public and private resources to implement open space projects. Below,



the Krystle Campbell Peace Garden is a contemplative new space adjacent to the Medford Senior Center, on the periphery of Medford Square and less than a block from the Mystic River. The park, named for Medford resident, Krystle Campbell, includes a central seating area focused on a fountain and interpretive features that memorialize Boston Marathon bombing victims, survivors and first responders. The City worked with various State agencies to secure grant funds, coordinate the design process and the construction contract with MassDOT. The City secured a 2009 Section

125 earmark grant of \$475,000, a Cummings Foundation grant in the amount of \$100,000, City linkage funds in the amount of \$163,305, a PARC grant in the amount of \$299,350, and private donations.

The City was successful in securing \$250,000 in funding from the Federal Land and Water Conservation Fund for the creation of a plaza and public gathering space adjacent to the Salem Street Cemetery in the heart of Medford Square. This space is designed with tables and performance space and not only draws people into Medford Square but gives them reason to stay, enjoying their purchases. These funds were supplemented by \$95,000 in parks linkage funds for design and \$300,000 in matching City funds for construction of the project. The project was completed in July 2018.

The City leveraged \$300,000 in Federal Land and Water Conservation Funding, matched with \$300,000 in CPA funding and additional City funds for design and construction of Phase 1 of Harris Park, which serves an environmental justice area in East Medford. The project was completed, and the new playground and splash pad opened for use by the community in July 2020.

The City has also leveraged a \$60,000 Municipal Vulnerability Preparedness grant, which matched with \$20,000 in municipal linkage funds to update the City's Open Space and Recreation Plan, completed in 2019. This will guide the City's actions in open space planning and development for the next seven years. Medford's plan was one of the first to fully integrate climate change predictions and make recommendations to all the public open spaces in Medford to help incorporate climate adaptation techniques. It will serve as a tool to leverage additional funding for development and rehabilitation of the City's open space system, thereby enhancing the quality of the environment for citizens of Medford.



The City completed a Climate Change Vulnerability Assessment in 2019 and is nearing completion on a Climate Action and Adaptation Plan.

During fiscal 2017, using \$1.4 million in Federal CDBG funds, the Medford Senior Center renovation was completed. Improvements include window replacement, masonry repairs, a new roof, new HVAC equipment and interior renovations. Additional Massachusetts Department of Energy Resources Green Communities money paid for the installation of an energy management system, allowing the HVAC system to be programmed with a schedule and remotely controlled.

### **Private Development**

The City has experienced an unprecedented interest in residential, commercial and retail growth. Working with potential developers and fielding inquiries on projects ranging from single family, restaurant, retail and luxury apartment development is a daily activity.

The Green Line Extension, proximity to Boston and quality of living ensure the attractiveness of Medford as a location to live, work and do business in this vibrant economy.

**Station Landing**, the first award winning “Massachusetts Smart Growth” mixed-use, master planned development, began the last phase of proposed construction with the opening of the boutique style Marriot AC hotel. This elegantly styled state of the art modern facility includes 152 well-appointed guest rooms and suites that feature the latest technology. Located 4 miles from Boston and 6 miles from Logan Airport, the accommodations are ideal for the business traveler and tourist. A second Marriott hotel is nearing completion at the site.

**The River's Edge**, a 215-acre site located five miles north of Boston, is a phased development developed by Preotle Lane & Associates. The project is a redevelopment site overseen by the Mystic Valley Development Commission (MVDC) a partnership of the cities of Medford, Malden, Everett and the Commonwealth of Massachusetts. The River's Edge Redevelopment Project envisions long term redevelopment along the Mystic River in each of the three cities.

Phase I (which is located in Medford) and Phase III (located in the adjoining City of Malden) of River's Edge were designated as a Growth District by The Commonwealth of Massachusetts through the Growth

Districts Initiative. The State provided a \$540,000 grant for land acquisition as part of the designation. MVDC collects PILOT payments from the office and residential building in Medford. Design and planning for Phase II of the River's Edge project is underway including reconstruction of Air Force Road and the permitting of the River Green Technology Park in the adjacent City of Everett.

River's Edge Phase I has continued its progress in expansion. Management Sciences for Health (MSH), a global leader in developing health care systems, moved its headquarters to 200 River's Edge Drive. MSH joins other tenants including Financial Recovery Technologies, Physicians Professional Services, Marriott Internationals North Guest Sales Office, Labthink, Midea, PLA-8 and Undine. The total number of jobs created there is currently 400.

Criterion Development Partners completed a second luxury residential project at 600 River's Edge in 2019. This is a 4-story building containing 282 residential units (including 34 affordable housing units) with retail and parking.



In addition to bringing transit-oriented jobs and housing to this location, River's Edge is frequently cited as a model for environmental revitalization as well.



The former contaminated site, home to a submerged barge as well as mountains of tires and other contaminants, is now a beautiful park with access to and views of the Mystic River. While privately owned, the grounds of the entire development are open to the public and gives the appearance of a public park. It is the location of the Tufts Boat House, home to their crew team and the site of crew regattas. The owners of River's Edge have contributed to studies and activities to continue to improve the environmental quality of the Mystic River and the adjacent lands, including the funding of the Wellington Greenway

Project, a multi-use trail system connecting River's Edge, Wellington MBTA Station and Stations Landing.

The MVDC has begun the permitting process for Phase IV of the Wellington Greenway Project. Phase IV will provide the missing link of the Wellington Greenway from the Wellington MBTA Station to Route 16.

**Other Major private developments include:**

- Renovation by Tufts University of 554 Boston Avenue to lab and academic space, new labs at 4 Colby Street, the Energy Plant at 451 Boston Avenue, renovation of Anderson Hall at 200 College Avenue, Carmichael Dining Hall at 200 Packard Avenue and rehabilitation of the Miller/Houston Halls at 196 Boston Avenue, in addition to a restaurant at 572 Boston Avenue and dorms adding 141 new bedrooms to the existing supply.
- Construction is underway for two of five condominium buildings at 320 Middlesex Avenue.
- Construction is nearing completion for re-envisioned, 350 luxury apartments at 61 Locust Street.
- Occupancy of 42 luxury rental units at 640 Boston Avenue.
- Occupancy of 8 residential units at 244 Central Avenue and 7 units at 1025 Fellsway.
- Occupancy of 297 units at Modera, 5 Cabot Road, and 282 luxury units at 600 River's Edge Drive.
- Construction is nearing completion at Station Landing's second Marriott Hotel.
- Construction is underway for 21 residential units at 236-240 Salem Street.
- Construction is underway for 55 units at 87 Medford Street.
- Subdivision approval for 10 house lots at 541-551 Winthrop Street was granted in 2020.

An Inclusionary Housing Ordinance was recently adopted by the City which requires projects with over ten (10) units to set aside 10-15% of units as affordable in accordance with the Commonwealth's Local Initiative Program.

The largest nonresidential project was the conversion of the Meadow Glen Mall into a retail plaza including Wegmans, Dicks Sporting Goods and Petco, as well as Marshalls and Kohl's. Additionally, Bianco's Sausage relocated to, and renovated, 1 Brainard Avenue.

**Encore Boston Harbor** as previously discussed, in nearby Everett will have a direct positive financial impact for the City due to the Surrounding Community Agreement with Wynn Resorts. In addition, the City believes that the construction and subsequent operation of the casino will also provide significant economic stimulus due to its proximity to Medford.

The \$2.5 billion resort opened in fiscal year 2019. Unfortunately, many of the anticipated beneficial economic impacts of the resort have been impacted due to the Covid-19 pandemic, but the City is optimistic about future economic stimulus and local impacts.

## Capital Improvements

The City maintains a comprehensive long-term capital improvement plan. This is an important component of the City's philosophy to revitalize worn and outdated infrastructure, buildings, machinery, vehicles and equipment. In that regard, the City has completed numerous capital projects over the past 10 to 15 years.

In addition to the improvements to School infrastructure, as previously discussed, the City continues to invest in accordance with its capital improvement plan in many other areas such as:

- Solar panels installed on the DPW building, as well as contracting for a building scale battery in 2019. These will provide a stable cost for electricity for the next twenty-years in addition to resiliency in the event of grid outages. Also, in 2021, by utilizing a power purchase agreement and grant funding, the City will install solar panels and a building scale battery at the Andrews School.
- Streets and sidewalks funded through the Massachusetts Highway Department Chapter 90 program.
- Beautification of parks, recreational facilities and athletic fields, funded through grants, donations and bond issuances.
- Significant infrastructure upgrades to the Water and Sewer distribution system. Amounts are expected to exceed \$30 million at completion. These costs have been and will continue to be funded from zero interest MWRA loans and grants, State subsidized Massachusetts Clean Water Trust loans, local user charges and federal grants. The end result will be to tighten up the distribution system by eliminating leaks and reducing the annual assessments from the MWRA.
- The purchase of its streetlights in 2017 saves \$300,000 annually in maintenance payments to the electrical utility. In addition, the city completed a retrofit of all municipally owned exterior lighting to LED in 2019 and added a city-wide lighting control system. The retrofit will save an additional \$300,000 annually in electricity costs.
- Renovations to municipal facilities include (1) a brand new DPW facility, (2) a renovation of the facade and roof of the historic Medford City Hall, and (3) \$2 million of improvements and renovations to Medford's Fire Stations.
- The City received 2018 and 2019 Municipal Vulnerability Preparedness grants to assess the future impact of precipitation on the City and the ability of the municipal storm drain infrastructure to respond. Modeling includes assessment of potential green and grey infrastructure improvements to mitigate future flood impacts.
- The City helped found the Resilient Mystic Collaborative that has collectively received over \$3 million in grants supporting infrastructure and resiliency work to protect the Mystic River watershed communities from the impacts of climate change.
- Construction of a new Police Station was completed in November 2020. It is anticipated to be the most energy efficient police station in Massachusetts and includes municipally-owned solar panels on the roof.

- The City has been awarded a \$12 million grant from the Massachusetts Board of Library Commissioners to fund a new library and a capital campaign is on track to match the award through private donations. The new library is designed to be all-electric and net-zero, with solar panels offsetting all electricity needs of the new building. The construction of this building is underway and expected to be complete in fall 2021.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. This is a very prestigious award and in order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. 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 comprehensive annual financial report will meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for this certificate.

The publication of this CAFR represents an important achievement in the ability of the City of Medford to provide enhanced financial information and accountability to its citizens, elected and appointed officials, and investors. The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Office. Special thanks also go to the certified public accounting firm of Roselli, Clark and Associates for their advice and assistance in the preparation of this report.

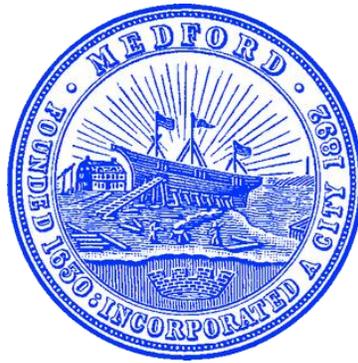
Respectfully submitted,



Breanna Lungo-Koehn  
Mayor



Aleesha Nunley Benjamin  
Finance Director and City Auditor



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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
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Reporting

Presented to

**City of Medford  
Massachusetts**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

**PRINCIPAL CITY OFFICIALS**  
**As of June 30, 2020**

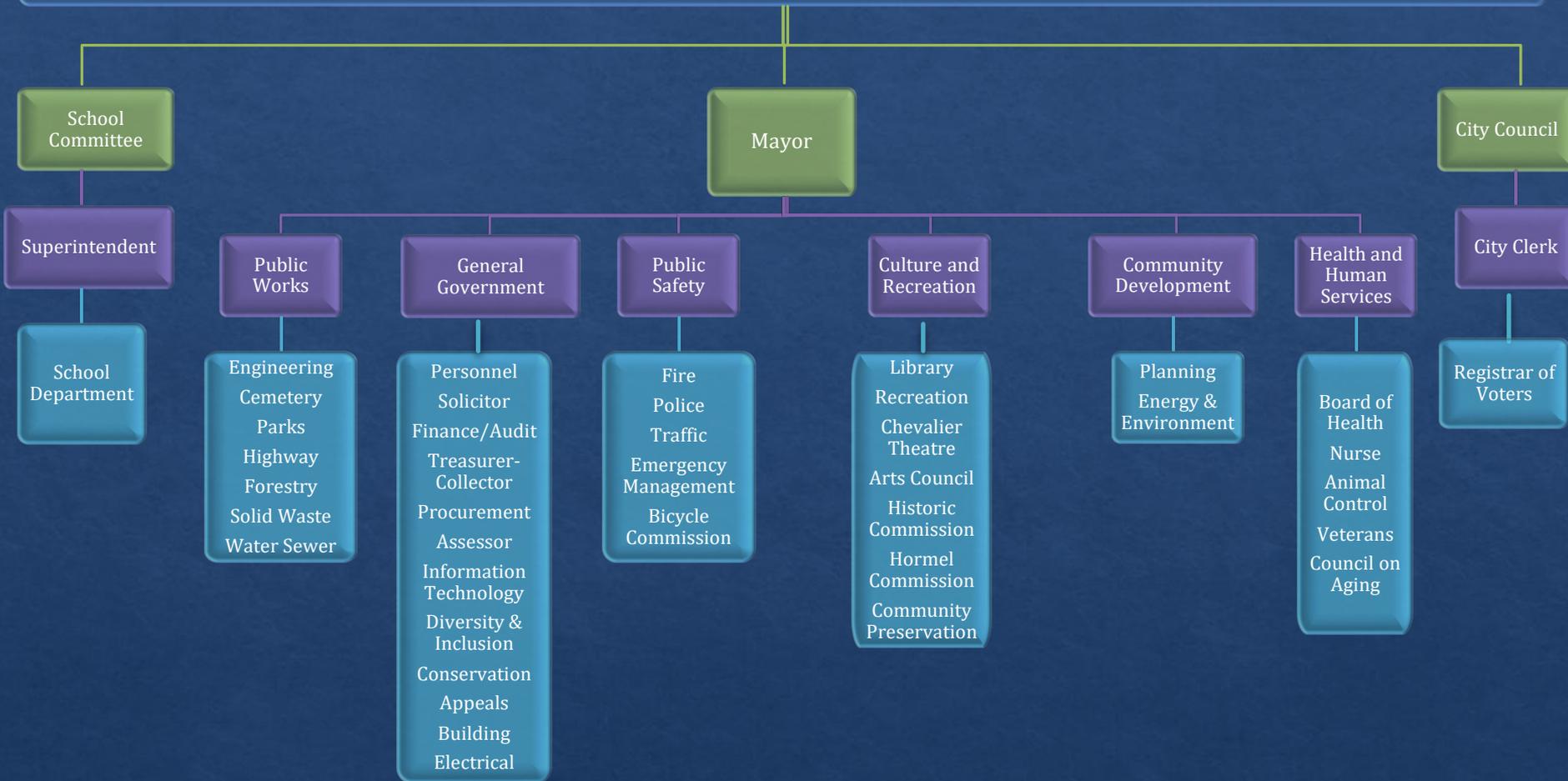
Elected Officials

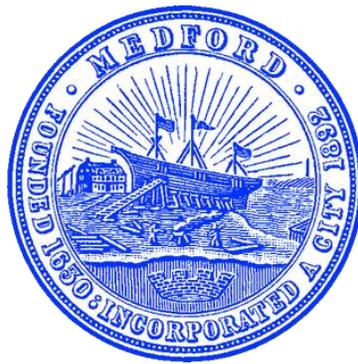
Mayor	Breanna Lungo-Koehn
City Council	John C. Falco Jr., President Richard Caraviello, Vice President Isaac B. “Zac” Bears Adam Knight Michael J. Marks Nicole Morell George A. Scarpelli
School Committee	Breanna Lungo-Koehn, Chairman Paul Ruseau, Vice Chairman Paulette Van der Kloot, Secretary Jenny R. Graham Kathy Kreatz Melanie P. McLaughlin Mea Quinn Mustone

Principal Executive Officers

Finance Director/Auditor	Aleesha Nunley Benjamin
Superintendent of Schools	Marice Edouard-Vincent
City Treasurer/Collector	Alfred Pompeo, Interim
City Clerk	Adam L. Hurtubise
City Solicitor	Kimberly Scanlon, Acting
Assistant Superintendent of Finance	Kirsteen Patterson

# CITIZENS OF MEDFORD



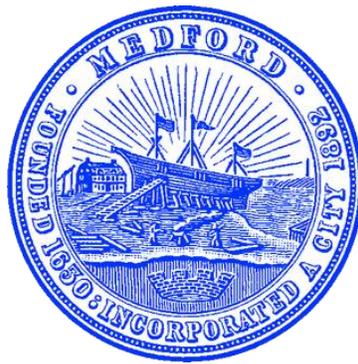


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# FINANCIAL SECTION



Hormel Stadium is located on Locust Street in Medford. After recent renovations, it is considered one of the area's premier athletic facilities. It is home to many of the School's sport's teams as well as host to many outside youth organizations; it even hosts the Fisher Falcons, a Boston based college soccer team. Hormel underwent major renovations in 2012 to include the installation of a new state-of-the-art field-turf, and most recently upgraded the surrounding track as well as adding a solar powered scoreboard.



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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Honorable Members of the City Council  
City of Medford, Massachusetts

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Medford, Massachusetts, (the "City") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, (except for the Medford Contributory Retirement System, (the "System" or "Retirement System") which is as of December 31, 2019).

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City, as of June 30, 2020, (except for the System which is as of December 31, 2019) and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and the schedules listed under the required supplementary information section in the accompanying table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

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

### *Other Information*

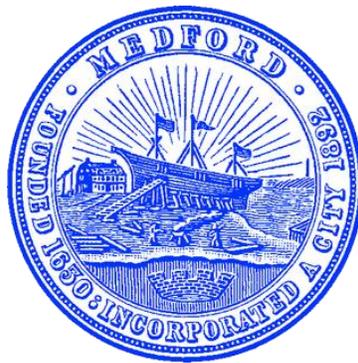
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated December 30, 2020 on our consideration of the City of Medford, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Roselli Clark & Associates*

Roselli, Clark and Associates  
Certified Public Accountants  
Woburn, Massachusetts 01801  
December 30, 2020



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## **Management's Discussion and Analysis**

## MANAGEMENT’S DISCUSSION AND ANALYSIS

As the management of the City, we offer readers of the accompanying financial statements this narrative overview and analysis of the financial activities of the City and its component unit for the fiscal year ended June 30, 2020.

### **Financial Highlights**

- Fiscal 2020 can be characterized as a year that was dealt many financial challenges due to the emergence of the novel coronavirus, COVID-19. Reaching the United States west coast in January of 2020, the virus spread to pandemic proportions nationally; quickly spreading and reaching Massachusetts in late February. The strength in transmission of the virus forced lock downs of businesses, schools, restaurants and all non-essential activity in many states including Massachusetts. These lockdowns essentially brought most economic activity to a halt as its impact was felt globally. Despite this, the City was able to navigate through these challenges and end up with a relatively positive outcome. This was leveraged mostly in part to a strong first three quarters of the year bolstered by reserves the City has accumulated. In addition, the City was the beneficiary of numerous grants created to assist communities during this very challenging time.
- The City’s liabilities and deferred inflows of financial resources exceeded its assets and deferred outflows of financial resources at the close of the most recent fiscal year by almost \$160.3 million (*total net deficit*).
- The government’s total net position decreased by over \$18.4 million; this was triggered by reductions in discount rates for both net pension and net OPEB liabilities in both governmental and business-type activities.
- The City’s unassigned fund balance reported in the General Fund was about \$10.8 million (6.0% of General Fund expenditures). Total fund balance in the General Fund was almost \$16.8 million (9.3% of General Fund expenditures).
- The City’s total debt decreased by about \$20.3 million as highlighted below:

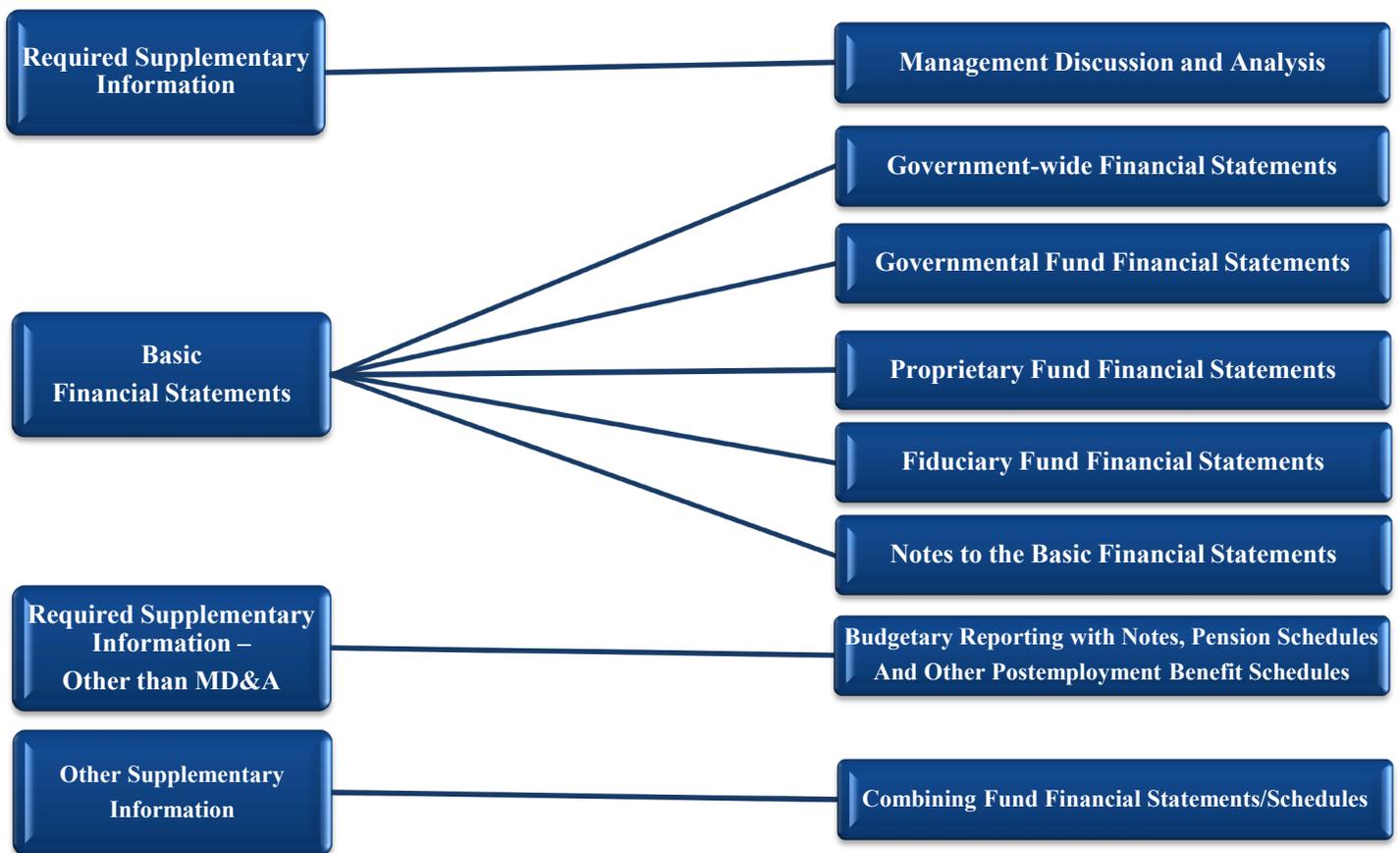
Regular Scheduled Maturities:	
Governmental Activities	\$ (2,088,000)
Business-Type Activities	(935,217)
Premium additions	
Governmental Activities	1,226,410
Amortization of premiums	
Governmental Activities	(178,000)
Advanced Refunding	
Governmental Activities	(3,765,000)
Issuance of Long-term Note or Bond	
Governmental Activities	26,037,050
	\$ 20,297,243

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City’s basic financial statements. The City’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The layout and relationship of the financial statements and supplementary information is visually illustrated in *Illustration 1*.

**Illustration 1 – Relationship of Financial Statement information**



**Government-wide Financial Statements** – The *government-wide financial statements* are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business. The *statement of position* presents information on all of the City’s assets and liabilities, with the difference between the two 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 is improving or deteriorating. The *statement of activities* presents information showing how the government’s net position changed during the most recent fiscal 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 fiscal periods (e.g., uncollected taxes and earned but unused vacation leave.)

The government-wide financial statements consist of three classifications; (1) those whose activities are principally supported by taxes and intergovernmental revenue (*governmental activities*); and (2) those whose activities 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 include general government, public safety, highways and streets, sanitation, education, economic development, debt service, fringe benefits and culture and recreation. The business-type activities of the City are comprised completely of the water and sewer enterprise fund.

**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, 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 can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Accounting guidelines distinguish fund balance between amounts that are considered nonspendable, such as fund balance associated with inventories, and other amounts that are classified based on the relative strength of the constraints that control the purposes for which specific amounts can be spent. Beginning with the most binding constraints, fund balance amounts will be reported in the following classifications:

- Restricted — amounts constrained by external parties, constitutional provision, or enabling legislation
- Committed — amounts constrained by a government using its highest level of decision-making authority
- Assigned — amounts a government intends to use for a particular purpose
- Unassigned — amounts that are not constrained at all will be reported in the general fund or in other major funds if negative

**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 fiscal 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.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund and Cemetery Perpetual Care Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these Nonmajor governmental funds is provided in the form of combining statements.

The City adopts an annual appropriated budget for its general fund and its enterprise fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget and is included in this report as required supplementary information.

**Proprietary funds** – The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water and sewer enterprise. *Internal service funds* are used to report activities that service all other City Departments. The City uses internal service funds to account for its self-insured Group Dental Insurance Plan.

**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’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The System is a Pension Trust that is a legally separate entity reported as a fiduciary fund. Because the System services almost entirely to the City, it is presented as if it were part of the primary government as a fiduciary fund due to the significance of its operations.

**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’s Pension and Other Postemployment Benefit Plans as well as the Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund and notes to this schedule.

### **Government-wide Financial Analysis**

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, its liabilities and deferred inflows of financial resources exceeded its assets and deferred outflows of financial resources thus reporting a deficit at the close of the most recent fiscal year of almost \$160.3 million. Condensed net position data is presented as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b><u>Assets</u></b>						
Current and other assets	\$ 65,583,119	\$ 60,403,826	\$ 19,984,005	\$ 20,782,125	\$ 85,567,124	\$ 81,185,951
Capital assets, net	176,178,936	152,909,763	20,849,242	20,594,108	197,028,178	173,503,871
<b>Total Assets</b>	<b>241,762,055</b>	<b>213,313,589</b>	<b>40,833,247</b>	<b>41,376,233</b>	<b>282,595,302</b>	<b>254,689,822</b>
<b>Deferred outflows of resources</b>	<b>77,063,250</b>	<b>30,568,522</b>	<b>4,298,366</b>	<b>1,492,116</b>	<b>81,361,616</b>	<b>32,060,638</b>
<b><u>Liabilities</u></b>						
Current liabilities	10,507,230	11,581,457	192,326	321,336	10,699,556	11,902,793
Long-term liabilities	477,670,798	380,806,956	28,483,663	24,767,851	506,154,461	405,574,807
<b>Total Liabilities</b>	<b>488,178,028</b>	<b>392,388,413</b>	<b>28,675,989</b>	<b>25,089,187</b>	<b>516,854,017</b>	<b>417,477,600</b>
<b>Deferred inflows of resources</b>	<b>6,939,353</b>	<b>10,485,250</b>	<b>425,732</b>	<b>616,741</b>	<b>7,365,085</b>	<b>11,101,991</b>
<b><u>Net Position</u></b>						
Net investment in capital assets	120,870,178	108,849,838	20,148,487	19,658,494	141,018,665	128,508,332
Restricted	24,859,117	25,803,076	-	-	24,859,117	25,803,076
Unrestricted	(322,021,371)	(293,644,466)	(4,118,595)	(2,496,073)	(326,139,966)	(296,140,539)
<b>Total Net Position</b>	<b>\$ (176,292,076)</b>	<b>\$ (158,991,552)</b>	<b>\$ 16,029,892</b>	<b>\$ 17,162,421</b>	<b>\$ (160,262,184)</b>	<b>\$ (141,829,131)</b>

By far, the largest portion (approximately \$141.0 million) of the City's net position reflects its investment in capital assets (e.g. land, buildings, infrastructure, 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 citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion, almost \$24.9 million, of the City's net position represents resources that are subject to external restrictions on how they may be used. *Unrestricted net position* is reported as a deficit, of approximately \$326.1 million. This is due to the recognition of significant net pension and net other postemployment benefit liabilities. This deficit is expected to continue to grow as an adequate funding schedule for other postemployment benefit liabilities is not in place. Condensed changes in net position data is presented as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b><u>Revenues</u></b>						
Program revenues:						
Charges for services	\$ 12,494,414	\$ 14,419,189	\$ 25,346,369	\$ 25,408,801	\$ 37,840,783	\$ 39,827,990
Operating grants and contributions	39,754,083	36,660,262	-	-	39,754,083	36,660,262
Capital grants and contributions	7,730,868	5,877,616	63,954	-	7,794,822	5,877,616
General revenues:						
Property taxes	118,999,741	114,744,424	-	-	118,999,741	114,744,424
Excise and other taxes	8,769,289	9,084,237	-	-	8,769,289	9,084,237
Grants and contributions not restricted	12,933,547	12,585,868	-	-	12,933,547	12,585,868
Other	1,584,251	1,859,165	19,602	48,399	1,603,853	1,907,564
<b>Total Revenues</b>	<b>202,266,193</b>	<b>195,230,761</b>	<b>25,429,925</b>	<b>25,457,200</b>	<b>227,696,118</b>	<b>220,687,961</b>
<b><u>Expenses</u></b>						
General government	13,704,065	12,329,611	-	-	13,704,065	12,329,611
Public safety	52,668,468	46,661,450	-	-	52,668,468	46,661,450
Education	125,890,022	112,707,072	-	-	125,890,022	112,707,072
Public works	17,950,596	16,581,326	-	-	17,950,596	16,581,326
Health and human services	3,136,132	2,583,100	-	-	3,136,132	2,583,100
Culture and recreation	4,442,726	3,440,583	-	-	4,442,726	3,440,583
Interest expense	2,060,162	1,458,388	-	-	2,060,162	1,458,388
Water and sewer	-	-	26,277,000	25,065,647	26,277,000	25,065,647
<b>Total Expenses</b>	<b>219,852,171</b>	<b>195,761,530</b>	<b>26,277,000</b>	<b>25,065,647</b>	<b>246,129,171</b>	<b>220,827,177</b>
Increase (decrease) in net position before transfers	(17,585,978)	(530,769)	(847,075)	391,553	(18,433,053)	(139,216)
Transfers	285,454	108,855	(285,454)	(108,855)	-	-
Increase (decrease) in net position	(17,300,524)	(421,914)	(1,132,529)	282,698	(18,433,053)	(139,216)
Net position, beginning of year	(158,991,552)	(158,569,638)	17,162,421	16,879,723	(141,829,131)	(141,689,915)
Net position, end of year	<u>\$ (176,292,076)</u>	<u>\$ (158,991,552)</u>	<u>\$ 16,029,892</u>	<u>\$ 17,162,421</u>	<u>\$ (160,262,184)</u>	<u>\$ (141,829,131)</u>

**Governmental Activities** – The governmental activities decreased net position by approximately \$17.3 million. This is primarily due to the significant increase in OPEB expense which was \$27 million in the current year as compared to \$16 million in the prior year. This was similarly responsible for the decrease in the business-type activities, but on a much smaller scale.

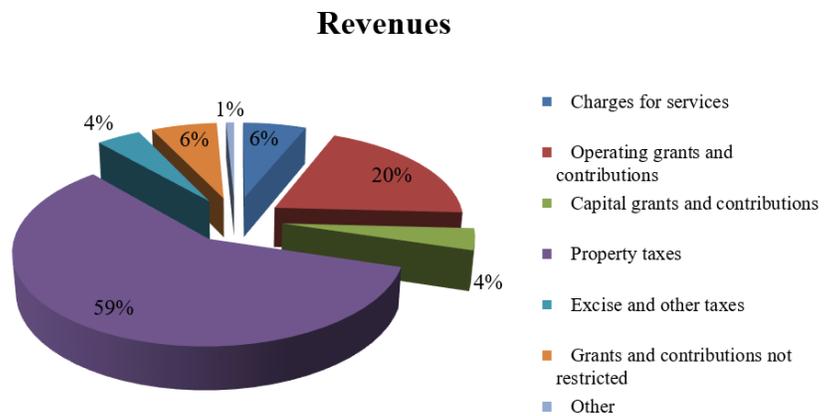
**Total revenues increased by about \$7.0 million. Major sources of revenue for governmental activities consist of:**

(1) **Property taxes** which represented 58.8% of total revenues or an increase of almost \$4.3 million over the prior year. Under Massachusetts General Laws, communities are allowed to assess taxes at 2 ½% of the prior year (added over \$2.8 million) plus any new growth (added almost \$1.4 million). Therefore, this net increase met a net increase that was expected from year to year.

(2) **Charges for services** is a small portion of total revenues (only 6.2%), but is highlighted because of the \$1.9 million decrease over the prior year. This reduction is primarily due to the impact the quarter four shut down had on charges related to permits, meals excise, hotel excise etc. The shut-down prevented consumers from partaking in these activities.

(3) **Operating grants and contributions** represent 19.7% of total revenues. The increase of almost \$3.1 million is due to increases in the City’s Charter school reimbursements and local aid increasing over the prior year. The City forecast this increase based on preliminary data received from the Governor’s Office and therefore the increase met an increase that was expected.

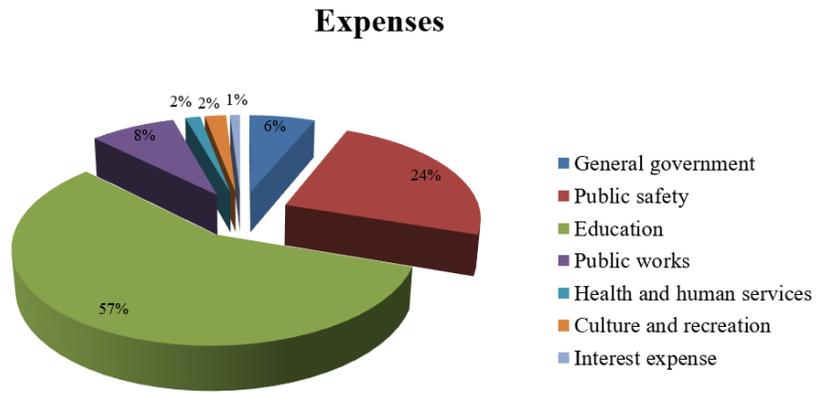
(4) All **other revenue** categories were either not significant or did not experience major fluctuations from year to year.



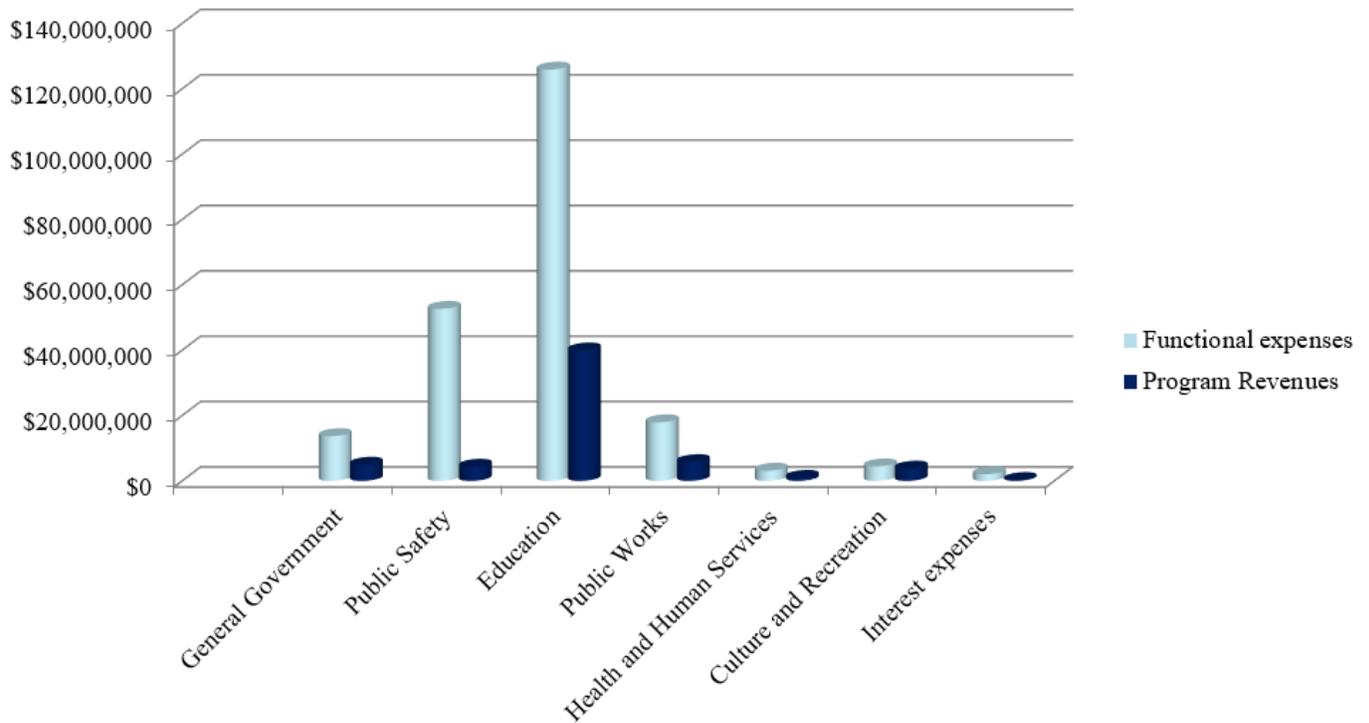
**Total expenses increased by about \$24.1 million. Major expense outlays incurred by governmental activities are summarized as follows:**

- General government (6.2%) increased about \$1.0 million year over year
- Public Safety (23.9%) increased almost \$6.0 million year over year.
- Public Works (8.2%) increased by almost \$1.4 million year over year.
- Education (57.3%) increased by \$13.2 million year over year.
- All other functional expenses in aggregate were only about 4.4%

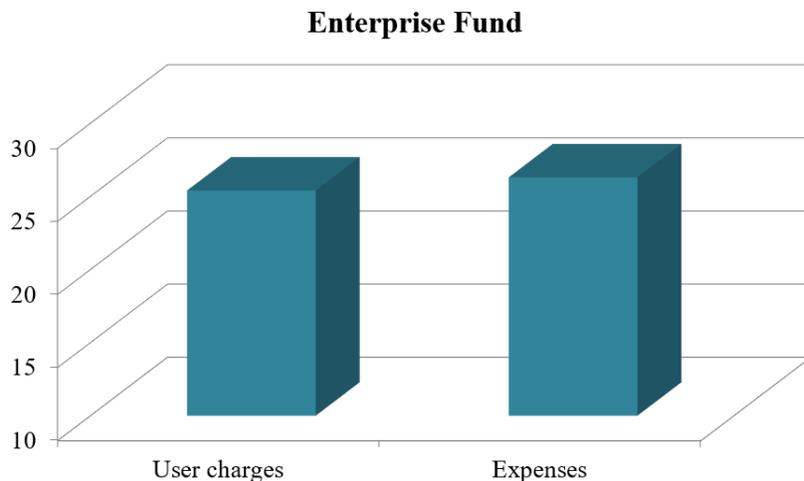
Approximately \$19.8 million of the net increases are associated with increases to pension, OPEB, health and other benefits. Similar to other communities, these costs are increasing on an annual basis. An additional \$0.4 million is related to increases in depreciation. The remainder are increases in salaries to meet collective bargaining agreements, maintenance that did not meet the criteria to capitalize and other minor one-time items such as consulting services in the Treasurer’s Office.



A comparison of functional expenses and program revenues is illustrated in the graph below.



**Business-type Activities** – Net position of the business-type activities decreased by approximately \$1.1 million over the prior year balances. Operations were fairly flat as expenses increased by 4% reflecting an increase by the City’s provider Massachusetts Water Resources Authority and increases due to pension, health and OPEB costs. The City did not enact a rate increase until 2021 therefore 2020 revenues were flat with the prior year.



**Fund-wide Financial Analysis of the Government’s Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds** – The focus of the City’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’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 fiscal year.

The City’s unassigned fund balance reported in the General Fund was approximately \$10.8 million (6.0% of General Fund expenditures). Total Fund Balance in the General Fund was approximately \$16.8 million (9.3% of General Fund expenditures). The City reported a restricted fund balance of \$10.7 million and an unassigned deficit of approximately \$1.0 million in its Capital Projects Fund. The remainder of governmental fund balances are included as Cemetery Perpetual Care Funds and Combined Nonmajor Fund Balances and are classified as either (1) non-spendable, due to being the corpus of an endowment for the cemetery in the amount of approximately \$4.2 million; (2) restricted due to constraints placed externally by third-parties in the amount of approximately \$17.3 million, or (3) unassigned as they reflect negative balances due to the use of short-term notes as funding sources.

As of the close of the current fiscal year, the City’s total governmental funds balance sheet reported a combined ending fund balance of approximately \$47.7 million, an increase of approximately \$8.5 million over the prior year.

The net causes for this were:

1. **General Fund** - An increase in the general fund of about \$2.0 million. This was a net positive due to two factors. The first factor was related to the impact the Covid-19 related lockdown had

on the City's revenues which was about \$2.0 million reduction. This was offset by a reduction in expenditures of approximately \$4.0 million. The City placed a spending freeze on all nonessential expenditures at the time of the lock down. In addition, expenditure output was reduced due to less activity in all activities.

2. **Combined Nonmajor** - An increase in the Combined Nonmajor Funds of \$1.6 million due primarily to revenues generated in the form of property taxes in the newly created Community Preservation Fund. The City has yet to expend aggressively from this fund thus the revenues are a direct increase.
3. **Capital projects funds** – An increase in capital projects funds of \$4.9 million due to bond proceeds and grant revenue exceeding expenditures. Fluctuations in this fund are primarily related to timing.

**Proprietary funds** – The City's proprietary funds are made up of (1) the Water and Sewer Enterprise Fund which provides the same type of information found in the government-wide financial statements under business-type activities, but in more detail; and (2) the City's Internal Service Fund which accounts for the City's Group Dental Insurance Plan and whose activities are not material.

**Fiduciary Fund** – The City's fiduciary fund is comprised primarily of the City's Retirement System whose net position is approximately \$207.1 million. These assets are used strictly to pay retiree pensions and annuities and may not be used for City operating purposes.

For the year ended December 31, 2019 the net position increased by approximately \$23.0 million due primarily to favorable market conditions in calendar 2019.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were not material by function except for a transfer from surplus in the amount of about \$1.2 million to finance overruns in the snow and ice budget due to emergency snow removal costs and a transfer to Capital Projects of about \$1.0 million to subsidize capital activity. The overall bottom line final budget did not vary significantly from the original budget except for these items.

Major budget to actual differences on the revenue side in aggregate were about \$1.5 million negative, and on the expenditure side about \$4.4 million positive. The specific areas that led to these results were discussed above in the **General Fund** operations comments.

Further detail of budget to actual comparisons may be reviewed as part of the Required Supplementary Information following the footnotes to this report.

### **Capital Asset and Debt Administration**

**Capital Assets** – The City's investment in capital assets for its governmental and business type activities as of June 30, 2020 amounts to approximately \$198.7 million (net of accumulated depreciation) an increase from the previous year's balance of approximately \$23.7 million. This investment in capital assets includes land, buildings and improvements, infrastructure, machinery, equipment, and software. The total increase is due to capital asset additions exceeding depreciation for the year.

The City has in recent years undergone major renovations and building of its educational facilities. Under pertinent Massachusetts general school construction regulations, the City is allowed to recoup a percentage of the construction costs including interest over the period of time in which the City is to pay back bonds undertaken for the various projects.

Near term capital plans include a new Library and new Police facilities.

Additional information on the City's capital assets can be found in Note II subsection D.

**Long-term Debt** – At the end of the current fiscal year, the City had total debt outstanding of approximately \$66.2 million inclusive of unamortized bond premium of almost \$1.4 million. The entire amount comprises debt backed by the full faith and credit of the government. The City's total debt increased by approximately \$20.3 million during the fiscal year. Detail of this increase can be analyzed in the table within the highlight discussion at the beginning of the management discussion and analysis.

In addition to long-term debt, the City also maintains \$0.9 million in bond anticipation notes. These consist of short-term debt issuances that are expected to be refinanced as bonds. These notes have been used to finance various infrastructure projects in the City.

The City's most recent credit evaluation resulted in maintaining a "AA+" rating –from Standard and Poor's Investment Services for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5.0 % of its total assessed valuation. The current debt limitation for the City is approximately \$528 million, which is significantly in excess of the City's outstanding general obligation debt classified as inside the debt limit.

The City also holds a proportionate share of debt of other governmental units that provide services within the City's boundaries. The debt service from such arrangements is assessed annually to the City.

Additional information on the City's short-term and long-term debt can be found in Note II under subsections E and F.

### **Economic Factors and Next Year's Budget and Rates**

- As previously discussed, the COVID-19 pandemic has had a catastrophic impact nation-wide. With the majority of the Country under lockdown for the entire 4<sup>th</sup> quarter, the impacts have caused significant reductions in revenue and thus an adverse impact on operations. The City survived fiscal 2020 due to a strong first three quarters and conservative revenue estimates. However, the impact to fiscal year 2021 is uncertain and thus, the City has taken a very conservative approach in estimating revenues for fiscal year 2021.
- Unemployment rates across the Commonwealth continue to be among the highest in the country as the effects of the COVID-19 pandemic has hit states with higher pre-pandemic employment rates the hardest.
- The City's real estate tax base is made up predominantly of residential taxes, which comprise nearly 82.0% of the City's real estate tax base. The City also relies heavily on its commercial and industrial real estate tax base, which in aggregate comprise 18.0% of the City's real estate tax base. In addition, Chapter 580 of the Acts of 1980, more commonly referred to as Proposition 2 ½, limits the City's ability to increase taxes in any one year by more than two and one-half percent (2 ½%) of the previous year tax levy.

- In July 2020, the Commonwealth advised all communities in Massachusetts it would level fund its State aid for fiscal 2021. The City has factored this into its estimates for fiscal 2021.
- Consistent with both State and National indices, and many of the communities in the Greater Boston area, the City's housing market has experienced a significant positive trend since the end of the recession in 2011.

All of the above items were considered when the City developed its budget for fiscal year 2021. The budget was adopted in June of 2020 and the City's tax rate was certified in December 2020.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Office of Finance and Auditing, Medford City Hall, 85 George P. Hassett Drive, Medford, Massachusetts 02155.

Complete stand-alone financial statements of the Retirement System can be obtained from the Retirement Office, Medford City Hall, 85 George P. Hassett Drive, Medford, Massachusetts 02155.

## **Basic Financial Statements**

**CITY OF MEDFORD, MASSACHUSETTS**

**STATEMENT OF NET POSITION  
JUNE 30, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activity	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 47,380,811	\$ 12,950,355	\$ 60,331,166
Investments	8,189,142	-	8,189,142
Deposits held by third parties	197,400	-	197,400
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	2,201,093	-	2,201,093
User fees	-	5,052,915	5,052,915
Tax title	1,070,450	335,511	1,405,961
Departmental and other	1,527,624	-	1,527,624
Intergovernmental	5,016,599	-	5,016,599
Capital assets not being depreciated	35,264,237	1,645,224	36,909,461
Capital assets, net of accumulated depreciation	140,914,699	20,849,242	161,763,941
<b>Total Assets</b>	<b>241,762,055</b>	<b>40,833,247</b>	<b>282,595,302</b>
<b>Deferred Outflows of Resources</b>			
Related to net other postemployment benefits liability	48,271,890	3,355,800	51,627,690
Related to net pension liability	28,791,360	942,566	29,733,926
<b>Total Deferred Outflows of Resources</b>	<b>77,063,250</b>	<b>4,298,366</b>	<b>81,361,616</b>
<b>Liabilities</b>			
Warrants and accounts payable	4,984,739	137,450	5,122,189
Accrued payroll and withholdings	1,804,611	54,876	1,859,487
Retainage payable	986,591	-	986,591
Accrued interest expense	1,233,117	-	1,233,117
Claims incurred but not reported	52,803	-	52,803
Other liabilities	554,670	-	554,670
Bond anticipation notes payable	890,699	-	890,699
Noncurrent liabilities:			
Due in one year or less	7,720,992	968,878	8,689,870
Due in more than one year	469,949,806	27,514,785	497,464,591
<b>Total Liabilities</b>	<b>488,178,028</b>	<b>28,675,989</b>	<b>516,854,017</b>
<b>Deferred Inflows of Resources</b>			
Related to net other postemployment benefits liability	5,398,239	375,279	5,773,518
Related to net pension liability	1,541,114	50,453	1,591,567
<b>Total Deferred Inflows of Resources</b>	<b>6,939,353</b>	<b>425,732</b>	<b>7,365,085</b>
<b>Net Position</b>			
Net investment in capital assets	120,870,178	20,148,487	141,018,665
Restricted:			
Nonexpendable permanent funds	4,524,490	-	4,524,490
Expendable permanent funds	5,307,324	-	5,307,324
Federal and State grants	2,032,668	-	2,032,668
Debt service	3,035,431	-	3,035,431
Community preservation	4,820,734	-	4,820,734
Other purposes	5,138,470	-	5,138,470
Unrestricted	(322,021,371)	(4,118,595)	(326,139,966)
<b>Total Net Position</b>	<b>\$ (176,292,076)</b>	<b>\$ 16,029,892</b>	<b>\$ (160,262,184)</b>

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activity	Total
<b>Primary Government:</b>							
<i>Governmental Activities:</i>							
General government	\$ 13,704,065	\$ 4,246,693	\$ 712,140	\$ -	\$ (8,745,232)	\$ -	\$ (8,745,232)
Public safety	52,668,468	3,701,542	641,401	-	(48,325,525)	-	(48,325,525)
Education	125,890,022	3,122,810	36,525,990	286,053	(85,955,169)	-	(85,955,169)
Public works	17,950,596	901,288	664,786	4,199,600	(12,184,922)	-	(12,184,922)
Health and human services	3,136,132	169,869	763,549	-	(2,202,714)	-	(2,202,714)
Culture and recreation	4,442,726	352,212	178,910	3,245,215	(666,389)	-	(666,389)
Interest expense	2,060,162	-	267,307	-	(1,792,855)	-	(1,792,855)
Total Governmental Activities	<u>219,852,171</u>	<u>12,494,414</u>	<u>39,754,083</u>	<u>7,730,868</u>	<u>(159,872,806)</u>	<u>-</u>	<u>(159,872,806)</u>
<i>Business-Type Activity:</i>							
Water and sewer services	<u>26,277,000</u>	<u>25,346,369</u>	<u>-</u>	<u>63,954</u>	<u>-</u>	<u>(866,677)</u>	<u>(866,677)</u>
Total Business Type Activity	<u>26,277,000</u>	<u>25,346,369</u>	<u>-</u>	<u>63,954</u>	<u>-</u>	<u>(866,677)</u>	<u>(866,677)</u>
Total Primary Government	<u>\$ 246,129,171</u>	<u>\$ 37,840,783</u>	<u>\$ 39,754,083</u>	<u>\$ 7,794,822</u>	<u>(159,872,806)</u>	<u>(866,677)</u>	<u>(160,739,483)</u>
<b>General Revenues:</b>							
Real and personal property taxes					118,999,741	-	118,999,741
Motor vehicle and other excise					8,769,289	-	8,769,289
Penalties and interest on taxes					467,890	-	467,890
Grants and contributions not restricted to specific programs					12,933,547	-	12,933,547
Unrestricted investment income					1,116,361	19,602	1,135,963
Transfers (net)					<u>285,454</u>	<u>(285,454)</u>	<u>-</u>
Total General Revenues and Transfers					<u>142,572,282</u>	<u>(265,852)</u>	<u>142,306,430</u>
Change in Net Position					(17,300,524)	(1,132,529)	(18,433,053)
<b>Net Position:</b>							
Beginning of year					<u>(158,991,552)</u>	<u>17,162,421</u>	<u>(141,829,131)</u>
End of year					<u>\$ (176,292,076)</u>	<u>\$ 16,029,892</u>	<u>\$ (160,262,184)</u>

See accompanying notes to basic financial statements.

**CITY OF MEDFORD, MASSACHUSETTS**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2020**

	General	Capital Projects	Cemetery Perpetual Care Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and short-term investments	\$ 20,365,724	\$ 13,430,257	\$ 74,970	\$ 12,847,538	\$ 46,718,489
Investments	-	-	8,189,142	-	8,189,142
Receivables, net of allowance for uncollectibles:					
Real estate and personal property taxes	2,181,688	-	-	19,405	2,201,093
Tax title	1,063,915	-	-	6,535	1,070,450
Department and other	1,527,624	-	-	-	1,527,624
Intergovernmental	3,825,725	-	-	1,190,874	5,016,599
Due from other funds	112,465	-	-	-	112,465
<b>Total Assets</b>	<u>29,077,141</u>	<u>13,430,257</u>	<u>8,264,112</u>	<u>14,064,352</u>	<u>64,835,862</u>
<b>Total Deferred Outflows of Resources</b>	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 29,077,141</u>	<u>\$ 13,430,257</u>	<u>\$ 8,264,112</u>	<u>\$ 14,064,352</u>	<u>\$ 64,835,862</u>
<b>Liabilities:</b>					
Warrants and accounts payable	\$ 2,180,957	\$ 1,897,436	\$ 4,800	\$ 868,694	\$ 4,951,887
Accrued payroll and withholdings	1,760,976	-	-	43,635	1,804,611
Retainage payable	-	986,591	-	-	986,591
Bond anticipation notes payable	-	890,699	-	-	890,699
Other liabilities	553,183	-	-	1,487	554,670
Due to other funds	-	-	-	112,465	112,465
<b>Total Liabilities</b>	<u>4,495,116</u>	<u>3,774,726</u>	<u>4,800</u>	<u>1,026,281</u>	<u>9,300,923</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenues - property taxes	3,245,603	-	-	25,940	3,271,543
Unavailable revenues - intergovernmental	3,035,431	-	-	-	3,035,431
Unavailable revenues - other	1,527,624	-	-	-	1,527,624
<b>Total Deferred Inflows of Resources</b>	<u>7,808,658</u>	<u>-</u>	<u>-</u>	<u>25,940</u>	<u>7,834,598</u>
<b>Fund Balances:</b>					
Nonspendable	-	-	4,158,659	365,831	4,524,490
Restricted	-	10,687,134	4,100,653	13,172,603	27,960,390
Assigned	5,972,849	-	-	-	5,972,849
Unassigned	10,800,518	(1,031,603)	-	(526,303)	9,242,612
<b>Total Fund Balances</b>	<u>16,773,367</u>	<u>9,655,531</u>	<u>8,259,312</u>	<u>13,012,131</u>	<u>47,700,341</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 29,077,141</u>	<u>\$ 13,430,257</u>	<u>\$ 8,264,112</u>	<u>\$ 14,064,352</u>	<u>\$ 64,835,862</u>

See accompanying notes to basic financial statements.

**CITY OF MEDFORD, MASSACHUSETTS**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TOTAL FUND BALANCES TO THE STATEMENT OF NET POSITION  
JUNE 30, 2020**

	Total
<b>Total Governmental Fund Balances</b>	<b>\$ 47,700,341</b>
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	176,178,936
Assets and liabilities of the City's internal service funds are included in the Statement of Net Position, but are not reported in the governmental funds.	774,067
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	7,834,598
Deferred outflows and inflows of resources to be recognized in future years' expense are not available resources and, therefore, are not reported in the funds:	
Deferred outflows related to net pension liability	28,791,360
Deferred outflows related to net other postemployment benefits liability	48,271,890
Deferred inflows related to net pension liability	(1,541,114)
Deferred inflows related to net other postemployment benefits liability	(5,398,239)
Net effect of reporting deferred outflows and inflows of resources	70,123,897
In the Statement of Net Position, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	(1,233,117)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the government funds:	
Bonds and notes payable	(60,627,050)
Unamortized bond premiums	(1,404,410)
Compensated absences	(4,461,934)
Workers' compensation liability	(765,272)
Net pension liability	(117,600,458)
Net other postemployment benefits liability	(292,811,674)
Net effect of reporting long-term liabilities	(477,670,798)
<b>Net Position of Governmental Activities</b>	<b>\$ (176,292,076)</b>

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FISCAL YEAR ENDED JUNE 30, 2020

	General	Capital Projects	Cemetery Perpetual Care Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Real estate and personal property taxes, net	\$ 116,629,609	\$ -	\$ -	\$ 1,462,780	\$ 118,092,389
Intergovernmental	48,335,880	3,189,670	-	10,198,422	61,723,972
Motor vehicle and other excise	8,616,434	-	-	-	8,616,434
Licenses and permits	2,933,536	-	-	-	2,933,536
Departmental and other	5,647,458	416,009	-	4,532,900	10,596,367
Penalties and interest on taxes	467,890	-	-	-	467,890
Fines and forfeitures	106,254	-	-	-	106,254
Interest and investment income	813,600	-	283,618	17,322	1,114,540
Contributions and donations	-	-	41,600	405,506	447,106
<b>Total Revenues</b>	<b>183,550,661</b>	<b>3,605,679</b>	<b>325,218</b>	<b>16,616,930</b>	<b>204,098,488</b>
<b>Expenditures:</b>					
Current:					
General government	5,422,080	229,220	-	1,032,920	6,684,220
Public safety	28,590,038	16,721,856	-	716,247	46,028,141
Education	61,182,122	1,082,657	-	7,560,474	69,825,253
Public works	12,572,269	1,454,495	38,990	3,269,924	17,335,678
Health and human services	1,446,423	-	-	638,619	2,085,042
Culture and recreation	2,007,175	7,354,336	-	1,622,782	10,984,293
Pension and fringe benefits	51,433,586	-	-	-	51,433,586
State and county tax assessments	11,310,808	-	-	-	11,310,808
Debt service:					
Principal	5,828,000	-	-	25,000	5,853,000
Interest expense	1,565,269	-	-	35,563	1,600,832
<b>Total Expenditures</b>	<b>181,357,770</b>	<b>26,842,564</b>	<b>38,990</b>	<b>14,901,529</b>	<b>223,140,853</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>2,192,891</b>	<b>(23,236,885)</b>	<b>286,228</b>	<b>1,715,401</b>	<b>(19,042,365)</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	722,376	947,250	-	46,715	1,716,341
Transfers out	(968,992)	(46,715)	(248,140)	(167,040)	(1,430,887)
Issuance of bonds	-	26,037,050	-	-	26,037,050
Premiums from issuance of bonds and notes	-	1,226,410	-	-	1,226,410
<b>Total Other Financing Sources (Uses)</b>	<b>(246,616)</b>	<b>28,163,995</b>	<b>(248,140)</b>	<b>(120,325)</b>	<b>27,548,914</b>
<b>Net Change in Fund Balance</b>	<b>1,946,275</b>	<b>4,927,110</b>	<b>38,088</b>	<b>1,595,076</b>	<b>8,506,549</b>
Fund Balances - Beginning	14,827,092	4,728,421	8,221,224	11,417,055	39,193,792
Fund Balances - Ending	\$ 16,773,367	\$ 9,655,531	\$ 8,259,312	\$ 13,012,131	\$ 47,700,341

See accompanying notes to basic financial statements.

**CITY OF MEDFORD, MASSACHUSETTS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FISCAL YEAR ENDED JUNE 30, 2020**

	<u>Total</u>
<b>Net Change in Fund Balances - Total Governmental Fund Balances</b>	<b>\$ 8,506,549</b>
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net amounts are reflected here as reconciling items:</p>	
Capital outlays	\$ 30,456,405
Depreciation expense	<u>(7,187,232)</u>
Net effect of reporting capital assets	23,269,173
<p>In the Statement of Activities, Internal Service Funds established to administer the City's health insurance costs are included within the activity; whereas, these activities are not presented in the Statement of Revenues, Expenditures and Changes in Fund Balances.</p>	
	218,417
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither has any effect on net position. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued; whereas these amounts are amortized in the Statement of Activities. The net amount presented here as a reconciling item represents the following differences:</p>	
Premiums from bond issuances	(1,226,410)
Proceeds from bond issuances	(26,037,050)
Amortization of bond premiums	178,000
Repayments of debt	<u>5,853,000</u>
Net effect of reporting long-term debt	(21,232,460)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
	(1,834,116)
<p>In the Statement of Activities, interest is accrued on outstanding long-term debt; whereas in governmental funds interest is not reported until due. The net amount presented here as a reconciling item represents the difference in accruals between this year and the prior year.</p>	
	(637,330)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:</p>	
Compensated absences	(294,680)
Other postemployment benefits	(21,221,980)
Pension benefits	(4,449,027)
Workers' compensation	<u>374,930</u>
Net effect of reporting long-term liabilities	<u>(25,590,757)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u>\$ (17,300,524)</u></b>

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
JUNE 30, 2020

	Business-Type Activity	Governmental Activity
	Water and Sewer Enterprise Fund	Internal Service Fund
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 12,950,355	\$ 662,322
Deposits held by third parties	-	197,400
User fees, net of allowance for uncollectibles	5,052,915	-
Intergovernmental	-	-
Total current assets	<u>18,003,270</u>	<u>859,722</u>
Noncurrent assets:		
Utility liens	335,511	-
Capital assets not being depreciated	1,645,224	-
Capital assets, net of depreciation	<u>20,849,242</u>	<u>-</u>
Total noncurrent assets	<u>22,829,977</u>	<u>-</u>
<b>Total Assets</b>	<u>40,833,247</u>	<u>859,722</u>
<b>Deferred Outflows of Resources</b>		
Related to net other postemployment benefits liability	3,355,800	-
Related to net pension liability	<u>942,566</u>	<u>-</u>
<b>Total Deferred Outflows of Resources</b>	<u>4,298,366</u>	<u>-</u>
<b>Liabilities:</b>		
Current liabilities:		
Warrants and accounts payable	137,450	32,852
Accrued payroll and withholdings	54,876	-
Claims incurred but not reported	-	52,803
Current portion of debt	943,218	-
Compensated absences	<u>25,660</u>	<u>-</u>
Total current liabilities	<u>1,161,204</u>	<u>85,655</u>
Noncurrent liabilities:		
Compensated absences	76,979	-
Net other postemployment benefits liability	20,355,892	-
Net pension liability	3,849,979	-
Noncurrent portion of debt	<u>3,231,935</u>	<u>-</u>
Total noncurrent liabilities	<u>27,514,785</u>	<u>-</u>
<b>Total Liabilities</b>	<u>28,675,989</u>	<u>85,655</u>
<b>Deferred Inflows of Resources</b>		
Related to net other postemployment benefits liability	375,279	-
Related to net pension liability	<u>50,453</u>	<u>-</u>
<b>Total Deferred Inflows of Resources</b>	<u>425,732</u>	<u>-</u>
<b>Net Position:</b>		
Net investment in capital assets	20,148,487	-
Unrestricted	<u>(4,118,595)</u>	<u>774,067</u>
<b>Total Net Position</b>	<u>\$ 16,029,892</u>	<u>\$ 774,067</u>

See accompanying notes to basic financial statements.

**CITY OF MEDFORD, MASSACHUSETTS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION -  
 PROPRIETARY FUNDS  
 FISCAL YEAR ENDED JUNE 30, 2020**

	Business-Type Activity	Governmental Activities
	Water and Sewer Enterprise Fund	Internal Service Fund
<b>Operating Revenues:</b>		
Charges for services	\$ 24,996,824	\$ -
Employee contributions	-	694,402
Employer contributions	-	625,677
Other revenues	349,545	-
<b>Total Operating Revenues</b>	<u>25,346,369</u>	<u>1,320,079</u>
<b>Operating Expenses:</b>		
Operating costs	6,262,430	-
Water and sewer assessment	19,020,042	-
Dental claims	-	1,103,483
Depreciation	960,686	-
<b>Total Operating Expenses</b>	<u>26,243,158</u>	<u>1,103,483</u>
<b>Operating Income</b>	<u>(896,789)</u>	<u>216,596</u>
<b>Nonoperating Revenues (Expenses):</b>		
Interest income	19,602	1,821
Interest expense	(33,842)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(14,240)</u>	<u>1,821</u>
<b>Income Before Capital Contributions and Transfers</b>	(911,029)	218,417
Capital contributions	63,954	-
Transfers in	21,742	-
Transfers out	(307,196)	-
<b>Change in Net Position</b>	<u>(1,132,529)</u>	<u>218,417</u>
Total Net Position - Beginning	17,162,421	555,650
Total Net Position - Ending	<u>\$ 16,029,892</u>	<u>\$ 774,067</u>

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
FISCAL YEAR ENDED JUNE 30, 2020

	Business-Type Activity	Governmental Activities
	Water and Sewer Enterprise Fund	Internal Service Fund
<b>Cash Flows from Operating Activities:</b>		
Receipts from users	\$ 24,857,582	\$ -
Employee contributions	-	694,402
Employer contributions	-	625,677
Other revenues	349,545	-
Payments to vendors	(22,015,706)	-
Payments to employees	(1,742,006)	-
Payments for interfund services used	-	(1,295,776)
Net Cash Provided by (Used for) Operating Activities	<u>1,449,415</u>	<u>24,303</u>
<b>Cash Flows from Noncapital Financing Activities:</b>		
Transfers in	21,742	-
Transfers out	(307,196)	-
Net Cash Provided By (Used for) Noncapital Financing Activities	<u>(285,454)</u>	<u>-</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Capital grants	63,954	-
Proceeds from issuance of bond anticipation notes	-	-
Proceeds from issuance of bonds	-	-
Acquisition and construction of capital assets	(1,358,725)	-
Paydowns of bond anticipation notes	-	-
Principal payments on bonds and notes	(935,217)	-
Interest expense	(33,842)	-
Net Cash (Used for) Capital and Related Financing Activities	<u>(2,263,830)</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>		
Interest income	19,602	1,821
Net Cash Provided by Investing Activities	<u>19,602</u>	<u>1,821</u>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(1,080,267)</b>	<b>26,124</b>
<b>Cash and Cash Equivalents:</b>		
Beginning of year	<u>14,030,622</u>	<u>636,198</u>
End of year	<u>\$ 12,950,355</u>	<u>\$ 662,322</u>
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities:</b>		
Operating income	\$ (896,789)	\$ 216,596
Depreciation	960,686	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Receivables	(139,242)	-
Deposits held	-	(105,000)
Deferred outflows of resources	(2,806,250)	-
Warrants and accounts payable	(143,023)	(94,955)
Accrued payroll and withholdings	14,013	-
Compensated absences	32,794	-
Net other postemployment benefits liability	4,044,011	-
Net pension liability	574,224	-
Deferred inflows of resources	(191,009)	-
Claims incurred but not reported	-	7,662
Net Cash Provided by (Used for) Operating Activities	<u>\$ 1,449,415</u>	<u>\$ 24,303</u>

See accompanying notes to basic financial statements.

**CITY OF MEDFORD, MASSACHUSETTS**

**STATEMENT OF FIDUCIARY NET POSITION**

**JUNE 30, 2020**

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 2,091,079	\$ 442,165	\$ 206,859
Investments at fair value:			
U.S. government and agencies	9,972,491	-	-
Corporate bonds	14,486,885	-	-
Foreign government bonds	300,000	-	-
Equity securities	2,137	-	-
Mutual funds	138,829,131	-	-
State Treasurer investment pool - PRIT	41,917,696	-	-
Total Investments	<u>205,508,340</u>	<u>-</u>	<u>-</u>
Receivables:			
Interest receivable	121,032	-	-
Other	182,713	-	378,452
Total Receivables	<u>303,745</u>	<u>-</u>	<u>378,452</u>
<b>Total Assets</b>	<u>207,903,164</u>	<u>442,165</u>	<u>585,311</u>
<b>Liabilities:</b>			
Warrants and accounts payable	775,391	-	-
Accrued payroll and withholdings	-	-	180,424
Agency liabilities	-	-	404,887
<b>Total Liabilities</b>	<u>775,391</u>	<u>-</u>	<u>\$ 585,311</u>
<b>Net Position:</b>			
Restricted for pensions	207,058,821	-	
Restricted for other postemployment benefits	68,952	-	
Held in trust for private purposes	-	442,165	
<b>Total Net Position</b>	<u>\$ 207,127,773</u>	<u>\$ 442,165</u>	

See accompanying notes to basic financial statements.

**CITY OF MEDFORD, MASSACHUSETTS**

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FISCAL YEAR ENDED JUNE 30, 2020**

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
	<u>Trust Funds</u>	<u>Trust Funds</u>
<b>Additions:</b>		
Contributions:		
Employer	\$ 18,471,359	\$ -
Employee	4,856,585	-
Other contributions	834,787	-
Total contributions	<u>24,162,731</u>	<u>-</u>
Investment earnings:		
Interest and dividends	4,688,829	13,946
Net appreciation in fair value of investments	23,835,137	-
Less - management fees	<u>(1,280,427)</u>	<u>-</u>
Net investment income	27,243,539	13,946
Other income	<u>7,907</u>	<u>-</u>
Total Additions	<u>51,414,177</u>	<u>13,946</u>
<b>Deductions:</b>		
Benefit payments to retirees and beneficiaries	26,878,362	-
Member refunds	336,756	-
Transfers and reimbursements to other systems	761,864	-
Payroll expenses of the System	255,998	-
Other administrative expenses	135,445	-
Scholarships	<u>-</u>	<u>14,279</u>
Total Deductions	<u>28,368,425</u>	<u>14,279</u>
Change in Net Position	23,045,752	(333)
<b>Net Position - Beginning of Year</b>	<u>184,082,021</u>	<u>442,498</u>
<b>Net Position - End of Year</b>	<u>\$ 207,127,773</u>	<u>\$ 442,165</u>

See accompanying notes to basic financial statements.

## CITY OF MEDFORD, MASSACHUSETTS

### NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2020

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#### **I. Summary of Significant Accounting Policies**

The accompanying basic financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to state and local governments. GAAP is prescribed by the Governmental Accounting Standards Board (GASB), which is the primary standard-setting body for state and local government entities. The following is a summary of the more significant policies and practices used by the City:

##### **A. Reporting Entity**

The City is located in Middlesex County, three miles northwest of Boston. It was first established as a Town in 1630 and incorporated as a City in 1892. An elected Mayor who serves a two-year term and a seven-member City Council who are elected biennially govern the City. The City provides governmental services for the territory within its boundaries, including police and fire protection, disposal of garbage and rubbish, public education in grades K-12, water and sewer services, street maintenance, parks and recreational facilities. The water and sewer services are provided via connections to the Massachusetts Water Resources Authority. These services are funded almost entirely with user charges.

Component units, while separate entities, are in substance part of the governmental operations if the significance of their operations and/or financial relationship with the City meet certain criteria.

The entity discussed below is included in the City's reporting entity because of the significance of its operations or financial relationships with the City.

*Medford Contributory Retirement System* – The System was established to provide retirement benefits to City employees, the Medford Housing Authority employees and their beneficiaries. While legally separate, the System provides services almost entirely to the City and is reported as a pension trust fund in the fiduciary fund financial statements.

Complete financial statements of the System as of December 31, 2019 were issued and are available at the Retirement Office, 85 George P. Hassett Drive, Room 215, Medford, Massachusetts.

##### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the 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. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely primarily on fees and charges for support. Likewise the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual government funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

Major Fund Criteria – Major funds must be reported if both of the following criteria are met:

- 1) The total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least ten percent of the corresponding element (assets and deferred outflows, liabilities and deferred inflows, etc.) for all funds of that category or type (total governmental or total enterprise funds), and
- 2) The total assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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 a liability is incurred. Property taxes are recognized as revenues in the fiscal year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider are met.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when susceptible to accrual (i.e. measurable and available). Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with current expendable available resources.

The City considers property tax revenues to be available if they are collected within 60 days after the end of the fiscal year. Investment income associated with the current fiscal period is susceptible to accrual and has been recognized as revenue of the current fiscal period. All other

revenue items are considered to be measurable and available only when the cash is received and are recognized as revenue at that time.

The government reports the following major Governmental Funds:

General Fund – is the government’s primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Capital Projects Fund – is used to account for all financial resources relating to the City’s capital construction activities and other capital purchases.

Cemetery Perpetual Care Fund – is used to account for all financial resources relating to the City’s cemetery operations funded from monies held in trust.

Nonmajor Governmental Funds – consist of other special revenue, 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 Funds are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The Permanent Funds are used to account for financial resources that are restricted to the extent that only earnings, not principal, may be used for purposes that support the governmental programs.

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues are user charges and fees, while operating expenses consist of salaries, ordinary maintenance, assessments, indirect costs and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The government reports the following major proprietary fund:

Water and Sewer Enterprise Fund – is used to account for the operation of the water and sewer department. Costs associated with maintaining the related infrastructure and providing services to the general public on a continuing basis, including depreciation, are financed or recovered primarily through user charges. This activity was established as one single enterprise fund by the City Council. The department services a user base that is homogenous to both water and sewer and as such the water and sewer transactions, including billing/collection, disbursements, capital assets and budgeting are not administered in a separately distinguishable manner.

Additionally, the following proprietary fund type is reported:

Internal Service Fund – is used to account for the City’s self-insured Group Dental Insurance Plan related activities. Because these services primarily benefit governmental rather than business-type activities, they have been included within *governmental activities* in the government-wide financial statements.

Fiduciary fund financial statements are reported using the *economic resources measurement focus* and use the *accrual basis of accounting*. Fiduciary funds are used to account for assets held in a trustee capacity and cannot be used to support the governmental programs.

The government reports the following fiduciary funds:

Pension and Other Employee Benefit Trust Funds – is used to account for the activities of the System, which accumulates resources for pension benefits to retired City employees and to accumulate funds for future payments of other postemployment benefits for retirees, such as health and life insurance.

Private-Purpose Trust Fund – is used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments. This fund is primarily used for educational scholarships.

Agency Fund – is used to account for assets held in a purely custodial capacity. The City’s agency funds consist primarily of student activities, off-duty work details and escrow and other deposits. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources, as they are needed.

#### **D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Equity**

Deposits and Investments – The City’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments of the City and System are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables – Real estate and personal property taxes are assessed on January 1 every year. Bills are sent quarterly and are due on August 1, November 1, February 1, and May 1, or thirty days subsequent to the mailing date. Interest accrues on delinquent taxes at the rate of 14% per annum. Property taxes levied are recorded as receivables in the fiscal year of the levy. Real estate taxes and water and sewer user fees are secured through a lien process within 60 days after the due date and are considered 100% collectible. Accordingly, an allowance for uncollectible balances for these receivables is not reported. All personal property tax, excise tax and other departmental receivables are shown net of an allowance for uncollectible balances comprised of those outstanding amounts greater than five years old.

Inventories and Prepaid Items – Inventories, which are not material to the basic financial statements, are considered to be expenditures at the time of purchase.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets – Capital assets, which include land, land improvements, buildings and improvements, machinery and equipment, vehicles, software and infrastructure (e.g. roads, water and sewer mains, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported as acquisition value rather than fair value. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected lives of greater than two years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets (excluding land and construction-in-process) are depreciated by the City on a straight-line-basis.

The estimated useful lives of capital assets being depreciated are as follows:

Land improvements	10-30 years
Buildings and improvements	20-50 years
Machinery and equipment	5-20 years
Vehicles	3-15 years
Infrastructure	20-50 years

Interfund Balances – Activity between funds that are representative of lending arrangements outstanding at the end of the fiscal year are referred to as either *due to/from other funds* or *advances to/from other funds*. All other outstanding balances between funds are reported as due to/from other funds.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

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 in the individual fund statements. Transfers between and within governmental and fiduciary funds are eliminated from the governmental activities in the statement of activities. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the statement of activities as *transfers, net*.

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 state law. Investment income of the proprietary funds is retained in the respective funds.

Compensated Absences – It is the City’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures. Amounts related to these benefits are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured.

Long-term Obligations – Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the straight line and effective interest methods.

In the governmental fund financial statements, the face amount of long-term debt issued is reported as other financing sources. Premiums received on a debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are exclusively reported as general government expenditures regardless of whether they are withheld from the actual proceeds.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that are reported on the government-wide statement of net position which relate to outflows from changes in the net pension liability and the net other postemployment benefit liability. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection C.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three items that are reported as deferred inflows of resources. The first arises only under a modified accrual basis of accounting and, accordingly, the item *unavailable revenue* is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes, intergovernmental and other. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other items are reported on the government-wide statement of net position and relate to inflows from changes in the net pension liability and the net other postemployment benefit liability. The deferred pensions will be recognized in pension expense in future years as more fully described in Note III, subsection A. The deferred other postemployment benefits will be recognized in employee benefits expense in future years as more fully described in Note III, subsection C.

Net Position – In the government-wide financial statements, 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 related debt.

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific use. Net position has been *restricted* for the following:

*Nonexpendable permanent funds* represent the endowment portion of donor restricted trusts that support governmental programs.

*Expendable permanent funds* represent the portion of donor restricted trusts that may be spent to support governmental programs.

*Federal and State grants* represent assets that have restrictions placed on them from federal and state *granting* agencies.

*Debt service* represents a capital grant to fund a portion of the debt service on outstanding school construction debt that will be amortized over the life of the bonds in accordance with state law.

*Community preservation* represents assets that are restricted by state law for the purposes of acquiring or developing open space and recreational facilities, historic resources and affordable housing.

*Other specific purposes* represent assets that are restricted by donors for specific governmental programs and uses.

*Fund Equity* – In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily to the extent in which the City is required to honor constraints on the specific purpose for which amounts in the funds can be spent.

Fund balance is reported in five components – nonspendable, restricted, committed, assigned, and unassigned as described below:

*Nonspendable* represents amounts that cannot be spent because they are either (a) not in spendable form (i.e. inventory or prepaid) or (b) legally or contractually required to be maintained intact such as the corpus of an endowment.

*Restricted* represents amounts that have constraints placed either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

*Committed* represents amounts that can only be used for specific purposes pursuant to formal action of the City Council through City Council Orders, which represent the most binding constraint that give rise to committed fund balance. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (through City Council Orders) it employed previously to commit those amounts. The City does not report any committed fund balances.

*Assigned* represents amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Council has by ordinance authorized the City Auditor to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

*Unassigned* represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a *negative* unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.

It is the goal of the City to achieve and maintain a combination of an unreserved General Fund balance between 5.0% - 15.0% of general fund expenditures. The City considers a combined balance of less than 5.0% to be cause for concern, barring unusual or deliberate circumstances, and a balance of more than 15% as excessive. An amount in excess of 15% should be designated depending upon priorities of the Administration and City Council.

*Stabilization Fund* – The City does not maintain any stabilization funds.

*Encumbrances* – The City's encumbrance policy regarding the general fund is to (1) classify encumbrances that arise from the issuance of purchase orders resulting from normal purchasing activity approved by the City Auditor as assigned, and (2) classify encumbrances that result from an action of the City Council as committed. Encumbrances of funds already restricted, or committed are included within the classification of those fund balances and not reported separately. The City reports \$476,339 of encumbrances from normal purchasing activity in the general fund as assigned. There are no encumbrances reported in any other fund.

The following table reflects the City's fund equity categorizations:

	General	Capital Projects	Cemetery Perpetual Care Fund	Nonmajor Governmental Funds	Total
Nonspendable:					
Nonexpendable trust funds	\$ -	\$ -	\$ 4,158,659	\$ 365,831	\$ 4,524,490
Restricted:					
City federal and state grants	-	-	-	1,201,182	1,201,182
School federal and state grants	-	-	-	831,486	831,486
Receipts reserved for appropriation	-	-	-	1,195,553	1,195,553
City revolving funds	-	-	-	1,409,790	1,409,790
School revolving funds	-	-	-	1,468,569	1,468,569
City gift and other funds	-	-	-	764,524	764,524
School gift and other funds	-	-	-	300,034	300,034
Community preservation	-	-	-	4,794,794	4,794,794
Capital outlay - roadways	-	290,308	-	-	290,308
Capital outlay - schools	-	923,989	-	-	923,989
Capital outlay - buildings	-	6,939,715	-	-	6,939,715
Capital outlay - equipment	-	420,313	-	-	420,313
Capital outlay - public transportation	-	1,478,737	-	-	1,478,737
Capital outlay - other	-	634,072	-	-	634,072
Cemetery trust funds	-	-	4,100,653	-	4,100,653
Linkage funds	-	-	-	605,485	605,485
School trust funds	-	-	-	171,940	171,940
Public safety trust funds	-	-	-	171,788	171,788
Other trust funds	-	-	-	257,458	257,458
Assigned:					
Public safety	155,550	-	-	-	155,550
Public works	130,929	-	-	-	130,929
Subsequent years' budget	5,496,510	-	-	-	5,496,510
Other purposes	189,860	-	-	-	189,860
Unassigned	10,800,518	(1,031,603)	-	(526,303)	9,242,612
	<u>\$16,773,367</u>	<u>\$ 9,655,531</u>	<u>\$ 8,259,312</u>	<u>\$13,012,131</u>	<u>\$ 47,700,341</u>

#### E. Excess of Expenditures Over Appropriations and Deficits

The City incurred deficits of \$1,031,603 for capital outlays which is reported in the Capital Projects major fund and \$526,303 in several special revenue funds reported in the nonmajor governmental funds. These deficits will be funded through available revenues, grant funds or bond proceeds in future fiscal years.

#### F. Use of Estimates

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 fiscal year. Actual results could vary from estimates that were used.

## II. Detailed Notes to All Funds

### A. Deposits 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 trust funds are held separately from those of other funds. State laws and regulations require the City to invest funds only in pre-approved investment instruments which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, and State Treasurer's investment pool (the Pool). In addition, the statutes impose various limitations on the amount and length of investments and deposits. Repurchase agreements cannot be for a period of over ninety days, and the underlying security must be a United States obligation. During the fiscal year, the City did not enter into any repurchase agreements.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (the 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.

#### *Primary Government (City)*

Custodial Credit Risk: Deposits - In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk relative to cash holdings. At year-end, the carrying amount of the City's deposits was \$56,665,725 and the bank balance was \$58,511,590. Of the City's bank balance, \$8,158,034 was covered by federal depository insurance or the depositors' insurance fund; the remainder was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk: Investments – In the case of investments, this is the risk that in the event of the invested party not being able to provide required payments to investors, ceasing to exist, or filing of bankruptcy, the City may not be able to recover the full amount of its principal investment and/or investment earnings. The City's investments in U.S. government and agency obligations, municipal government obligations, corporate bonds, common stock and equity mutual funds are exposed to custodial credit risk because the related securities are uninsured, unregistered and are held by the counterparty. The City does not have a formal investment policy related to custodial credit risk.

Fair Value of Investments – The City reports its investments at fair value. When actively quoted observable prices are not available, the City generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. This hierarchy is based on valuation inputs used to measure the fair value of the asset or liability. The three levels of the hierarchy are as follows:

- *Level 1* – Inputs are quoted prices in active markets for identical investments at the measurement date.

- *Level 2* – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the investment through correlation with market data at the measurement date and for the duration of the instrument’s anticipated life.
- *Level 3* – Inputs reflect the City’s best estimate of what market participants would use in pricing the investment at the measurement date.

The following table presents the City’s investments carried at fair value on a recurring basis in the statement of net position at June 30, 2020:

	<u>6/30/20</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Investments by fair value level</b>				
Debt securities:				
U.S. Government and agencies	\$ 86,531	\$ 86,531	\$ -	\$ -
Municipal obligations	304,574	-	304,574	-
Corporate bonds	1,601,264	-	1,601,264	-
Money market mutual funds	1,537,459	-	1,537,459	-
Total debt securities	3,529,828	86,531	3,443,297	-
Equity securities:				
Common stock	3,552,539	3,552,539	-	-
Equity mutual funds	2,711,461	2,711,461	-	-
Total equity securities	6,264,000	6,264,000	-	-
Total investments by fair value level	<u>\$ 9,793,828</u>	<u>\$ 6,350,531</u>	<u>\$ 3,443,297</u>	<u>\$ -</u>
<b>Investments measured at amortized cost</b>				
MMDT	<u>2,778,731</u>			
Total investments	<u>\$ 12,572,559</u>			

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. U.S. Government agencies, municipal obligations and corporate bonds in Level 2 are valued using matrix pricing based on the securities’ relationship to benchmark quoted prices. Money market mutual funds classified in Level 2 are valued at the published fair value per share (unit). The State Treasurer’s investment pool (MMDT) is valued at amortized cost. The MMDT’s investment advisor may value the pool using an alternative valuation method that more accurately reflects the fair value in accordance with the pools fair value pricing policies should amortized cost not approximate the fair value of the pool. There are no restrictions or limits on withdrawals from the pool and no direct fees are charged to participants.

*Interest Rate Risk* – The City does not have formal investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At June 30, 2020, the City' investments had the following maturities:

<b>Investments</b>	<b>6/30/20</b>	<b>Maturities in Years</b>		
		<b>Less than 1</b>	<b>1 - 5</b>	<b>6 - 10</b>
U.S. Government and agencies	\$ 86,531	\$ 86,531	\$ -	\$ -
Municipal obligations	304,574	-	206,562	98,012
Corporate bonds	1,601,264	126,760	1,474,504	-
Money market mutual funds	1,537,459	1,537,459	-	-
MMDT	2,778,731	2,778,731	-	-
Total investments with maturities	<u>\$ 6,308,559</u>	<u>\$ 4,529,481</u>	<u>\$ 1,681,066</u>	<u>\$ 98,012</u>

Concentration of Credit Risk – The City does not place a limit on the amount that may be invested in any one issuer. The City has 22% of its investments in MMDT.

Credit Risk – The City has not adopted a formal policy related to credit risk.

At June 30, 2020, the credit quality ratings of investments were as follows:

<u>Quality Ratings (S &amp; P)</u>	<u>U.S. Government Agencies</u>	<u>Municipal Obligations</u>	<u>Corporate Bonds</u>	<u>Totals</u>
AAA	\$ 86,531	\$ -	\$ -	\$ 86,531
AA-	-	206,562	-	206,562
A	-	-	53,898	53,898
A-	-	-	432,711	432,711
BBB+	-	98,012	627,404	725,416
BBB	-	-	365,770	365,770
B	-	-	121,481	121,481
Totals - All	<u>\$ 86,531</u>	<u>\$ 304,574</u>	<u>\$ 1,601,264</u>	<u>\$ 1,992,369</u>

The City's investments in money market mutual funds and MMDT are unrated.

### ***The System***

Massachusetts General Laws Chapter 32 and PERAC regulations require the System to invest funds only in pre-approved investment instruments, which include but are not necessarily limited to bank deposits, money markets, certificates of deposit, U.S. obligations, repurchase agreements, certain corporate bonds and equities and investment pools.

Custodial Credit Risk: Deposits – Deposits are subject to the risk of bank failure. The System may be unable to recover the full amount of its deposits in any one bank institution in the event of a bank failure. The System's policy for custodial credit risk of deposits is to rely on Federal Deposit Insurance Corporation ("FDIC") insurance coverage for the first \$250,000 of deposits held at each financial institution. At December 31, 2019, \$511,937 of the System's bank deposits was not covered by FDIC or other depository insurance.

*Fair Value of Investments* – The carrying amounts of the System’s investments approximate their fair value. When actively quoted observable prices are not available, the System generally uses either implied pricing from similar investments or valuation models based on net present values of estimated future cash flows (adjusted as appropriate for liquidity, credit, market and/or other risk factors).

The System categorizes its fair value measurements within the fair value hierarchy established by GAAP. This hierarchy is based on valuation inputs used to measure the fair value of the asset or liability. The three levels of the hierarchy are as follows:

- *Level 1* – Inputs are quoted prices in active markets for identical investments at the measurement date.
- *Level 2* – Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the investment through correlation with market data at the measurement date and for the duration of the instrument’s anticipated life.
- *Level 3* – Inputs reflect the System’s best estimate of what market participants would use in pricing the investment at the measurement date.

The remaining investments not categorized under the fair value hierarchy are shown at net asset value (“NAV”). These are investments in non-governmental entities for which a readily determinable fair value is not available, such as member units or an ownership interest in partners’ capital to which a proportionate share of net assets is attributed. Investments at NAV are commonly calculated by subtracting the fair value of liabilities from the fair value of assets.

The following table presents the fair value of the System’s investments by type as of December 31, 2019:

Investments by Fair Value Level	December 31, 2019	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt securities:				
U.S. government notes and obligations	\$ 9,972,491	\$ 6,936,092	\$ 3,036,399	\$ -
Foreign government bonds	300,000	-	300,000	-
Corporate bonds	14,486,885	14,486,885	-	-
Total debt securities	24,759,376	21,422,977	3,336,399	-
Equity securities	2,137	2,137	-	-
Mutual funds	118,407,467	-	118,407,467	-
Total investments by fair value level	143,168,980	\$ 21,425,114	\$ 121,743,866	\$ -
Investments measured at NAV:				
Mutual funds	20,354,437			
PRIT funds	41,917,696			
Total investments measured at NAV	62,272,133			
Total investments	\$ 205,441,113			

Equity and debt securities and mutual funds classified in Level 1 are valued using prices quoted in active markets for those securities. Debt securities and mutual funds classified in Level 2 were valued using observable inputs from similar securities, including basing value on yield currently available on comparable securities of issued with similar credit ratings.

Investments Measured at NAV By Asset Class	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Private equity mutual funds	\$ 20,354,437	\$ -	Varies	30 to 60 days
PRIT funds	<u>41,917,696</u>	<u>11,110,687</u>	Monthly	30 days
	<u>\$ 62,272,133</u>	<u>\$ 11,110,687</u>		

Investments measured at NAV include comingled/pooled funds in a mutual fund and private equity fund and investments in the State Treasurer investment pool, or PRIT.

Private equity funds generally include investments in which the System is a general partner in a private equity, venture capital fund or similar investment vehicle. The value of these investments are recorded at values determined in good faith by the general partners of the private equity and venture capital firms after consideration of pertinent information, including current financial position and operative results, price-earnings multiples and available market prices of similar companies' securities, the nature of the securities, marketability, restrictions on disposition and other appropriation and do not necessarily represent amounts which might ultimately be realized, since such amounts depend on future circumstances and cannot reasonably be determined until individual securities are liquidated. In addition, fair values of real estate funds are generally based on independent, third-party appraisals. By their very nature, these investments are illiquid and typically cannot be resold or redeemed. Distributions from each fund will be received as the underlying investments are liquidated. It is expected that the underlying assets for the funds will be liquidated over an average of ten years.

The State Treasurer investment pool is administered by the Commonwealth of Massachusetts' Pension Reserve Investment Management Board, or PRIM. The System maintains several Massachusetts Pension Reserve Investment Trust, or PRIT funds, each of which consists of a diverse set of investments that includes private equity, venture and real estate investments. The determination of the fair value of these investments is very subjective and the period-end values are reported to the System as NAV. Investments in the PRIT funds are more liquid than investments in private equity and real estate holdings, but generally cannot be resold to third parties. The System may liquidate its investment in the PRIT funds at any time with less than thirty days' notice. Distributions from the PRIT funds may be received regularly and, upon receipt, are deposited into an accompanying short-term cash investment account.

Because of the inherent uncertainty of valuations used in many of the System's investments measured at NAV, estimated values may differ significantly from the values that would have been used had a readily available market for positions in privately held companies or the real estate existed at December 31, 2019. These differences could have a material adverse effect on the System's financial statements.

Custodial Credit Risk: Investments – Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of the outside party. The System's policy for custodial credit risk of investments intends that all investments are either insured

and/or registered in the name of the System. At December 31, 2019, the System was not exposed to custodial credit risk on its investments.

At December 31, 2019, uninsured short-term investment funds with fair values of \$1,385,674 were reported as cash equivalents. These funds represent temporary holdings of excess cash resources. The System intends to reinvest these amounts in less than one year. Accordingly, the fair values of these amounts have been classified as cash equivalents in these financial statements. These funds are not insured by the FDIC.

***Interest Rate Risk: Investments*** – Debt securities are subject to interest rate risk. Debt securities may be adversely affected by changes in interest rates, which may negatively affect the fair value of individual debt instruments. The System does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

At December 31, 2019, the System had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1 year	1 to 5 years	6 to 10 years	More than 10 years
U.S. Treasury notes	\$ 6,936,092	\$ -	\$ 404,777	\$ 1,991,635	\$ 4,539,680
U.S. Agencies obligations	3,036,399	1,704,898	504,655	826,846	-
Foreign government bonds	300,000	-	300,000	-	-
Corporate bonds	14,486,885	-	10,840,785	3,163,037	483,063
Investments with maturities	24,759,376	<u>\$ 1,704,898</u>	<u>\$ 12,050,217</u>	<u>\$ 5,981,518</u>	<u>\$ 5,022,743</u>
Equity securities	2,137				
Mutual funds	138,761,904				
PRIT	41,917,696				
Investments without maturities	180,681,737				
Total investments	<u>\$ 205,441,113</u>				

***Credit Risk: Investments*** – In the case of investments, there is the risk that in the event of an invested party will be unable to fulfill its obligations, such as to provide required payments to investors, to meet current or future performance expectations, to abide by industry regulations and proper operational practices, ceasing to exist, or filing for bankruptcy. In those instances, the System may not be able to recover the full amount of its principal investment and/or investment earnings. As previously noted, PERAC and Massachusetts statutory regulations have been enacted to reduce this risk. In evaluating its credit risk, the System relies on credit ratings assigned by Moody’s Investor Services, Inc. and Standard and Poor’s Financial Services, LLC. The System does voluntarily self-impose certain investment restrictions; however, those can be changed at the Board’s discretion. The System maintains a significant portion (approximately 99%) of its monetary assets as investment holdings.

None of the System's mutual funds or pooled investments were subject to credit quality ratings from leading credit rating agencies. The following table summarizes the credit ratings for the System's fixed income securities (excluding pooled fixed income investments):

Quality Rating (Moody's)	U.S.		Corporate Bonds	Total
	Government Treasuries & Agencies	Foreign Government Bonds		
Aaa	\$ 9,972,491	\$ -	\$ 744,242	\$ 10,716,733
Aa3	-	-	351,484	351,484
A1	-	-	1,051,015	1,051,015
A2	-	-	3,439,035	3,439,035
A3	-	-	1,108,005	1,108,005
Baa3	-	-	672,760	672,760
Ba2	-	-	472,821	472,821
B1	-	-	741,101	741,101
Not Rated	-	300,000	5,906,422	6,206,422
	<u>\$ 9,972,491</u>	<u>\$ 300,000</u>	<u>\$ 14,486,885</u>	<u>\$ 24,759,376</u>

Concentration of Credit Risk: Investments – The following investments held by the System at December 31, 2019 represent approximately 72.5% of the System's total investments:

Rhumblin Advisers S&P 500 Pooled Index Fund	19.5%
Lazard International Strategic Equity Portfolio	10.7%
William Blair Macro Allocation Fund	7.8%
Loomis Salyes MSFD Fund	7.7%
PRIM Core Real Estate Fund	7.7%
PRIM Alternative Investments Fund	7.5%
City of London Emerging Markets Country Fund	6.4%
PRIM Hedge Fund	5.2%

**B. Receivables**

Receivables as of year-end for the City's major governmental funds, non-major governmental funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes	\$ 2,354,521	\$ (153,428)	\$ 2,201,093
Tax liens	1,070,450	-	1,070,450
Excise	2,692,079	(1,164,455)	1,527,624
Intergovernmental	5,016,599	-	5,016,599
Total	<u>\$ 11,133,649</u>	<u>\$(1,317,883)</u>	<u>\$ 9,815,766</u>

Receivables as of year-end for City's water and sewer enterprise fund are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
User fees	\$ 5,052,915	\$ -	\$ 5,052,915
Utility liens	335,511	-	335,511
Total	<u>\$ 5,388,426</u>	<u>\$ -</u>	<u>\$ 5,388,426</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are unavailable to liquidate liabilities of the current period. The following identifies the components of deferred inflows of resources in the governmental funds:

	General Fund	Other Governmental Funds	Total
Receivable type:			
Real estate and personal property taxes	\$ 2,181,688	\$ 19,405	\$ 2,201,093
Tax liens	1,063,915	6,535	1,070,450
Excise	1,527,624	-	1,527,624
Intergovernmental	3,035,431	-	3,035,431
Total	<u>\$ 7,808,658</u>	<u>\$ 25,940</u>	<u>\$ 7,834,598</u>

School Building Assistance Reimbursement – As of June 30, 2020, the City expects to receive the balance of grants from the Commonwealth of Massachusetts under various construction reimbursement regulations totaling approximately \$3.2 million applicable to approved school construction costs which includes both principal and interest. These costs are reimbursed to the City in equal installments over the life of the related bond issues and are subject to appropriation only by the State Legislature. In the Governmental funds, a receivable of approximately \$3.0 million under the caption Intergovernmental has been recorded, which represents the reimbursable portion of the principal balance as of June 30, 2020.

**C. Interfund Receivables, Payables and Transfers**

The composition of interfund balances at June 30, 2020 is as follows:

Receivable Fund	Payable Funds	Amount
General Fund	Nonmajor Governmental Funds - School Federal Grants	\$ 79,084
	Community Development Grants	<u>33,381</u>
Total		<u>\$ 112,465</u>

The outstanding balances between funds result mainly from the timing difference between the dates that (1) reimburseable expenditures occur, (2) the intergovernmental reimbursements are received and (3) the payments to the general fund are made.

The composition of interfund transfers for the fiscal year ended June 30, 2020 is as follows:

Transfers Out	Transfers In				Total
	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Water and Sewer Enterprise Fund	
General Fund	\$ -	\$ 947,250	\$ -	\$ 21,742	\$ 968,992 (1)
Capital Projects Fund	-	-	46,715	-	46,715 (2)
Cemetery Perpetual Care Fund	248,140	-	-	-	248,140 (3)
Nonmajor Governmental Funds	167,040	-	-	-	167,040 (4)
Water and Sewer Enterprise Fund	<u>307,196</u>	-	-	-	<u>307,196 (5)</u>
Total	<u>\$ 722,376</u>	<u>\$ 947,250</u>	<u>\$ 46,715</u>	<u>\$ 21,742</u>	<u>\$ 1,738,083</u>

(1) Transfers to capital projects fund for capital outlays; transfer to water and sewer enterprise for operations.

(2) Transfers to nonmajor for bond premiums.

(3) Transfers to general fund to supplement operating budgets.

(4) Transfers to general fund to supplement operating budgets.

(5) Transfer to general fund for debt service.

#### D. Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 7,149,756	\$ -	\$ -	\$ 7,149,756
Construction in progress	7,292,246	23,214,128	(2,391,893)	28,114,481
Total capital assets not being depreciated	14,442,002	23,214,128	(2,391,893)	35,264,237
Capital assets being depreciated:				
Land improvements	22,189,417	34,662	-	22,224,079
Buildings and improvements	184,071,411	1,940,216	-	186,011,627
Infrastructure	29,140,628	5,274,934	-	34,415,562
Machinery and equipment	10,502,263	1,849,824	-	12,352,087
Vehicles	9,614,411	534,534	-	10,148,945
Total capital assets being depreciated	255,518,130	9,634,170	-	265,152,300
Less accumulated depreciation for:				
Land improvements	(13,408,667)	(727,036)	-	(14,135,703)
Buildings and improvements	(73,801,164)	(4,485,217)	-	(78,286,381)
Infrastructure	(16,401,834)	(458,592)	-	(16,860,426)
Machinery and equipment	(5,818,406)	(1,047,983)	-	(6,866,389)
Vehicles	(7,620,298)	(468,404)	-	(8,088,702)
Total accumulated depreciation	(117,050,369)	(7,187,232)	-	(124,237,601)
Total capital assets being depreciated, net	138,467,761	2,446,938	-	140,914,699
Total governmental activities capital assets, net	<u>\$ 152,909,763</u>	<u>\$ 25,661,066</u>	<u>\$ (2,391,893)</u>	<u>\$ 176,178,936</u>
<i>Business-Type Activities: Water and Sewer</i>				
Capital assets not being depreciated:				
Land	\$ 4,217	\$ -	\$ -	\$ 4,217
Construction in progress	1,498,102	711,745	(568,840)	1,641,007
Total capital assets not being depreciated	1,502,319	711,745	(568,840)	1,645,224
Capital assets being depreciated:				
Infrastructure	28,820,598	891,490	-	29,712,088
Machinery and equipment	6,626,457	256,431	-	6,882,888
Vehicles	935,904	67,898	-	1,003,802
Total capital assets being depreciated	36,382,959	1,215,819	-	37,598,778
Less accumulated depreciation for:				
Infrastructure	(11,327,603)	(594,210)	-	(11,921,813)
Machinery and equipment	(4,093,137)	(296,281)	-	(4,389,418)
Vehicles	(368,111)	(70,194)	-	(438,305)
Total accumulated depreciation	(15,788,851)	(960,685)	-	(16,749,536)
Total capital assets being depreciated, net	20,594,108	255,134	-	20,849,242
Total business-type activities capital assets, net	<u>\$ 22,096,427</u>	<u>\$ 966,879</u>	<u>\$ (568,840)</u>	<u>\$ 22,494,466</u>

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

Governmental Activities:

General government	\$ 325,461
Public safety	825,929
Education	4,261,848
Public works	1,287,153
Health and human services	76,680
Culture and recreation	410,161
	<u>\$ 7,187,232</u>

Business-Type Activities:

Water and sewer	<u>\$ 960,685</u>
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**E. Temporary Debt**

The City is authorized to borrow on a temporary basis to fund the following:

Current Operating Costs – Prior to collection of revenues, expenditures may be financed through the issuance of revenue or tax anticipation notes (RANS or TANS).

Capital Projects and Other Approved Costs – Projects may be temporarily funded through the issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS). In certain cases, prior to the issuance of these temporary notes, the governing body must take the necessary legal steps to authorize the issuance of the general obligation bonds. Temporary notes may not exceed the aggregate amount of bonds authorized or the grant award amount.

Temporary notes are general obligations of the City and carry maturity dates that are limited by state law. Interest expenditures and expenses for temporary borrowings are accounted for in the general fund and enterprise funds, respectively. Temporary notes outstanding at June 30, 2020, are payable as follows:

Type	Interest Rate	Maturity Date	July 1, 2019	Additions	Retirements	June 30, 2020
BAN	3.00%	07/19/19	\$ 2,000,000	\$ -	\$ (2,000,000)	\$ -
BAN	2.30%	07/19/19	700,000	-	(700,000)	-
BAN	2.50%	06/19/20	1,585,000	-	(1,585,000)	-
BAN	0.85%	08/21/20	-	1,907,749	(1,017,050)	890,699
<b>Total Notes Payable</b>			<u>\$ 4,285,000</u>	<u>\$ 1,907,749</u>	<u>\$ (5,302,050)</u>	<u>\$ 890,699</u>

BAN's outstanding at June 30, 2020 were issued for LED streetlights.

As more fully described in Note F., the City issued general obligation bonds on August 20, 2020 and a portion of the proceeds was used to retire BANs outstanding at June 30, 2020 totaling \$1,017,050. These BANs are reported as long term debt obligations in these financial statements.

## F. Long-Term Obligations and Debt

The City issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation bonds and notes have been issued for both governmental and business-type activities. Additionally, the City incurs various other long-term obligations relative to associated personnel costs.

State law permits a City, under the provisions of Chapter 44, Section 10, to authorize indebtedness up to a limit of 5.0 percent of its equalized valuation. Debt issued in accordance with this section of the law is designated as being “inside the debt limit.” In addition, a City may authorize debt in excess of that limit for specific purposes. Such debt, when issued, is designated as being “outside the debt limit”.

The following reflects the current year activity in the long-term liability accounts:

	Beginning Balance	Additions	Deletions	Ending Balance	Due within one year
<i>Governmental Activities:</i>					
General obligation bonds	\$ 40,443,000	\$ 26,037,050	\$ (5,853,000)	\$ 60,627,050	\$ 6,125,000
Unamortized bond premium	356,000	1,226,410	(178,000)	1,404,410	289,190
Workers' compensation	1,140,202	158,215	(533,145)	765,272	191,318
Compensated absences	4,167,254	1,336,494	(1,041,814)	4,461,934	1,115,484
Net pension liability	100,060,361	44,507,310	(26,967,213)	117,600,458	-
Net other postemployment benefits liability	234,640,139	75,307,145	(17,135,610)	292,811,674	-
<b>Total Governmental Activities</b>	<u>\$380,806,956</u>	<u>\$148,572,624</u>	<u>\$(51,708,782)</u>	<u>\$477,670,798</u>	<u>\$ 7,720,992</u>
<i>Business-Type Activities - Water and Sewer:</i>					
General obligation bonds	\$ 1,082,000	\$ -	\$ (47,000)	\$ 1,035,000	\$ 55,000
Notes from direct borrowings and placements	4,028,370	-	(888,217)	3,140,153	888,218
Compensated absences	69,845	50,255	(17,461)	102,639	25,660
Net pension liability	3,275,755	1,457,071	(882,847)	3,849,979	-
Net other postemployment benefits liability	16,311,881	5,235,256	(1,191,245)	20,355,892	-
<b>Total Business-Type Activities</b>	<u>\$ 24,767,851</u>	<u>\$ 6,742,582</u>	<u>\$(3,026,770)</u>	<u>\$ 28,483,663</u>	<u>\$ 968,878</u>

The governmental activities liabilities will be liquidated by the general fund. The business-type liabilities will be liquidated by the water and sewer enterprise fund.

The following is a summary of outstanding long-term debt obligations as of June 30, 2020:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General Obligation Bonds	2.00 - 5.00%	\$ 32,733,000	\$ 26,037,050	\$ (2,088,000)	\$ 56,682,050
Advanced Refunding Bonds	2.00 - 4.00%	7,710,000	-	(3,765,000)	3,945,000
Total General Obligation Bonds		40,443,000	26,037,050	(5,853,000)	60,627,050
Add: Unamortized bond premium		356,000	1,226,410	(178,000)	1,404,410
Total General Obligation Bonds, net		<u>\$ 40,799,000</u>	<u>\$ 27,263,460</u>	<u>\$ (6,031,000)</u>	<u>\$ 62,031,460</u>
<i>Business-Type Activities - Water and Sewer:</i>					
General Obligation Bonds	2.00 - 5.00%	\$ 1,082,000	\$ -	\$ (47,000)	\$ 1,035,000
Total General Obligation Bonds		1,082,000	-	(47,000)	1,035,000
Massachusetts Water Resources Authority	0.00%	4,028,370	-	(888,217)	3,140,153
Total notes from direct borrowings and placements		4,028,370	-	(888,217)	3,140,153
Total Business-Type Activities debt		<u>\$ 5,110,370</u>	<u>\$ -</u>	<u>\$ (935,217)</u>	<u>\$ 4,175,153</u>

Payments on outstanding bond balances due in future years consist of the following:

Year Ending June 30,	<i>Governmental Activities</i>			
	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2021	\$ 6,125,000	\$ 2,497,027	\$ -	\$ -
2022	3,047,050	1,849,238	-	-
2023	3,130,000	1,720,673	-	-
2024	2,815,000	1,612,347	-	-
2025	2,870,000	1,508,497	-	-
2026-2030	13,530,000	5,998,921	-	-
2031-2035	12,250,000	3,495,978	-	-
2036-2040	5,325,000	2,171,696	-	-
2041-2045	5,695,000	1,336,166	-	-
2046-2049	5,840,000	428,300	-	-
Total	<u>\$ 60,627,050</u>	<u>\$ 22,618,843</u>	<u>\$ -</u>	<u>\$ -</u>

Year Ending June 30,	<i>Business-Type Activities: Water and Sewer</i>			
	General Obligation Bonds		Direct Borrowings and Placements	
	Principal	Interest	Principal	Interest
2021	\$ 55,000	\$ 27,244	\$ 888,218	\$ -
2022	60,000	25,869	655,017	-
2023	60,000	24,469	559,418	-
2024	60,000	23,169	207,500	-
2025	60,000	21,769	207,500	-
2026-2030	320,000	85,302	622,500	-
2031-2035	240,000	45,462	-	-
2036-2040	75,000	26,791	-	-
2041-2045	85,000	12,848	-	-
2046	20,000	400	-	-
<b>Total</b>	<b>\$ 1,035,000</b>	<b>\$ 293,323</b>	<b>\$ 3,140,153</b>	<b>\$ -</b>

Massachusetts Water Resource Authority (MWRA)

The City's has five outstanding notes from direct borrowings and placements issued to the MWRA on March 12, 2012, June 17, 2013, September 14, 2015, September 11, 2017 and June 25, 2018 for \$956,000, \$2,367,475, \$1,166,000, \$2,075,000, and \$575,850, respectively. The notes are payable without interest in ten equal annual installments, except for the June 25, 2018 note which is payable in five annual installments. Any imputed interest is immaterial to the water and sewer enterprise fund.

The following represents authorized and unissued debt as of June 30, 2020:

Project	Amount
<i>Governmental:</i>	
School buildings	\$ 1,817,816
Library construction	23,092,018
Fire Station	1,500,000
Streetlights	1,241,699
Sidewalks	500,000
Park improvements	349,000
Other	75,000
<i>Business-type:</i>	
Sewer system	1,425,150
<b>Total Authorized and Unissued</b>	<b>\$ 30,000,683</b>

Subsequent Event – On August 20, 2020, the City issued bonds totaling \$15,840,000, paying interest at rates between 2-5% per annum and maturing at various dates through August 15, 2046. \$1,017,050 of the bond proceeds were used to retire BANs outstanding at June 30, 2020, which have been reflected as long term debt obligations in these financial statements.

### III. Other Information

#### A. Retirement System

Pension Plan Description – The City contributes to the System, a cost-sharing multiple-employer defined benefit pension plan that includes the City and the Medford Housing Authority as employers. The System was established under Chapter 32 of Massachusetts General Laws. The System is administered by the City and is included as part of the reporting entity as a fiduciary fund. Stand-alone audited financial statements for the year ended December 31, 2019 were issued and are available at the Retirement Office, 85 George P. Hassett Drive, Room 215, Medford, Massachusetts.

Current membership in the System for all employers as of December 31, 2019 was as follows:

Active and inactive employees	948
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits yet to receive them	653
	<u>1,601</u>

Benefit Terms – Membership in the System is mandatory for all full-time employees and non-seasonal, part-time employees who, in general, regularly work more than twenty hours per week. Teachers and certain administrative personnel employed by the school department participate in a separate pension plan administered by the Massachusetts Teachers' Retirement System, which is the legal responsibility of the Commonwealth of Massachusetts. Members of the System do not participate in the federal Social Security retirement system.

Massachusetts contributory retirement system benefits are uniform from retirement system to retirement system. The System provides for retirement allowance benefits up to a maximum of 80% of a participant's highest three-year or five-year average annual rate of regular compensation, depending on the participant's date of hire. Benefit payments are based upon a participant's age, length of creditable service, level of compensation and job classification.

The most common benefits paid by the System include normal retirement, disability retirement and survivor benefits.

Normal retirement generally occurs at age 65. However, participants may retire after twenty years of service or at any time after attaining age 55, if hired prior to April 2, 2012 or at any time after attaining age 60 if hired on or after April 2, 2012. Participants with hire dates subsequent to January 1, 1978 must have a minimum of ten years' creditable service in order to retire at age 55. Participants become vested after ten years of service. Benefits commencing before age 65 are provided at a reduced rate. Members working in certain occupations may retire with full benefits earlier than age 65.

Ordinary disability retirement is where a participant is permanently incapacitated from a cause unrelated to employment. Accidental disability retirement is where the disability is the result of an injury or illness received or aggravated in the performance of duty. The amount of benefits to be received in such cases is dependent upon several factors, including the age at which the disability retirement occurs, the years of service, average compensation and veteran status.

Survivor benefits are extended to eligible beneficiaries of participants whose death occurs prior to or following retirement.

Cost-of-living adjustments granted to members of Massachusetts retirement systems granted between 1981 and 1997 and any increases in other benefits imposed by the Commonwealth during those years have been the financial responsibility of the Commonwealth. Beginning in 1998, the funding of cost-of-living amounts became the responsibility of the participating units like the Retirement System.

The System may be amended or terminated in whole or in part at any time by the Massachusetts Legislature, provided that no such modification, amendment or termination shall be made that would deprive a current member of superannuation pension rights or benefits provided under applicable laws of Massachusetts, if such member has paid the stipulated contributions specified in sections or provisions of such laws.

Contributions Requirements – The City has elected provisions of Chapter 32, Section 22D (as amended) of Massachusetts General Laws, which require that a funding schedule be established to fully fund the pension plan by June 30, 2040. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method.

The City contributed \$11,635,777 to the System in fiscal year 2020, which equaled the actuarially determined contribution requirement for the fiscal year and was approximately 27% of the covered payroll.

Net Pension Liability – At June 30, 2020, the City reported a liability of \$121,450,437 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. There were no material changes made in this update to the actuarial assumptions (see below) nor were there any material changes to the Retirement System's benefit terms since the actuarial valuation.

The City's proportion of the net pension liability is based on a projection of the City's long-term share of contributions to the System relative to the projected contributions of all employers. The City's proportion was approximately 94.96% at December 31, 2019, which was consistent with the proportion measured at January 1, 2018.

Fiduciary Net Position – The elements of the System's basic financial statements (that is, all information about the System's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) can be found in the fiduciary fund financial statements. The System's full financial statements as of and for the year ended December 31, 2019 can be obtained by contacting the Retirement Board.

The System's fiduciary net position was determined using the accrual basis of accounting. The System's accounting records are maintained on a calendar-year basis in accordance with GAAP and the standards and procedures established by PERAC. Contributions from employers and employees are recognized in the period in which they become due pursuant to formal commitments, and statutory or contractual requirements. Benefit payments (including refunds of employee contributions) are recorded when incurred, regardless of the timing of payment. Investments are reported at fair value; fair value is determined as the price one would receive in an orderly transaction between market participants at a measurement date.

Pension Expense – The City recognized \$16,230,455 in pension expense in the statement of activities in fiscal year 2020.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in assumptions	\$ 18,706,582	\$ -
Net differences between projected and actual investment earnings	-	1,516,119
Changes in proportion differences	425,604	75,448
Differences between expected and actual experience	<u>10,601,740</u>	<u>-</u>
	<u>\$ 29,733,926</u>	<u>\$ 1,591,567</u>

The deferred outflows of resources are expected to be recognized as a credit in the City’s pension expense as follows:

<u>June 30,</u>	
2021	\$ 8,293,644
2022	7,091,565
2023	7,747,717
2024	4,018,161
2025	<u>991,272</u>
	<u>\$ 28,142,359</u>

Actuarial Valuation – The measurement of the System’s total pension liability is developed by an independent actuary. The latest actuarial valuation was performed as of January 1, 2018. The significant actuarial assumptions used in the January 1, 2018 actuarial valuation included:

Investment rate of return	7.25%
Projected salary increases	3.50%
Single Equivalent Discount Rate	7.25%
Asset valuation method	Market value
Cost of living adjustments	3.00%
Mortality	SOA Pub-2010 public retirement plans mortality tables specific to group, with scale MP-2014
Actuarial Cost Method	Individual Entry age normal

The investment rate of return assumption is a long-term assumption and is based on capital market expectations by asset class, historical returns and professional judgment. The market expectations analysis used a building-block approach, which included expected returns by asset class and the target asset allocation. The target allocation and best estimates of arithmetic real returns for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Equities:	
Domestic	12.0% to 32.0%
International	8.0% to 18.0%
Emerging Markets	0.0% to 10.0%
Fixed Income:	
Domestic	5.5% to 15.5%
Multisector	5.5% to 15.5%
International	0.0% to 7.0%
Global Asset Allocation	10.0% to 22.0%
Private Equity	3.0% to 10.0%
Real Estate	4.0% to 10.0%
Hedge Funds	0.0% to 7.0%

Discount Rate – The discount rate used to measure the total pension liability in the actuarial valuation report was 7.25%. The projection of cash flows used to determine the discount rate assumed plan member contributions were made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates and the member rate. Based on those assumptions, the Retirement System’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 Analysis – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.25% as well as the City’s proportionate share of the net pension liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate (dollar amounts are in thousands):

	<u>Discount Rate</u>			
	<u>Current Rate</u>	<u>1% lower</u>	<u>Current</u>	<u>1% greater</u>
Net Pension Liability	7.25%	\$ 153,959,081	\$ 121,450,437	\$ 93,622,039

Massachusetts Teachers’ Retirement System – Teachers and certain administrative employees of the School Department participate in the Massachusetts Teachers’ Retirement System (“MTRS”), a cost-sharing multiple employer defined benefit pension plan. The MTRS is managed by the Commonwealth on behalf of municipal teachers and municipal teacher retirees. Like the System, MTRS was established under Chapter 32 of Massachusetts General Laws. The Commonwealth’s legislature has the authority to amend or modify the MTRS’s funding policies.

The Commonwealth is a nonemployer contributor to the MTRS and is legally responsible by statute for all actuarially determined employer contributions and future benefit requirements of

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*.

For the year ended June 30, 2020, the Commonwealth contributed \$8,434,006 to the MTRS on behalf of the City. The City’s proportionate share of the collective MTRS net pension liability at this reporting date was 0.584190%, which was based on the actual, actuarially determined contribution made by the Commonwealth on behalf of the City as a percentage of the total annual contribution made by the Commonwealth on behalf of all employers.

The table below presents the City’s proportionate share of the following:

	Commonwealth Portion	Paid (or assumed) On Behalf of the City	City Portion
Net pension liability	\$ 147,297,721	\$ (147,297,721)	\$ —
Pension expense	17,862,405	(17,862,405)	—

The City has recognized intergovernmental revenue and pension expense of \$17,862,405 associated with this arrangement.

**B. Other Postemployment Benefits**

The City administers a single-employer defined benefit healthcare plan (the “OPEB Plan”) that provides health, dental and life insurance benefits (other postemployment benefits) to retirees and their dependents/beneficiaries in accordance with Section 20 of Massachusetts General Law Chapter 32B. The OPEB Plan does not issue a stand-alone financial report and is presented as a fiduciary fund in the City’s financial statements.

An employee shall become eligible to retire under this plan upon the completion of 10 years of creditable service and the attainment of age 55 as an active member with 20 years of service regardless of age. Individuals whose employment has been terminated are also eligible if they have reached age 55 and have completed 10 years of creditable service. Employees who cease working due to a disability only need to complete 10 years of creditable service.

Specific benefit provisions and contribution rates are established by collective bargaining agreements, state law and City ordinance. All benefits are provided through the City’s premium-based medical and life insurance and self-insured dental insurance programs

With respect to OPEB plan reporting, GASB issued GASB Statement No.’s 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions*, and Statement No, 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Reporting requirements for governments who administer an OPEB plan as defined under the accounting standard are required to present disclosures under both GASB 74 and GASB 75.

GASB 74 requires specific disclosures and required supplementary information that relate directly to the fiduciary fund in which the OPEB Plan is recorded. GASB 75 address disclosures related to the net OPEB liability required to be recorded by the government in its applicable financial statements. A number of these disclosures are identical, especially if the measurement date under GASB 75 is the same as the plan year-end date. When a different measurement date is used different assumptions and calculations will result.

OPEB Plan disclosures that impact the City's net OPEB liability using a measurement date of June 30, 2020 are summarized as follows:

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2020:

Active employees	1,200
Inactives currently receiving benefits	<u>1,437</u>
Total	<u><u>2,637</u></u>

Contributions – Retirees contribute 10% of gross cost of medical if retired prior to July 1, 1990 and 15% if retired after July 1, 1990. Retirees contribute 50% of life insurance and dental costs. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the OPEB Plan are paid by the City. For the year ended June 30, 2020, the City's average contribution rate was 12.37% of covered-employee payroll.

Net OPEB Liability – The City's net OPEB liability was measured as of June 30, 2020 using an actuarial valuation as of July 1, 2018. The components of the net OPEB liability of the City were as follows:

Total OPEB Liability	\$313,236,518
Plan fiduciary net position	<u>(68,952)</u>
Net OPEB liability	<u><u>\$313,167,566</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.02%

The total OPEB liability in the most recent actuarial valuation was determined using the following key actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return	Not applicable; pay as you go plan
Municipal bond rate	2.50%
Single Equivalent Discount Rate	2.50%
Inflation	2.50%
Health Care Trend Rate	4.50%
Mortality	For healthy participants and retirees: the mortality are RP-2014 Blue Collar Mortality table.
Disabled Mortality	For disabled participants: the mortality rates are from the RP-2000 combined mortality table.
Actuarial Cost Method	Entry age normal

Discount Rate – The discount rate used to measure the total OPEB liability was 2.50% which was based on the high-quality municipal bond rate for 20-year maturities as of June 30, 2020.

Key Changes in Assumptions – The most significant change relates to the change in discount rate from 3.75% to 2.5%.

Sensitivity Analyses – The following presents the City’s net OPEB liability as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current discount rate as well as if the healthcare cost trend rates are 1% lower or higher than the current healthcare cost trend rates:

	Discount Rate			
	Current Rate	1% lower	Current	1% greater
Net OPEB Liability	2.50%	\$ 368,359,787	\$ 313,167,566	\$ 269,937,767

	Health Care Trend Rate			
	Current Rate	1% lower	Current	1% greater
Net OPEB Liability	4.50%	\$ 261,401,170	\$ 313,167,566	\$ 381,531,080

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2020:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019	\$251,022,020	\$ 70,000	\$ 250,952,020
Changes for the year:			
Service cost	6,343,238	-	6,343,238
Interest	9,535,694	-	9,535,694
Difference between expected and actual experience	-	-	-
Change in assumptions	52,552,972	-	52,552,972
Net investment income	-	(1,048)	1,048
Employer contributions	-	6,217,406	(6,217,406)
Benefit payments withdrawn from trust	-	(6,217,406)	6,217,406
Benefit payments	(6,217,406)	-	(6,217,406)
Net changes	62,214,498	(1,048)	62,215,546
Balances at June 30, 2020	\$313,236,518	\$ 68,952	\$ 313,167,566

Long Term Expected Rate of Return – 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 rates of return (expected returns, net of OPEB 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.

The target allocation and best estimates of arithmetic real rates of return were as reflected in the following table:

Asset Class	Target Allocation	Expected Investment Rate of Return
Large cap funds	30.00%	4.8%
International equity	10.00%	5.5%
Taxable fixed income	30.00%	4.0%
International fixed income	3.00%	3.0%
Diversifying funds	15.00%	6.5%
Diversifying taxable funds	10.00%	6.5%
Money market mutual funds	2.00%	0.0%
	100.00%	

*OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB* – For the year ended June 30, 2020, the City recognized OPEB expense of \$28,914,711. Deferred outflows of resources and deferred inflows of resources related to OPEB at June 30, 2020 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 51,624,834	\$ -
Differences between expected and actual earnings	2,856	-
Differences between expected and actual experience	-	5,773,518
	\$ 51,627,690	\$ 5,773,518

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

June 30,	
2021	\$ 13,038,301
2022	13,038,301
2023	12,430,744
2024	7,346,826
thereafter	-
	\$ 45,854,172

**GASB Statement No. 74**

OPEB Plan disclosures that impact the City's net OPEB liability using a reporting date of June 30, 2020 are summarized in this section except disclosures under GASB 74 that are identical to GASB 75 are not repeated.

*Investment Custody* – In accordance with Massachusetts General Laws, the City Treasurer is the custodian of the OPEB Plan and since the City has not designated a Board of Trustees, the City Treasurer is also the Trustee and as such is responsible for the general supervision of the management, investment and reinvestment of the OPEB Plan assets. OPEB Plan assets may be invested and reinvested by the custodian consistent with the prudent investor rule established in Chapter 203C and may, with the approval of the State Retiree Benefits Trust Fund Board of Trustees, be invested in the State Retiree Benefits Trust Fund established in Section 24 of Chapter 32A. OPEB Plan assets must be segregated from other funds and not be subject to the claims of any general creditor of the City.

*Investment Policy* – The OPEB Plan follows the same investment policies that apply to all other City Trust funds. Notably it can be invested in accordance with State Statutes that govern Trust investments including PRIM which is an external investment pool managed by the State.

*Investment Rate of Return* – For the year ended June 30, 2020 the annual money-weighted rate of return on investments, net of investment expense, was (negative) -3.0%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

### C. Pension and Other Employee Benefit Trust Funds

The City reports a pension and other postemployment benefit trust funds in a single column in the Statement of Net Position and Statement of Changes in Net Position in the Fiduciary Funds. The City's Other Postemployment Benefits Trust Fund does not issue stand-alone financial statements and must be reported separately.

The Statement of Net Position of the City's pension and other postemployment benefit trust funds are as follows:

	Pension Trust Fund (December 31, 2019)	Other Postemployment Benefits Trust Fund	Total
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 2,089,354	\$ 1,725	\$ 2,091,079
Investments (at fair value):			
U.S. government and agencies	9,972,491	-	9,972,491
Corporate bonds	14,486,885	-	14,486,885
Foreign government bonds	300,000	-	300,000
Equity securities	2,137	-	2,137
Mutual funds	138,761,904	67,227	138,829,131
State Treasurer investment pool - PRIT	41,917,696	-	41,917,696
<b>Total Investments</b>	<b>205,441,113</b>	<b>67,227</b>	<b>205,508,340</b>
Receivables:			
Interest receivable	121,032	-	121,032
Other	182,713	-	182,713
<b>Total Receivables</b>	<b>303,745</b>	<b>-</b>	<b>303,745</b>
<b>Total Assets</b>	<b>207,834,212</b>	<b>68,952</b>	<b>207,903,164</b>
<b>Liabilities:</b>			
Warrants and accounts payable	775,391	-	775,391
<b>Total Liabilities</b>	<b>775,391</b>	<b>-</b>	<b>775,391</b>
<b>Net Position:</b>			
Restricted for pensions	207,058,821	-	207,058,821
Restricted for other postemployment benefits	-	68,952	68,952
<b>Total Net Position</b>	<b>\$ 207,058,821</b>	<b>\$ 68,952</b>	<b>\$ 207,127,773</b>

The Statement of Changes in Net Position of the City's pension and other postemployment benefit trust funds are as follows:

	Pension Trust Fund (December 31, 2019)	Other Postemployment Benefits Trust Fund	Total
<b>Additions</b>			
Contributions:			
Employer	\$ 12,253,953	\$ 6,217,406	\$ 18,471,359
Employee	4,856,585	-	4,856,585
Other contributions	834,787	-	834,787
<b>Total Contributions</b>	<u>17,945,325</u>	<u>6,217,406</u>	<u>24,162,731</u>
Investment income:			
Interest and dividends	4,686,567	2,262	4,688,829
Net appreciation in fair value of investments	23,838,345	(3,208)	23,835,137
Less - investment management fees	(1,280,325)	(102)	(1,280,427)
<b>Net investment earnings</b>	<u>27,244,587</u>	<u>(1,048)</u>	<u>27,243,539</u>
Other income	<u>7,907</u>	<u>-</u>	<u>7,907</u>
<b>Total Additions (net)</b>	<u>45,197,819</u>	<u>6,216,358</u>	<u>51,414,177</u>
<b>Deductions</b>			
Benefit payments to retirees and beneficiaries	20,660,956	6,217,406	26,878,362
Member refunds	336,756	-	336,756
Transfers and reimbursements to other systems	761,864	-	761,864
Payroll expenses of the System	255,998	-	255,998
Other administrative expenses	135,445	-	135,445
<b>Total Deductions</b>	<u>22,151,019</u>	<u>6,217,406</u>	<u>28,368,425</u>
<b>CHANGE IN NET POSITION</b>	23,046,800	(1,048)	23,045,752
<b>NET POSITION AT BEGINNING OF YEAR</b>	<u>184,012,021</u>	<u>70,000</u>	<u>184,082,021</u>
<b>NET POSITION AT END OF YEAR</b>	<u>\$ 207,058,821</u>	<u>\$ 68,952</u>	<u>\$ 207,127,773</u>

#### D. 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 amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

Group Dental Insurance Plan – The City maintains a "reinsured cost reimbursement program" which covers the group dental insurance requirements of a majority of City employees. The Plan is essentially a self-insurance program with the employees contributing 50 percent and the City contributing the remaining 50 percent. The City accrues an amount representing claims incurred but not reported (IBNR), which is based on a one month claims paid average. At June 30, 2020, the amount of the liability for IBNR dental insurance claims totaled \$52,803. This liability is the best estimate based on available information. In the fund-wide financial statements, the City reports the activities of the Group Dental Insurance Plan in the Internal Service Fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

Changes in the reported liability since July 1, 2018, are as follows:

	<u>Balance at Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>	<u>Current Portion</u>
Fiscal Year 2020	\$ 45,141	\$ 1,053,345	\$(1,045,683)	\$ 52,803	\$ 52,803
Fiscal Year 2019	46,038	1,127,618	(1,128,515)	45,141	45,141

Workers' Compensation – The City is also self-insured for their workers' compensation activities which are accounted for in the funds incurring the expenditures. Workers' compensation claims are administered by a third-party 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, 2020, the amount of the liability for workers' compensation claims totaled \$765,272.

Changes in the reported liability since July 1, 2018:

	<u>Balance at Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>	<u>Current Portion</u>
Fiscal Year 2020	\$ 1,140,202	\$ 158,215	\$( 533,145)	\$ 765,272	\$ 191,318
Fiscal Year 2019	1,158,417	712,817	( 731,032)	1,140,202	285,051

#### E. Commitments

The City is in the process of completing various school, police and library building projects and improvements to its sewer system. The City has entered into or is planning to enter into contracts to expend approximately \$2,000,000, \$25,000,000, \$30,000,000 and \$1,500,000, respectively to complete the projects.

## F. Contingencies

The City is party to certain legal claims, which are subject to many uncertainties, and the outcome of individual litigation matters in these situations cannot be reasonably estimated. Although the amount of liability, if any, in these situations at June 30, 2020, cannot be ascertained, management believes that the resulting liability, if any, should not materially affect the basic financial statements of the City at June 30, 2020. Other amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is subject to certain Federal arbitrage laws in accordance with long-term borrowing agreements. Failure to comply with the rules could result in the payment of penalties. The City does not believe it has failed to comply with any of these agreements.

## G. Implementation of GASB pronouncements

### Current Year Implementations –

None

### Future Implementations –

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of the Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2019 (fiscal year 2021). The City is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This Statement redefines the manner in which long-term leases are accounted and reported. As amended, the provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2022). The City is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2018, the GASB issued GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement establishes accounting requirements for interest costs incurred before the end of a construction period. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2020 (fiscal year 2022). The City is currently evaluating whether adoption will have a material impact on the financial statements.

In August 2018, the GASB issued GASB Statement No. 90, *Majority Equity Interest – An Amendment of GASB Statements No. 14 and No. 61*. The objective of this Statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. As amended, the provisions of this Statement are effective for

financial reporting periods beginning after December 15, 2019 (fiscal year 2021). The City is currently evaluating whether adoption will have a material impact on the financial statements.

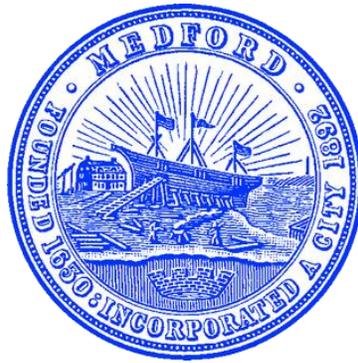
In May 2019, the GASB issued GASB Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to standardize the reporting of conduit debt obligations by issuers by clarifying the existing definition of conduit debt obligation, among other matters. As amended, the provisions of this Statement are effective for financial reporting periods beginning after December 15, 2021 (fiscal year 2023). The City is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate. As amended, the provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2023). The City is currently evaluating whether adoption will have a material impact on the financial statements.

In March 2020, the GASB issued GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issued related to public-private and public-public partnership arrangements. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2024). The City is currently evaluating whether adoption will have a material impact on the financial statements.

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to address accounting for subscription-based information technology arrangements to government end users based on the standards established in Statement No. 87, as amended. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2022 (fiscal year 2024). The City is currently evaluating whether adoption will have a material impact on the financial statements.

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The objective of this Statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2021 (fiscal year 2023). The City is currently evaluating whether adoption will have a material impact on the financial statements.



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## **Required Supplementary Information**

**CITY OF MEDFORD, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS**  
**YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
*(dollar amounts are in thousands)*

	Year Ended June 30,					
	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	94.96%	94.65%	94.79%	94.25%	94.25%	94.91%
City's proportionate share of the net pension liability (asset)	\$ 121,450	\$ 103,336	\$ 88,244	\$ 92,314	\$ 90,797	\$ 98,278
City's covered payroll	\$ 43,685	\$ 40,197	\$ 38,896	\$ 38,362	\$ 37,065	\$ 35,937
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	278.0%	257.1%	226.9%	240.6%	245.0%	273.5%
Plan fiduciary net position as a percentage of the total pension liability	62.8%	62.8%	67.6%	64.2%	63.9%	62.6%

**SCHEDULE OF THE CITY'S CONTRIBUTIONS TO PENSION PLAN**  
*(dollar amounts are in thousands)*

	Year Ended June 30,					
	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 11,636	\$ 10,942	\$ 10,593	\$ 10,401	\$ 9,967	\$ 9,502
Contributions in relation to the actuarially determined contribution	<u>11,636</u>	<u>10,942</u>	<u>10,593</u>	<u>10,401</u>	<u>9,967</u>	<u>9,502</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 44,034	\$ 40,370	\$ 39,043	\$ 38,573	\$ 37,586	\$ 35,315
Contributions as a percentage of covered payroll	26.4%	27.1%	27.1%	27.0%	26.5%	26.9%

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

**REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS**  
**YEAR ENDED JUNE 30, 2020**

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**SCHEDULE OF THE COMMONWEALTH'S COLLECTIVE SHARE OF THE NET PENSION LIABILITY**  
**MASSACHUSETTS TEACHER'S RETIREMENT SYSTEM**  
*(dollar amounts are in thousands)*

	Year Ended June 30,					
	2019	2018	2017	2016	2015	2014
Commonwealth's proportion of the collective net pension liability (asset)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
City's proportion of the collective net pension liability (asset)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Commonwealth's proportionate share of the net pension liability (asset)	\$25,214,020	\$ 23,711,289	\$ 22,885,391	\$ 22,357,928	\$ 20,489,643	\$ 15,896,354
Commonwealth's actuarially determined contribution	\$1,443,710	\$ 1,314,783	\$ 1,235,515	\$ 1,124,583	\$ 1,021,930	\$ 937,379

Contributions to MTRS are the responsibility of the Commonwealth of Massachusetts.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

**CITY OF MEDFORD, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS**

	Year Ended June 30,		
	2020	2019	2018
Total OPEB liability:			
Service cost	\$ 6,343,238	\$ 6,432,464	\$ 6,155,468
Interest	9,535,694	8,889,847	8,550,963
Differences between expected and actual experience	-	(10,130,890)	-
Change in assumptions	52,552,972	18,202,693	-
Benefit payments	(6,217,406)	(5,949,671)	(5,943,409)
Net change in total OPEB liability	62,214,498	17,444,443	8,763,022
Total OPEB liability - beginning of year	251,022,020	233,577,577	224,814,555
Total OPEB liability - end of year (a)	<u>\$ 313,236,518</u>	<u>\$ 251,022,020</u>	<u>\$ 233,577,577</u>
Plan fiduciary net position:			
Contributions - employer	\$ 6,217,406	\$ 6,019,671	\$ 5,943,409
Net investment income	(1,048)	-	-
Benefit payments	(6,217,406)	(5,949,671)	(5,943,409)
Net change in Plan fiduciary net position	(1,048)	70,000	-
Plan fiduciary net position - beginning of year	70,000	-	-
Plan fiduciary net position - end of year (b)	<u>\$ 68,952</u>	<u>\$ 70,000</u>	<u>\$ -</u>
Net OPEB liability - end of year (a) - (b)	<u>\$ 313,167,566</u>	<u>\$ 250,952,020</u>	<u>\$ 233,577,577</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.02%	0.03%	0.00%
Covered-employee payroll	\$ 50,270,706	\$ 48,570,730	\$ 51,021,854
Net OPEB liability as a percentage of covered-employee payroll	622.96%	516.67%	457.80%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

**CITY OF MEDFORD, MASSACHUSETTS**

**REQUIRED SUPPLEMENTARY INFORMATION - OPEB  
YEAR ENDED JUNE 30, 2020**

**SCHEDULE OF CONTRIBUTIONS**

	Year Ended June 30,		
	2020	2019	2018
Actuarially-determined contribution	\$26,320,149	\$ 15,322,311	\$ 14,706,431
Contributions in relation to the actuarially-determined contribution	(6,217,406)	(5,949,671)	(5,943,409)
Contribution deficiency (excess)	<u>\$20,102,743</u>	<u>\$ 9,372,640</u>	<u>\$ 8,763,022</u>
Covered-employee payroll	\$50,270,706	\$ 48,570,730	\$ 51,021,854
Contribution as a percentage of covered-employee payroll	12.37%	12.25%	11.65%
Valuation date	July 1, 2018	July 1, 2018	July 1, 2018
Amortization period	30 years	30 years	30 years
Investment rate of return	2.50%	3.75%	3.75%
Municipal bond rate	2.50%	3.75%	3.75%
Discount rate	2.50%	3.75%	3.75%
Inflation	2.50%	2.50%	2.50%
Healthcare cost trend rates	5.5%; then 4.5%	5.5%; then 4.5%	5.5%; then 4.5%
Salary increases	2.50%	2.50%	2.50%
Actuarial cost method	Individual Entry Age Normal (for all years presented)		
Asset valuation method	Market Value of Assets as of Reporting Date (for all years presented)		

**SCHEDULE OF INVESTMENT RETURNS**

	Year Ended June 30,		
	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	-3.00%	0.00%	0.00%

Note: These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years in which information is available.

See accompanying independent auditor's report.

CITY OF MEDFORD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<b>Revenues:</b>						
<i>Taxes:</i>						
Real estate taxes	\$ 114,193,494	\$ 114,193,494	\$ 113,021,664	\$ -	113,021,664	(1,171,830)
Personal property taxes	3,292,734	3,292,734	3,259,066	-	3,259,066	(33,668)
Tax title and foreclosures	-	-	348,879	-	348,879	348,879
Motor vehicle excise	7,029,750	7,029,750	6,762,994	-	6,762,994	(266,756)
Boat excise	8,657	8,657	8,476	-	8,476	(181)
Meals excise	977,954	977,954	863,264	-	863,264	(114,690)
Room occupancy excise	1,209,264	1,209,264	981,700	-	981,700	(227,564)
	<u>126,711,853</u>	<u>126,711,853</u>	<u>125,246,043</u>	<u>-</u>	<u>125,246,043</u>	<u>(1,465,810)</u>
<i>Intergovernmental:</i>						
State aid - chapter 70	12,143,306	12,143,306	12,143,306	-	12,143,306	-
State aid - charter school	1,153,631	1,153,631	1,470,580	-	1,470,580	316,949
State aid - unrestricted	12,880,443	12,880,443	12,880,443	-	12,880,443	-
State aid - veterans	129,276	129,276	175,877	-	175,877	46,601
State aid - other	159,706	159,706	244,228	-	244,228	84,522
Federal aid - other	53,104	53,104	53,104	-	53,104	-
Medicaid reimbursements	260,000	260,000	333,912	-	333,912	73,912
MSBA school construction reimbursement	3,172,025	3,172,025	3,172,025	-	3,172,025	-
	<u>29,951,491</u>	<u>29,951,491</u>	<u>30,473,475</u>	<u>-</u>	<u>30,473,475</u>	<u>521,984</u>
<i>Departmental fees, charges, and other:</i>						
Payments in lieu of taxes	2,257,642	2,257,642	2,427,106	-	2,427,106	169,464
Cable franchise fees	1,103,713	1,103,713	1,169,835	-	1,169,835	66,122
Parking fees	608,088	608,088	611,244	-	611,244	3,156
Cemetery fees	594,275	594,275	589,720	-	589,720	(4,555)
Municipal lien fees	40,890	40,890	44,775	-	44,775	3,885
Library fees	16,800	16,800	11,605	-	11,605	(5,195)
Fire inspection fees	58,790	58,790	78,519	-	78,519	19,729
Recreation fees	50,300	50,300	-	-	-	(50,300)
Rental of municipal property	6,000	6,000	6,000	-	6,000	-
Public safety detail charges	224,318	224,318	301,048	-	301,048	76,730
City clerk fees	86,700	86,700	69,194	-	69,194	(17,506)
Other miscellaneous	271,206	271,206	338,412	-	338,412	67,206
	<u>5,318,722</u>	<u>5,318,722</u>	<u>5,647,458</u>	<u>-</u>	<u>5,647,458</u>	<u>328,736</u>
<i>Licenses and permits:</i>						
Liquor licenses	99,654	99,654	98,800	-	98,800	(854)
Building, plumbing and electrical permits	3,567,027	3,567,027	2,609,939	-	2,609,939	(957,088)
Health licenses and permits	161,182	161,182	146,789	-	146,789	(14,393)
Other licenses and permits	188,924	188,924	78,008	-	78,008	(110,916)
	<u>4,016,787</u>	<u>4,016,787</u>	<u>2,933,536</u>	<u>-</u>	<u>2,933,536</u>	<u>(1,083,251)</u>
<i>Fines and forfeitures:</i>						
Parking fines	13,000	13,000	12,536	-	12,536	(464)
Traffic court fines	126,000	126,000	88,428	-	88,428	(37,572)
Inspectional fines	26,000	26,000	5,290	-	5,290	(20,710)
	<u>165,000</u>	<u>165,000</u>	<u>106,254</u>	<u>-</u>	<u>106,254</u>	<u>(58,746)</u>
<i>Penalties and interest on taxes</i>						
	<u>692,282</u>	<u>692,282</u>	<u>467,890</u>	<u>-</u>	<u>467,890</u>	<u>(224,392)</u>
<i>Interest and investment income</i>						
	<u>385,000</u>	<u>385,000</u>	<u>813,600</u>	<u>-</u>	<u>813,600</u>	<u>428,600</u>
Total Revenues	<u>167,241,135</u>	<u>167,241,135</u>	<u>165,688,256</u>	<u>-</u>	<u>165,688,256</u>	<u>(1,552,879)</u>

CITY OF MEDFORD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<b>Expenditures:</b>						
<i>General Government:</i>						
<i>Legislative:</i>						
Personnel	217,489	217,489	217,303	-	217,303	186
Ordinary expenses	44,716	44,716	29,888	-	29,888	14,828
	<u>262,205</u>	<u>262,205</u>	<u>247,191</u>	<u>-</u>	<u>247,191</u>	<u>15,014</u>
<i>Executive:</i>						
Personnel	707,448	647,480	518,557	-	518,557	128,923
Ordinary expenses	170,016	170,016	133,169	10,218	143,387	26,629
	<u>877,464</u>	<u>817,496</u>	<u>651,726</u>	<u>10,218</u>	<u>661,944</u>	<u>155,552</u>
<i>Finance:</i>						
Personnel	514,396	514,396	496,012	-	496,012	18,384
Ordinary expenses	115,676	115,676	97,585	7,500	105,085	10,591
	<u>630,072</u>	<u>630,072</u>	<u>593,597</u>	<u>7,500</u>	<u>601,097</u>	<u>28,975</u>
<i>Assessors:</i>						
Personnel	263,704	263,704	263,190	-	263,190	514
Ordinary expenses	196,492	243,892	202,241	36,659	238,900	4,992
	<u>460,196</u>	<u>507,596</u>	<u>465,431</u>	<u>36,659</u>	<u>502,090</u>	<u>5,506</u>
<i>Treasury:</i>						
Personnel	503,689	503,689	488,572	-	488,572	15,117
Ordinary expenses	238,639	238,639	192,161	2,000	194,161	44,478
	<u>742,328</u>	<u>742,328</u>	<u>680,733</u>	<u>2,000</u>	<u>682,733</u>	<u>59,595</u>
<i>Law:</i>						
Personnel	285,854	285,854	274,170	-	274,170	11,684
Ordinary expenses	147,762	228,340	166,329	46,367	212,696	15,644
	<u>433,616</u>	<u>514,194</u>	<u>440,499</u>	<u>46,367</u>	<u>486,866</u>	<u>27,328</u>
<i>Information Technology:</i>						
Personnel	174,423	174,423	174,423	-	174,423	-
Ordinary expenses	163,712	163,712	156,499	1,711	158,210	5,502
	<u>338,135</u>	<u>338,135</u>	<u>330,922</u>	<u>1,711</u>	<u>332,633</u>	<u>5,502</u>
<i>City Clerk:</i>						
Personnel	331,021	331,021	311,986	-	311,986	19,035
Ordinary expenses	24,240	24,240	12,486	3,500	15,986	8,254
	<u>355,261</u>	<u>355,261</u>	<u>324,472</u>	<u>3,500</u>	<u>327,972</u>	<u>27,289</u>
<i>Election:</i>						
Personnel	251,941	251,941	243,536	-	243,536	8,405
Ordinary expenses	97,132	97,132	64,089	6,547	70,636	26,496
	<u>349,073</u>	<u>349,073</u>	<u>307,625</u>	<u>6,547</u>	<u>314,172</u>	<u>34,901</u>
<i>Licensing Commission:</i>						
Personnel	5,400	5,400	5,250	-	5,250	150
Ordinary expenses	400	400	61	-	61	339
	<u>5,800</u>	<u>5,800</u>	<u>5,311</u>	<u>-</u>	<u>5,311</u>	<u>489</u>
<i>Conservation Commission:</i>						
Personnel	6,500	6,500	6,150	-	6,150	350
Ordinary expenses	1,100	1,100	872	-	872	228
	<u>7,600</u>	<u>7,600</u>	<u>7,022</u>	<u>-</u>	<u>7,022</u>	<u>578</u>

(continued)

CITY OF MEDFORD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Appeals Board:						
Personnel	8,500	8,500	7,000	-	7,000	1,500
Ordinary expenses	151	151	150	-	150	1
	<u>8,651</u>	<u>8,651</u>	<u>7,150</u>	<u>-</u>	<u>7,150</u>	<u>1,501</u>
Office of Community Development:						
Personnel	294,610	294,610	205,732	-	205,732	88,878
Ordinary expenses	6,257	6,257	1,654	-	1,654	4,603
	<u>300,867</u>	<u>300,867</u>	<u>207,386</u>	<u>-</u>	<u>207,386</u>	<u>93,481</u>
Community Development Board:						
Personnel	8,000	8,000	4,225	-	4,225	3,775
Ordinary expenses	603	603	-	-	-	603
	<u>8,603</u>	<u>8,603</u>	<u>4,225</u>	<u>-</u>	<u>4,225</u>	<u>4,378</u>
Cable:						
Personnel	326,103	341,703	337,369	-	337,369	4,334
Ordinary expenses	137,237	121,637	79,644	56	79,700	41,937
	<u>463,340</u>	<u>463,340</u>	<u>417,013</u>	<u>56</u>	<u>417,069</u>	<u>46,271</u>
Building Maintenance:						
Ordinary expenses	368,737	367,515	297,437	15,650	313,087	54,428
	<u>368,737</u>	<u>367,515</u>	<u>297,437</u>	<u>15,650</u>	<u>313,087</u>	<u>54,428</u>
Property/Liability Insurance:						
Ordinary expenses	525,232	525,232	492,236	-	492,236	32,996
	<u>525,232</u>	<u>525,232</u>	<u>492,236</u>	<u>-</u>	<u>492,236</u>	<u>32,996</u>
<b>Total General Government</b>	<b>6,137,180</b>	<b>6,203,968</b>	<b>5,479,976</b>	<b>130,208</b>	<b>5,610,184</b>	<b>593,784</b>
<b>Public Safety:</b>						
Police:						
Personnel	13,361,999	13,136,271	12,519,503	-	12,519,503	616,768
Ordinary expenses	1,167,509	1,167,509	866,847	20,121	886,968	280,541
	<u>14,529,508</u>	<u>14,303,780</u>	<u>13,386,350</u>	<u>20,121</u>	<u>13,406,471</u>	<u>897,309</u>
Traffic Enforcement:						
Personnel	319,375	319,375	290,836	-	290,836	28,539
Ordinary expenses	8,500	8,500	8,500	-	8,500	-
	<u>327,875</u>	<u>327,875</u>	<u>299,336</u>	<u>-</u>	<u>299,336</u>	<u>28,539</u>
Bicycle Commission:						
Ordinary expenses	5,500	5,500	-	-	-	5,500
	<u>5,500</u>	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,500</u>
Fire:						
Personnel	13,141,669	13,033,159	12,400,496	-	12,400,496	632,663
Ordinary expenses	1,297,337	1,297,337	730,872	98,162	829,034	468,303
	<u>14,439,006</u>	<u>14,330,496</u>	<u>13,131,368</u>	<u>98,162</u>	<u>13,229,530</u>	<u>1,100,966</u>
Building Inspection:						
Personnel	709,667	709,667	605,925	-	605,925	103,742
Ordinary expenses	13,052	14,274	10,288	239	10,527	3,747
	<u>722,719</u>	<u>723,941</u>	<u>616,213</u>	<u>239</u>	<u>616,452</u>	<u>107,489</u>
Electrical Inspection:						
Personnel	166,118	166,118	161,698	-	161,698	4,420
Ordinary expenses	6,502	6,502	548	-	548	5,954
	<u>172,620</u>	<u>172,620</u>	<u>162,246</u>	<u>-</u>	<u>162,246</u>	<u>10,374</u>

CITY OF MEDFORD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Signal Maintenance:						
Personnel	131,957	154,203	152,177	-	152,177	2,026
Ordinary expenses	124,794	112,966	55,689	4,791	60,480	52,486
	<u>256,751</u>	<u>267,169</u>	<u>207,866</u>	<u>4,791</u>	<u>212,657</u>	<u>54,512</u>
Streetlighting:						
Ordinary expenses	510,078	510,078	380,564	11,147	391,711	118,367
	<u>510,078</u>	<u>510,078</u>	<u>380,564</u>	<u>11,147</u>	<u>391,711</u>	<u>118,367</u>
Consumer Advisory Board:						
Ordinary expenses	1,050	1,050	464	-	464	586
	<u>1,050</u>	<u>1,050</u>	<u>464</u>	<u>-</u>	<u>464</u>	<u>586</u>
Emergency Management:						
Personnel	8,700	8,840	8,770	-	8,770	70
Ordinary expenses	3,540	3,540	-	-	-	3,540
	<u>12,240</u>	<u>12,380</u>	<u>8,770</u>	<u>-</u>	<u>8,770</u>	<u>3,610</u>
Traffic and Parking:						
Personnel	4,500	4,500	4,500	-	4,500	-
Ordinary expenses	26,300	26,300	25,098	-	25,098	1,202
	<u>30,800</u>	<u>30,800</u>	<u>29,598</u>	<u>-</u>	<u>29,598</u>	<u>1,202</u>
Energy and Environment:						
Personnel	171,263	171,263	167,961	-	167,961	3,302
Ordinary expenses	266,107	266,107	199,302	21,090	220,392	45,715
	<u>437,370</u>	<u>437,370</u>	<u>367,263</u>	<u>21,090</u>	<u>388,353</u>	<u>49,017</u>
<i>Total Public Safety</i>	<u>31,445,517</u>	<u>31,123,059</u>	<u>28,590,038</u>	<u>155,550</u>	<u>28,745,588</u>	<u>2,377,471</u>
<i>Education:</i>						
School Department:						
Personnel and ordinary expenses	61,250,000	61,250,000	61,182,122	45,785	61,227,907	22,093
<i>Total Education</i>	<u>61,250,000</u>	<u>61,250,000</u>	<u>61,182,122</u>	<u>45,785</u>	<u>61,227,907</u>	<u>22,093</u>
<i>Public Works:</i>						
Engineering:						
Personnel	380,721	390,184	384,350	-	384,350	5,834
Ordinary expenses	49,410	49,410	32,966	11,821	44,787	4,623
	<u>430,131</u>	<u>439,594</u>	<u>417,316</u>	<u>11,821</u>	<u>429,137</u>	<u>10,457</u>
Highway:						
Personnel - administration	1,841,676	1,972,748	1,860,613	4,176	1,864,789	107,959
Ordinary expenses - administration	7,200	109,823	6,063	102,964	109,027	796
Highway construction expenses	415,701	363,398	261,667	-	261,667	101,731
Personnel - snow and ice control	75,000	285,405	285,405	-	285,405	-
Ordinary expenses - snow and ice control	172,500	447,330	447,330	-	447,330	-
Ordinary expenses - sidewalks	85,001	85,001	35,491	-	35,491	49,510
Ordinary expenses - garage and yard	119,719	121,569	97,762	1,310	99,072	22,497
Ordinary expenses - waste collection	7,177,594	7,177,594	7,095,200	-	7,095,200	82,394
	<u>9,894,391</u>	<u>10,562,868</u>	<u>10,089,531</u>	<u>108,450</u>	<u>10,197,981</u>	<u>364,887</u>
Cemetery:						
Personnel	579,250	732,846	675,546	-	675,546	57,300
Ordinary expenses	(58,890)	239,618	196,984	-	196,984	42,634
	<u>520,360</u>	<u>972,464</u>	<u>872,530</u>	<u>-</u>	<u>872,530</u>	<u>99,934</u>
Parks:						
Personnel - parks	517,121	563,593	537,528	-	537,528	26,065
Ordinary expenses - parks	269,085	269,085	208,139	10,658	218,797	50,288
Ordinary expenses - pools and ponds	18,900	18,900	7,813	-	7,813	11,087
	<u>805,106</u>	<u>851,578</u>	<u>753,480</u>	<u>10,658</u>	<u>764,138</u>	<u>87,440</u>
Forestry:						
Personnel	312,640	324,853	308,403	-	308,403	16,450
Ordinary expenses	223,220	223,220	188,906	-	188,906	34,314
	<u>535,860</u>	<u>548,073</u>	<u>497,309</u>	<u>-</u>	<u>497,309</u>	<u>50,764</u>
<i>Total Public Works</i>	<u>12,185,848</u>	<u>13,374,577</u>	<u>12,630,166</u>	<u>130,929</u>	<u>12,761,095</u>	<u>613,482</u>

(Continued)

CITY OF MEDFORD, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
YEAR ENDED JUNE 30, 2020**

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<i>Health and Human Services:</i>						
Health Department:						
Personnel	672,610	672,610	657,353	-	657,353	15,257
Ordinary expenses - health	53,773	48,773	19,195	844	20,039	28,734
Ordinary expenses - dog	42,350	47,350	40,455	425	40,880	6,470
	<u>768,733</u>	<u>768,733</u>	<u>717,003</u>	<u>1,269</u>	<u>718,272</u>	<u>50,461</u>
Council on Aging:						
Personnel	239,622	239,622	230,829	-	230,829	8,793
Ordinary expenses	79,066	79,066	48,124	228	48,352	30,714
	<u>318,688</u>	<u>318,688</u>	<u>278,953</u>	<u>228</u>	<u>279,181</u>	<u>39,507</u>
Veterans Services:						
Personnel	107,391	107,391	107,391	-	107,391	-
Ordinary expenses	243,502	260,745	258,237	187	258,424	2,321
	<u>350,893</u>	<u>368,136</u>	<u>365,628</u>	<u>187</u>	<u>365,815</u>	<u>2,321</u>
Human Diversity:						
Personnel	63,160	89,952	83,785	-	83,785	6,167
Ordinary expenses	8,341	8,341	1,054	312	1,366	6,975
	<u>71,501</u>	<u>98,293</u>	<u>84,839</u>	<u>312</u>	<u>85,151</u>	<u>13,142</u>
<i>Total Health and Human Services</i>	<u>1,509,815</u>	<u>1,553,850</u>	<u>1,446,423</u>	<u>1,996</u>	<u>1,448,419</u>	<u>105,431</u>
<i>Culture and Recreation:</i>						
Library:						
Personnel	1,243,960	1,243,960	1,242,590	-	1,242,590	1,370
Ordinary expenses	305,190	306,090	285,378	1,119	286,497	19,593
	<u>1,549,150</u>	<u>1,550,050</u>	<u>1,527,968</u>	<u>1,119</u>	<u>1,529,087</u>	<u>20,963</u>
Recreation:						
Personnel	346,213	346,213	333,184	-	333,184	13,029
Ordinary expenses	29,271	29,271	13,979	400	14,379	14,892
	<u>375,484</u>	<u>375,484</u>	<u>347,163</u>	<u>400</u>	<u>347,563</u>	<u>27,921</u>
Historical Commission:						
Ordinary expenses	32,306	32,306	30,731	-	30,731	1,575
	<u>32,306</u>	<u>32,306</u>	<u>30,731</u>	<u>-</u>	<u>30,731</u>	<u>1,575</u>
Historical District:						
Ordinary expenses	17,600	17,600	-	-	-	17,600
	<u>17,600</u>	<u>17,600</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,600</u>
Chevalier Auditorium:						
Personnel	30,154	30,154	24,865	-	24,865	5,289
Ordinary expenses	109,700	109,700	58,664	3,857	62,521	47,179
	<u>139,854</u>	<u>139,854</u>	<u>83,529</u>	<u>3,857</u>	<u>87,386</u>	<u>52,468</u>
Hornel Stadium Commission:						
Personnel	5,400	5,400	5,400	-	5,400	-
	<u>5,400</u>	<u>5,400</u>	<u>5,400</u>	<u>-</u>	<u>5,400</u>	<u>-</u>
Celebrations:						
Ordinary expenses	23,834	23,834	12,384	-	12,384	11,450
	<u>23,834</u>	<u>23,834</u>	<u>12,384</u>	<u>-</u>	<u>12,384</u>	<u>11,450</u>
<i>Total Culture and Recreation</i>	<u>2,143,628</u>	<u>2,144,528</u>	<u>2,007,175</u>	<u>5,376</u>	<u>2,012,551</u>	<u>131,977</u>
<i>State and County Assessments:</i>						
State assessments and charges	105,080	105,080	118,720	-	118,720	(13,640)
Transportation authorities assessments	3,901,318	3,901,318	3,901,318	-	3,901,318	-
Annual charges against receipts	35,216	35,216	18,322	-	18,322	16,894
Tuition assessments	7,621,982	7,621,982	7,272,448	-	7,272,448	349,534
<i>Total State and County Assessments</i>	<u>11,663,596</u>	<u>11,663,596</u>	<u>11,310,808</u>	<u>-</u>	<u>11,310,808</u>	<u>352,788</u>

CITY OF MEDFORD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL - GENERAL FUND  
 YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
<i>Pension and Fringe Benefits:</i>						
Retirement:						
Non-contributory pension	85,000	85,000	84,043	-	84,043	957
Contributory pension	11,635,777	11,635,777	11,635,777	-	11,635,777	-
	<u>11,720,777</u>	<u>11,720,777</u>	<u>11,719,820</u>	<u>-</u>	<u>11,719,820</u>	<u>957</u>
Workers compensation:						
Personnel	551,500	551,500	533,145	-	533,145	18,355
Ordinary expenses	25,000	25,000	20,575	-	20,575	4,425
	<u>576,500</u>	<u>576,500</u>	<u>553,720</u>	<u>-</u>	<u>553,720</u>	<u>22,780</u>
Group Insurance:						
Ordinary expenses	21,146,248	21,096,248	20,631,602	-	20,631,602	464,646
	<u>21,146,248</u>	<u>21,096,248</u>	<u>20,631,602</u>	<u>-</u>	<u>20,631,602</u>	<u>464,646</u>
Medicare Insurance:						
Ordinary expenses	1,275,410	1,325,410	1,308,669	-	1,308,669	16,741
	<u>1,275,410</u>	<u>1,325,410</u>	<u>1,308,669</u>	<u>-</u>	<u>1,308,669</u>	<u>16,741</u>
Unemployment Compensation:						
Ordinary expenses	45,000	45,000	9,442	-	9,442	35,558
	<u>45,000</u>	<u>45,000</u>	<u>9,442</u>	<u>-</u>	<u>9,442</u>	<u>35,558</u>
Employee Assistance:						
Ordinary expenses	34,000	34,000	19,505	6,495	26,000	8,000
	<u>34,000</u>	<u>34,000</u>	<u>19,505</u>	<u>6,495</u>	<u>26,000</u>	<u>8,000</u>
<i>Total Pension and Fringe Benefits</i>	<u>34,797,935</u>	<u>34,797,935</u>	<u>34,242,758</u>	<u>6,495</u>	<u>34,249,253</u>	<u>548,682</u>
<i>Debt Service:</i>						
Ordinary expenses - principal and interest	7,076,038	7,086,088	7,086,073	-	7,086,073	15
<i>Total Debt Service</i>	<u>7,076,038</u>	<u>7,086,088</u>	<u>7,086,073</u>	<u>-</u>	<u>7,086,073</u>	<u>15</u>
<b>Total Expenditures</b>	<u>168,209,557</u>	<u>169,197,601</u>	<u>163,975,539</u>	<u>476,339</u>	<u>164,451,878</u>	<u>4,745,723</u>
<b>Other Financing Sources (Uses)</b>						
Transfers in	787,370	1,184,160	1,202,550		1,202,550	18,390
Transfers out	(72,000)	(968,992)	(968,992)		(968,992)	-
<b>Total Other Financing Sources (Uses)</b>	<u>715,370</u>	<u>215,168</u>	<u>233,558</u>		<u>\$ 233,558</u>	<u>18,390</u>
<i>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Uses Of Prior Year Budgetary Fund Balance</i>	<u>(253,052)</u>	<u>(1,741,298)</u>	<u>\$ 1,946,275</u>			<u>\$ 3,211,234</u>
<b>Other Budgetary Items</b>						
Use of unassigned fund balance (free cash)	\$ -	\$ 1,485,346				
Prior year encumbrances	276,401	276,401				
Prior year deficits	(23,349)	(23,349)				
Other	-	2,900				
<b>Total Other Budgetary Items</b>	<u>253,052</u>	<u>1,741,298</u>				
<b>Net budget and actual</b>	<u>\$ -</u>	<u>\$ -</u>				

(Concluded)

The notes to the financial statements are an integral part of this statement.

The notes to the required supplementary information are and integral part of this statement.

**CITY OF MEDFORD, MASSACHUSETTS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020**

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**I. Pension Plan**

*Pension Contributions* – The City has elected provisions of Chapter 32, Section 22D (as amended) of Massachusetts General Laws, which require that a funding schedule be established to fully fund the pension plan by June 30, 2040. Under provisions of this law, participating employers are assessed their share of the total retirement cost based on the entry age, normal actuarial cost method. The pension appropriations are established by the Public Employee Retirement Administration Commission (PERAC) based on a funding schedule approved by the System.

*Changes in Assumptions* – None.

**II. Other Postemployment Benefit Plan**

The City administers a single employer defined benefit healthcare plan that provides health, dental and life insurance benefits (other postemployment benefits) to retirees and their dependents/beneficiaries in accordance with Section 20 of Massachusetts General Law Chapter 32B. The City is not required to fully fund the actuarially determined contribution.

Methods and assumptions used to determine contribution rates are as follows:

Investment rate of return	Not applicable; pay as you go plan
Municipal bond rate	2.50%
Single Equivalent Discount Rate	2.50%
Inflation	2.50%
Health Care Trend Rate	4.50%
Mortality	For healthy participants and retirees: the mortality are RP-2014 Blue Collar Mortality table.
Disabled Mortality	For disabled participants: the mortality rates are from the RP-2000 combined mortality table.
Actuarial Cost Method	Entry age normal

*Changes in Assumptions* – The most significant change relates to the change in discount rate from 3.75% to 2.5%.

### III. Budgetary Basis of Accounting

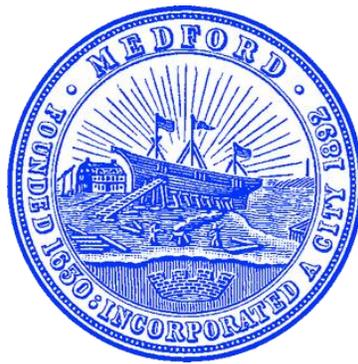
Budgetary Information – An annual budget is legally adopted for the General Fund and the Enterprise Fund. Financial orders are initiated by department heads, recommended by the Mayor and approved by the City Council at the City’s annual meeting in June. Expenditures may not legally exceed appropriations at the department level, or in the categories of personnel and non-personnel expenses. Department heads may transfer, without City Council approval, appropriation balances from one account to another within their department or budget, and within the categories of personnel and non-personnel. The City Council and the department head however must approve any transfer of unencumbered appropriation balances between departments or agencies. At the close of each fiscal year, unencumbered appropriation balances lapse and revert to unassigned fund balance.

The City adopts an annual budget for the general fund in conformity with the guidelines described above. During fiscal year 2020, City Council approved various supplemental budgetary appropriations which resulted in a net increase of approximately \$1,900,000 from the original voted budget, which was primarily utilized for public works (\$1,200,000) and transfers to other funds (\$900,000).

The City Auditor has the responsibility to ensure that budgetary control is maintained in the manner in which the appropriations were voted by City Council. Budgetary control is exercised through the City’s accounting system.

Budgetary-to-GAAP Reconciliation – The City’s general fund is prepared on a basis of accounting other than GAAP to conform to the Uniform Municipal Accounting System basis of accounting as prescribed by the Massachusetts Department of Revenue. A reconciliation of the budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2020, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 165,688,256
On behalf payments	\$ 17,862,405	\$ -	17,862,405
Revenues on a GAAP basis	<u>\$ 17,862,405</u>	<u>\$ -</u>	<u>\$ 183,550,661</u>
Expenditures on a budgetary basis			\$ 163,975,539
On behalf payments	\$ 17,862,405	\$ -	17,862,405
Transfers for enterprise indirect costs	-	(787,370)	(787,370)
Transfers for debt service	-	307,196	307,196
Expenditures on a GAAP basis	<u>\$ 17,862,405</u>	<u>\$ (480,174)</u>	<u>\$ 181,357,770</u>
Other financing sources (uses) on a budgetary basis			\$ 233,558
Transfers for enterprise indirect costs	\$ -	\$ (787,370)	(787,370)
Transfers for debt service	-	307,196	307,196
Other financing sources (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ (480,174)</u>	<u>\$ (246,616)</u>



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## **Combining Statements**

## **Nonmajor Governmental Fund**

### *Special Revenue Funds –*

Special revenue funds are used to account for certain revenue generating activities that are legally and/or programmatically restricted to expenditures for a specific purpose. From the City's financial ledgers, these activities can be distinctly categorized into the following groupings:

*City Federal Grants* – This fund accounts for federally funded non-school grant programs received either directly from federal agencies or indirectly through pass-through entities.

*School Federal Grants* – This fund accounts for federally funded educational-based grant programs received either directly from federal agencies or indirectly through pass-through entities.

*City State Grants* – This fund accounts for Commonwealth of Massachusetts funded non-school grant programs received directly from state agencies.

*School State Grants* – This fund accounts for Commonwealth of Massachusetts funded educational-based grant programs received directly from state agencies.

*Receipts Reserved for Appropriation* – This fund accounts for receipts collected which are reserved until appropriated for a specific purpose for which it has been segregated by law or administrative action.

*City Revolving Funds* – This fund accounts for the non-school related activity within revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and other applicable statutes.

*School Revolving Funds* – This fund accounts for educational-based activities within revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and Chapter 71.

*Community Development Fund* – This fund accounts for state and federally funded community development grant programs.

*City Gift and Other Funds* – This fund accounts for donated monies and other miscellaneous special revenue accounts which related to non-school activities.

*School Gift and Other Funds* – This fund accounts for donated monies and other miscellaneous special revenue accounts which related to educational-based activities.

*Community Preservation Fund* – This fund accounts for assets that are restricted by state law for the purposes of acquiring or developing open space and recreational facilities, historic resources and affordable housing.

*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.

*School Trust Funds* – This fund accounts for contributions earmarked for the support of the City's schools.

*City Trust Funds* – This fund accounts for all contributions including: gifts, donations and bequests for which only earnings on the original trust corpus may be expended to benefit government approved programs, other than those associated with school and cemetery activities.

*Linkage Trust Funds* – This fund accounts for contributions from developers earmarked for capital improvements to school facilities, public facilities, roads, affordable housing, child care facilities, job training facilities, public safety facilities and parks, playgrounds and other recreational facilities.

**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING BALANCE SHEET  
JUNE 30, 2020

	<b>Special Revenue Funds</b>				
	City Federal Grants	School Federal Grants	City State Grants	School State Grants	Receipts Reserved for Appropriation
<b>Assets:</b>					
Cash and short-term investments	\$ 239,298	\$ -	\$ 370,343	\$ 377,095	\$ 1,207,328
Receivables, net of allowance for uncollectibles					
Property taxes	-	-	-	-	-
Tax title	-	-	-	-	-
Intergovernmental	8,103	160,817	537,786	324,555	-
<b>Total Assets</b>	<u>247,401</u>	<u>160,817</u>	<u>908,129</u>	<u>701,650</u>	<u>1,207,328</u>
<b>Total Deferred Outflows of Resources</b>	-	-	-	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 247,401</u>	<u>\$ 160,817</u>	<u>\$ 908,129</u>	<u>\$ 701,650</u>	<u>\$ 1,207,328</u>
<b>Liabilities:</b>					
Warrants and accounts payable	\$ 177,661	\$ 21,098	\$ 103,944	\$ 10,492	\$ 11,775
Accrued payroll and withholdings	5,060	4,926	3,651	3,993	-
Other liabilities	-	-	-	-	-
Due to other funds	-	79,084	-	-	-
<b>Total Liabilities</b>	<u>182,721</u>	<u>105,108</u>	<u>107,595</u>	<u>14,485</u>	<u>11,775</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - property taxes	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	-	-	-	-	-
<b>Fund Balances:</b>					
Nonspendable	-	-	-	-	-
Restricted	270,292	144,321	880,294	687,165	1,195,553
Unassigned	(205,612)	(88,612)	(79,760)	-	-
<b>Total Fund Balances</b>	<u>64,680</u>	<u>55,709</u>	<u>800,534</u>	<u>687,165</u>	<u>1,195,553</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 247,401</u>	<u>\$ 160,817</u>	<u>\$ 908,129</u>	<u>\$ 701,650</u>	<u>\$ 1,207,328</u>

<u>City Revolving Funds</u>	<u>School Revolving Funds</u>	<u>Community Development Fund</u>	<u>City Gifts and Other Funds</u>	<u>School Gifts and Other Funds</u>	<u>Community Preservation Fund</u>	<u>Sub-total Special Revenue Funds</u>
\$ 1,436,091	\$ 1,665,257	\$ -	\$ 617,014	\$ 281,754	\$ 5,063,065	\$ 11,257,245
-	-	-	-	-	19,405	19,405
-	-	-	-	-	6,535	6,535
-	6,124	132,556	-	20,933	-	1,190,874
<u>1,436,091</u>	<u>1,671,381</u>	<u>132,556</u>	<u>617,014</u>	<u>302,687</u>	<u>5,089,005</u>	<u>12,474,059</u>
-	-	-	-	-	-	-
<u>\$ 1,436,091</u>	<u>\$ 1,671,381</u>	<u>\$ 132,556</u>	<u>\$ 617,014</u>	<u>\$ 302,687</u>	<u>\$ 5,089,005</u>	<u>\$ 12,474,059</u>
\$ 26,301	\$ 181,945	\$ 45,681	\$ 4,557	\$ 2,000	\$ 265,449	\$ 850,903
-	20,867	2,898	252	653	1,335	43,635
-	-	-	-	-	1,487	1,487
-	-	33,381	-	-	-	112,465
<u>26,301</u>	<u>202,812</u>	<u>81,960</u>	<u>4,809</u>	<u>2,653</u>	<u>268,271</u>	<u>1,008,490</u>
-	-	-	-	-	25,940	25,940
-	-	-	-	-	25,940	25,940
-	-	-	-	-	-	-
1,409,790	1,468,569	50,596	764,524	300,034	4,794,794	11,965,932
-	-	-	(152,319)	-	-	(526,303)
<u>1,409,790</u>	<u>1,468,569</u>	<u>50,596</u>	<u>612,205</u>	<u>300,034</u>	<u>4,794,794</u>	<u>11,439,629</u>
<u>\$ 1,436,091</u>	<u>\$ 1,671,381</u>	<u>\$ 132,556</u>	<u>\$ 617,014</u>	<u>\$ 302,687</u>	<u>\$ 5,089,005</u>	<u>\$ 12,474,059</u>

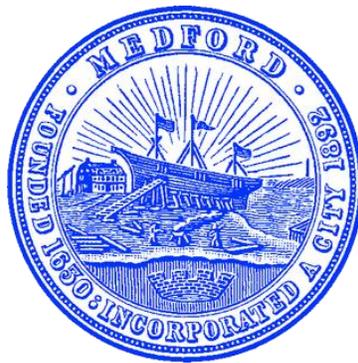
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**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING BALANCE SHEET  
JUNE 30, 2020

	<b>Permanent Funds</b>				<b>Total</b>
	School Trust Funds	City Trust Funds	Linkage Trust Funds	Sub-total Permanent Funds	Nonmajor Governmental Funds
<b>Assets:</b>					
Cash and short-term investments	\$ 222,189	\$ 744,828	\$ 623,276	\$ 1,590,293	\$ 12,847,538
Receivables, net of allowance for uncollectibles					
Property taxes	-	-	-	-	19,405
Tax title	-	-	-	-	6,535
Intergovernmental	-	-	-	-	1,190,874
<b>Total Assets</b>	<u>222,189</u>	<u>744,828</u>	<u>623,276</u>	<u>1,590,293</u>	<u>14,064,352</u>
<b>Total Deferred Outflows of Resources</b>	-	-	-	-	-
<b>Total Assets and Deferred Inflows of Resources</b>	<u>\$ 222,189</u>	<u>\$ 744,828</u>	<u>\$ 623,276</u>	<u>\$ 1,590,293</u>	<u>\$ 14,064,352</u>
<b>Liabilities:</b>					
Warrants and accounts payable	\$ -	\$ -	\$ 17,791	\$ 17,791	\$ 868,694
Accrued payroll and withholdings	-	-	-	-	43,635
Other liabilities	-	-	-	-	1,487
Due to other funds	-	-	-	-	112,465
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>17,791</u>	<u>17,791</u>	<u>1,026,281</u>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - property taxes	-	-	-	-	25,940
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,940</u>
<b>Fund Balances:</b>					
Nonspendable	50,250	315,581	-	365,831	365,831
Restricted	171,939	429,247	605,485	1,206,671	13,172,603
Unassigned	-	-	-	-	(526,303)
<b>Total Fund Balances</b>	<u>222,189</u>	<u>744,828</u>	<u>605,485</u>	<u>1,572,502</u>	<u>13,012,131</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 222,189</u>	<u>\$ 744,828</u>	<u>\$ 623,276</u>	<u>\$ 1,590,293</u>	<u>\$ 14,064,352</u>

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**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2020

	<b>Special Revenue Funds</b>				
	City Federal Grants	School Federal Grants	City State Grants	School State Grants	Receipts Reserved for Appropriation
<b>Revenues:</b>					
Real estate and personal property taxes, net	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	503,205	2,250,002	3,537,890	1,932,611	-
Departmental and other	-	-	-	-	266,351
Interest and investment income	-	-	-	-	-
Contributions and donations	-	-	-	-	-
<b>Total Revenues</b>	<u>503,205</u>	<u>2,250,002</u>	<u>3,537,890</u>	<u>1,932,611</u>	<u>266,351</u>
<b>Expenditures:</b>					
Current:					
General government	425,519	-	119,953	-	-
Public safety	101,832	-	399,044	-	-
Education	-	2,080,326	-	1,848,114	-
Public works	1,479	-	2,321,083	-	103,533
Health and human services	273,244	-	318,595	-	-
Culture and recreation	-	-	158,007	-	-
Debt service:					
Principal	-	-	-	-	-
Interest expense	-	-	-	-	-
<b>Total Expenditures</b>	<u>802,074</u>	<u>2,080,326</u>	<u>3,316,682</u>	<u>1,848,114</u>	<u>103,533</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(298,869)	169,676	221,208	84,497	162,818
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	-	-	46,715
Transfers out	(15,399)	-	(850)	-	(150,791)
<b>Total Other Financing Sources (Uses)</b>	<u>(15,399)</u>	<u>-</u>	<u>(850)</u>	<u>-</u>	<u>(104,076)</u>
<b>Net Change in Fund Balance</b>	(314,268)	169,676	220,358	84,497	58,742
Fund Balances - Beginning of Year	<u>378,948</u>	<u>(113,967)</u>	<u>580,176</u>	<u>602,668</u>	<u>1,136,811</u>
Fund Balances - End of Year	<u>\$ 64,680</u>	<u>\$ 55,709</u>	<u>\$ 800,534</u>	<u>\$ 687,165</u>	<u>\$ 1,195,553</u>

City Revolving Funds	School Revolving Funds	Community Development Fund	City Gifts and Other Funds	School Gifts and Other Funds	Community Preservation Fund	Sub-total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,462,780	\$ 1,462,780
-	563,460	1,001,159	-	-	336,074	10,124,401
1,138,832	3,122,810	-	-	-	1,793	4,529,786
-	-	-	-	-	567	567
-	-	-	149,740	251,766	-	401,506
<u>1,138,832</u>	<u>3,686,270</u>	<u>1,001,159</u>	<u>149,740</u>	<u>251,766</u>	<u>1,801,214</u>	<u>16,519,040</u>
64,444	-	382,085	40,919	-	-	1,032,920
-	-	-	76,007	-	-	576,883
-	3,412,486	-	-	218,718	-	7,559,644
27,631	-	590,781	137,772	-	-	3,182,279
28,977	-	-	17,052	-	-	637,868
256,308	-	-	63,005	-	1,122,286	1,599,606
25,000	-	-	-	-	-	25,000
<u>4,388</u>	<u>31,175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,563</u>
<u>406,748</u>	<u>3,443,661</u>	<u>972,866</u>	<u>334,755</u>	<u>218,718</u>	<u>1,122,286</u>	<u>14,649,763</u>
732,084	242,609	28,293	(185,015)	33,048	678,928	1,869,277
-	-	-	-	-	-	46,715
-	-	-	-	-	-	(167,040)
-	-	-	-	-	-	(120,325)
732,084	242,609	28,293	(185,015)	33,048	678,928	1,748,952
<u>677,706</u>	<u>1,225,960</u>	<u>22,303</u>	<u>797,220</u>	<u>266,986</u>	<u>4,115,866</u>	<u>9,690,677</u>
<u>\$ 1,409,790</u>	<u>\$ 1,468,569</u>	<u>\$ 50,596</u>	<u>\$ 612,205</u>	<u>\$ 300,034</u>	<u>\$ 4,794,794</u>	<u>\$ 11,439,629</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FISCAL YEAR ENDED JUNE 30, 2020

	Permanent Funds				Total
	School Trust Funds	City Trust Funds	Linkage Trust Funds	Sub-total Permanent Funds	Nonmajor Governmental Funds
<b>Revenues:</b>					
Real estate and personal property taxes, net	\$ -	\$ -	\$ -	\$ -	\$ 1,462,780
Intergovernmental	-	74,021	-	74,021	10,198,422
Departmental and other	-	-	3,114	3,114	4,532,900
Interest and investment income	6,019	10,736	-	16,755	17,322
Contributions and donations	4,000	-	-	4,000	405,506
<b>Total Revenues</b>	<b>10,019</b>	<b>84,757</b>	<b>3,114</b>	<b>97,890</b>	<b>16,616,930</b>
<b>Expenditures:</b>					
Current:					
General government	-	-	-	-	1,032,920
Public safety	-	139,364	-	139,364	716,247
Education	830	-	-	830	7,560,474
Public works	-	-	87,645	87,645	3,269,924
Health and human services	-	751	-	751	638,619
Culture and recreation	-	1,777	21,399	23,176	1,622,782
Debt service:					
Principal	-	-	-	-	25,000
Interest expense	-	-	-	-	35,563
<b>Total Expenditures</b>	<b>830</b>	<b>141,892</b>	<b>109,044</b>	<b>251,766</b>	<b>14,901,529</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>9,189</b>	<b>(57,135)</b>	<b>(105,930)</b>	<b>(153,876)</b>	<b>1,715,401</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in	-	-	-	-	46,715
Transfers out	-	-	-	-	(167,040)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(120,325)</b>
<b>Net Change in Fund Balance</b>	<b>9,189</b>	<b>(57,135)</b>	<b>(105,930)</b>	<b>(153,876)</b>	<b>1,595,076</b>
Fund Balances - Beginning of Year	213,000	801,963	711,415	1,726,378	11,417,055
Fund Balances - End of Year	\$ 222,189	\$ 744,828	\$ 605,485	\$ 1,572,502	\$ 13,012,131

(Concluded)

## **Fiduciary Funds**

### *Agency Funds* –

Agency funds are used to account for assets maintained in a custodial capacity. Such activities primarily consist of performance bonds and school deposits held, as well as, monies due to City personnel for certain services rendered that were collected from external parties on their behalf.

**AGENCY FUND**

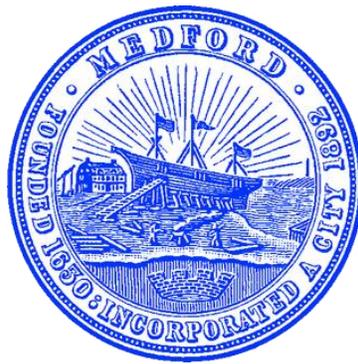
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FISCAL YEAR ENDED JUNE 30, 2020

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
<b>Assets:</b>				
Cash and cash equivalents	\$ 199,775	\$ 3,977,391	\$ (3,970,307)	\$ 206,859
Other receivables	<u>355,093</u>	<u>378,452</u>	<u>(355,093)</u>	<u>378,452</u>
Total Assets	<u>\$ 554,868</u>	<u>\$ 4,355,843</u>	<u>\$ (4,325,400)</u>	<u>\$ 585,311</u>
<b>Liabilities:</b>				
Warrants payable	\$ 9,085	\$ 288,146	\$ (297,231)	\$ -
Accrued payroll and withholdings	183,931	180,424	(183,931)	180,424
Agency liabilities	<u>361,852</u>	<u>4,547,547</u>	<u>(4,504,512)</u>	<u>404,887</u>
Total Liabilities	<u>\$ 554,868</u>	<u>\$ 5,016,117</u>	<u>\$ (4,985,674)</u>	<u>\$ 585,311</u>

# STATISTICAL SECTION



Vanessa Salvucci sings the National Anthem at the Mayor's inauguration in January. Standing next to newly elected Mayor Breanna Lungo-Koehn is Senator Ed Markey, as the City Council stands in the background.



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# Statistical Section

This part of the comprehensive annual financial report presents 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; as well as the City's ability to issue additional debt in the future.

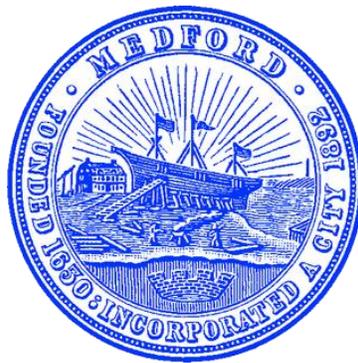
## **Demographic and Economic Information**

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 services the City provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the financial statements for the relevant year.



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**NET POSITION BY COMPONENT**

**LAST TEN FISCAL YEARS**

	2011	2012	2013	2014	2015	2016	2017 (a)	2018 (b)	2019 (c)	2020
<b>Governmental activities:</b>										
Net investment in capital assets.....	\$ 77,114,171	\$ 81,252,086	\$ 84,279,522	\$ 94,952,840	\$ 98,443,021	\$ 98,583,704	\$ 100,418,975	\$ 103,823,452	\$ 108,849,838	\$ 120,870,178
Restricted.....	11,874,967	12,451,139	11,627,932	13,232,535	14,326,107	15,229,107	28,701,026	25,455,004	25,803,076	24,859,117
Unrestricted.....	<u>(26,257,065)</u>	<u>(30,991,121)</u>	<u>(33,688,066)</u>	<u>(37,310,966)</u>	<u>(127,146,082)</u>	<u>(133,774,849)</u>	<u>(135,296,804)</u>	<u>(287,848,094)</u>	<u>(293,644,466)</u>	<u>(322,021,371)</u>
<b>Total governmental activities net position.....</b>	<b><u>\$ 62,732,073</u></b>	<b><u>\$ 62,712,104</u></b>	<b><u>\$ 62,219,388</u></b>	<b><u>\$ 70,874,409</u></b>	<b><u>\$ (14,376,954)</u></b>	<b><u>\$ (19,962,038)</u></b>	<b><u>\$ (6,176,803)</u></b>	<b><u>\$ (158,569,638)</u></b>	<b><u>\$ (158,991,552)</u></b>	<b><u>\$ (176,292,076)</u></b>
<b>Business-type activities:</b>										
Net investment in capital assets.....	\$ 13,528,675	\$ 13,917,819	\$ 14,478,332	\$ 14,674,280	\$ 15,577,194	\$ 15,878,640	\$ 16,323,496	\$ 18,719,022	\$ 19,658,494	\$ 20,148,487
Unrestricted.....	8,799,412	8,831,583	9,677,323	9,642,220	1,836,915	7,526,080	10,501,992	(1,839,299)	(2,496,073)	(4,118,595)
<b>Total business-type activities net position.....</b>	<b><u>\$ 22,328,087</u></b>	<b><u>\$ 22,749,402</u></b>	<b><u>\$ 24,155,655</u></b>	<b><u>\$ 24,316,500</u></b>	<b><u>\$ 17,414,109</u></b>	<b><u>\$ 23,404,720</u></b>	<b><u>\$ 26,825,488</u></b>	<b><u>\$ 16,879,723</u></b>	<b><u>\$ 17,162,421</u></b>	<b><u>\$ 16,029,892</u></b>
<b>Primary government:</b>										
Net investment in capital assets.....	\$ 90,642,846	\$ 95,169,905	\$ 98,757,854	\$ 109,627,120	\$ 114,020,215	\$ 114,462,344	\$ 116,742,471	\$ 122,542,474	\$ 128,508,332	\$ 141,018,665
Restricted.....	11,874,967	12,451,139	11,627,932	13,232,535	14,326,107	15,229,107	28,701,026	25,455,004	25,803,076	24,859,117
Unrestricted.....	<u>(17,457,653)</u>	<u>(22,159,538)</u>	<u>(24,010,743)</u>	<u>(27,668,746)</u>	<u>(125,309,167)</u>	<u>(126,248,769)</u>	<u>(124,794,812)</u>	<u>(289,687,393)</u>	<u>(296,140,539)</u>	<u>(326,139,966)</u>
<b>Total primary government net position.....</b>	<b><u>\$ 85,060,160</u></b>	<b><u>\$ 85,461,506</u></b>	<b><u>\$ 86,375,043</u></b>	<b><u>\$ 95,190,909</u></b>	<b><u>\$ 3,037,155</u></b>	<b><u>\$ 3,442,682</u></b>	<b><u>\$ 20,648,685</u></b>	<b><u>\$ (141,689,915)</u></b>	<b><u>\$ (141,829,131)</u></b>	<b><u>\$ (160,262,184)</u></b>

Note: The City restated the 2011 - 2012 governmental activities net position to conform to the current year classifications.

- (a) Restricted governmental activities net position was restated for the debt principal receivable from MSBA and other smaller restatements.
- (b) Unrestricted governmental and business-type activities were restated for the net OPEB liability.
- (c) Certain amounts were reclassified between net investment in capital assets and unrestricted net position in business-type activities.

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses -										
Governmental activities:										
General government.....	\$ 6,008,094	\$ 5,719,364	\$ 6,569,343	\$ 5,302,877	\$ 6,488,042	\$ 11,386,467	\$ 10,804,224	\$ 10,827,647	\$ 12,329,611	\$ 13,704,065
Public safety.....	34,232,262	32,502,784	35,951,487	36,911,626	37,592,454	38,322,086	40,922,695	43,483,817	46,661,450	52,668,468
Education.....	91,054,128	89,459,632	90,416,397	93,732,291	89,768,795	101,843,528	103,063,652	108,570,091	112,707,072	125,890,022
Public works.....	12,034,468	12,195,373	11,812,251	12,921,890	13,485,264	13,268,797	15,189,045	15,807,191	16,581,326	17,950,596
Human services.....	1,341,378	1,324,966	1,400,366	1,431,612	1,859,470	2,031,177	1,696,867	2,232,228	2,583,100	3,136,132
Culture and recreation.....	1,961,321	1,902,730	1,901,732	2,275,152	2,182,160	2,014,120	2,931,906	2,787,964	3,440,583	4,442,726
Interest.....	2,116,699	933,669	1,729,020	1,999,720	2,559,197	2,091,196	1,728,553	1,640,747	1,458,388	2,060,162
Intergovernmental.....	10,238,982	10,072,020	7,770,956	7,990,900	8,127,171	-	-	-	-	-
Total government activities expenses.....	158,987,332	154,110,538	157,551,552	162,566,068	162,062,553	170,957,371	176,336,942	185,349,685	195,761,530	219,852,171
Business-type activities:										
Water and sewer operations.....	20,629,231	20,216,519	20,417,835	20,880,078	21,616,201	23,138,814	22,865,477	24,065,920	25,065,647	26,277,000
Total business-type activities expenses.....	20,629,231	20,216,519	20,417,835	20,880,078	21,616,201	23,138,814	22,865,477	24,065,920	25,065,647	26,277,000
Total primary government expenses.....	\$ 179,616,563	\$ 174,327,057	\$ 177,969,387	\$ 183,446,146	\$ 183,678,754	\$ 194,096,185	\$ 199,202,419	\$ 209,415,605	\$ 220,827,177	\$ 246,129,171
Program Revenues -										
Governmental activities:										
Charges for services:										
General government.....	\$ 1,729,084	\$ 1,265,757	\$ 1,237,356	\$ 1,145,325	\$ 2,400,455	\$ 1,959,373	\$ 1,837,313	\$ 2,303,830	\$ 3,046,285	\$ 4,246,693
Public safety.....	1,740,989	1,914,367	1,752,169	2,937,815	4,989,140	2,855,669	2,984,543	3,525,791	4,789,098	3,701,542
Education.....	2,878,604	3,442,497	2,959,057	4,317,570	3,046,803	4,123,661	4,524,278	4,272,429	4,520,195	3,122,810
Public works.....	718,744	699,006	702,609	627,764	910,561	951,140	854,234	999,256	1,014,017	901,288
Human services.....	127,465	135,840	144,850	137,885	171,268	186,788	229,339	209,457	186,411	169,869
Culture and recreation.....	98,808	107,804	541,827	232,708	291,749	353,201	273,702	295,774	863,183	352,212
Operating grants and contributions.....	35,089,267	33,389,661	35,189,401	35,666,158	30,312,244	31,940,822	36,803,180	35,646,118	36,660,262	39,754,083
Capital grants and contributions.....	1,719,647	753,897	493,680	186,815	5,239,725	4,794,539	1,208,013	6,889,062	5,877,616	7,730,868
Total government activities program revenues.....	44,102,608	41,708,829	43,020,949	45,252,040	47,361,945	47,165,193	48,714,602	54,141,717	56,957,067	59,979,365
Business-type activities:										
Charges for services.....	22,471,744	21,975,116	22,679,088	21,790,526	22,666,121	24,655,674	24,883,938	24,426,968	25,408,801	25,346,369
Capital grants and contributions.....	-	-	-	-	-	954,000	-	471,150	-	63,954
Total business-type activities program revenues.....	22,471,744	21,975,116	22,679,088	21,790,526	22,666,121	25,609,674	24,883,938	24,898,118	25,408,801	25,410,323
Total primary government program revenues.....	\$ 66,574,352	\$ 63,683,945	\$ 65,700,037	\$ 67,042,566	\$ 70,028,066	\$ 72,774,867	\$ 73,598,540	\$ 79,039,835	\$ 82,365,868	\$ 85,389,688
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (114,884,724)	\$ (112,401,709)	\$ (114,530,603)	\$ (117,314,028)	\$ (114,700,608)	\$ (123,792,178)	\$ (127,622,340)	\$ (131,207,968)	\$ (138,804,463)	\$ (159,872,806)
Business-type activities.....	1,842,513	1,758,597	2,261,253	910,448	1,049,920	2,470,860	2,018,461	832,198	343,154	(866,677)
Total primary government net (expense)/program revenue.....	\$ (113,042,211)	\$ (110,643,112)	\$ (112,269,350)	\$ (116,403,580)	\$ (113,650,688)	\$ (121,321,318)	\$ (125,603,879)	\$ (130,375,770)	\$ (138,461,309)	\$ (160,739,483)

(continued)

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues, Transfers and Other Changes in Net Position -										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 83,880,142	\$ 86,485,579	\$ 89,274,765	\$ 92,987,889	\$ 96,588,090	\$ 100,632,745	\$ 106,775,326	\$ 110,212,724	\$ 114,744,424	\$ 118,999,741
Motor vehicle and other excise taxes.....	5,155,769	5,952,989	6,398,707	6,691,398	7,454,835	7,845,104	8,665,658	8,669,911	9,084,237	8,769,289
Penalties and interest on taxes.....	981,622	1,379,574	1,628,053	1,611,838	1,483,048	1,698,277	1,000,424	933,928	692,283	467,890
Grants and contributions not restricted to specific programs.....	15,388,980	16,377,806	14,632,004	22,135,105	10,737,184	11,276,371	11,702,875	12,157,690	12,585,868	12,933,547
Unrestricted investment income.....	932,516	303,641	941,895	1,222,950	567,677	557,700	906,729	835,226	1,166,882	1,116,361
Miscellaneous.....	243,851	544,869	307,463	570,266	121,295	113,730	-	-	-	-
Transfers.....	2,794,000	1,337,282	855,000	749,603	1,271,946	121,975	97,534	119,562	108,855	285,454
Total governmental activities.....	109,376,880	112,381,740	114,037,887	125,969,049	118,224,075	122,245,902	129,148,546	132,929,041	138,382,549	142,572,282
Business-type activities:										
Unrestricted investment income.....	-	-	-	-	1,611	4,047	8,456	55,155	48,399	19,602
Transfers.....	(2,794,000)	(1,337,282)	(855,000)	(749,603)	(1,271,946)	(121,975)	(97,534)	(119,562)	(108,855)	(285,454)
Total business-type activities.....	(2,794,000)	(1,337,282)	(855,000)	(749,603)	(1,270,335)	(117,928)	(89,078)	(64,407)	(60,456)	(265,852)
Total primary government general revenues, transfers and other changes in net position.....	\$ 106,582,880	\$ 111,044,458	\$ 113,182,887	\$ 125,219,446	\$ 116,953,740	\$ 122,127,974	\$ 129,059,468	\$ 132,864,634	\$ 138,322,093	\$ 142,306,430
<b>Changes in Net Position</b>										
Governmental activities.....	\$ (5,507,844)	\$ (19,969)	\$ (492,716)	\$ 8,655,021	\$ 3,523,467	\$ (1,546,276)	\$ 1,526,206	\$ 1,721,073	\$ (421,914)	\$ (17,300,524)
Business-type activities.....	(951,487)	421,315	1,406,253	160,845	(220,415)	2,352,932	1,929,383	767,791	282,698	(1,132,529)
Total primary government changes in net position.....	\$ (6,459,331)	\$ 401,346	\$ 913,537	\$ 8,815,866	\$ 3,303,052	\$ 806,656	\$ 3,455,589	\$ 2,488,864	\$ (139,216)	\$ (18,433,053)

(concluded)

**FUND BALANCES - GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund:										
Assigned.....	\$ 635,732	\$ 428,001	\$ 700,951	\$ 1,363,043	\$ 1,472,725	\$ 743,299	\$ 1,168,654	\$ 939,252	\$ 276,400	\$ 5,972,849
Unassigned.....	2,831,915	5,721,393	6,817,101	8,664,653	9,502,058	10,939,911	11,940,233	11,656,412	14,550,692	10,800,518
Total general fund.....	<u>\$ 3,467,647</u>	<u>\$ 6,149,394</u>	<u>\$ 7,518,052</u>	<u>\$ 10,027,696</u>	<u>\$ 10,974,783</u>	<u>\$ 11,683,210</u>	<u>\$ 13,108,887</u>	<u>\$ 12,595,664</u>	<u>\$ 14,827,092</u>	<u>\$ 16,773,367</u>
All Other Governmental Funds:										
Nonspendable.....	4,141,980	4,184,960	4,229,580	4,271,360	4,369,510	4,223,795	4,400,430	4,450,010	4,482,890	4,524,490
Restricted.....	7,998,887	8,266,179	13,185,031	21,887,042	12,152,713	11,830,883	12,907,798	19,487,181	24,726,602	27,960,390
Committed.....	-	-	-	-	1,206,240	1,202,589	-	-	-	-
Unassigned.....	(1,838,689)	(930,773)	(1,163,387)	(1,482,653)	(870,466)	(796,263)	(1,770,538)	(2,595,501)	(4,842,792)	(1,557,906)
Total all other governmental funds.....	<u>\$ 10,302,178</u>	<u>\$ 11,520,366</u>	<u>\$ 16,251,224</u>	<u>\$ 24,675,749</u>	<u>\$ 16,857,997</u>	<u>\$ 16,461,004</u>	<u>\$ 15,537,690</u>	<u>\$ 21,341,690</u>	<u>\$ 24,366,700</u>	<u>\$ 30,926,974</u>

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues:</b>										
Real estate and personal property taxes, net of tax refunds.....	\$ 83,924,207	\$ 86,512,829	\$ 89,569,464	\$ 93,152,581	\$ 96,795,073	\$ 100,604,863	\$ 106,810,370	\$ 110,277,282	\$ 114,812,791	\$ 118,092,389
Motor vehicle and other excise taxes.....	5,118,366	5,998,581	6,005,295	6,777,690	7,352,602	8,110,524	8,354,578	8,582,319	8,804,595	8,616,434
Penalties and interest on taxes.....	981,622	1,379,574	1,628,053	1,611,838	1,483,048	1,698,277	1,000,424	933,928	692,283	467,890
Intergovernmental.....	51,593,359	50,490,405	50,043,541	57,603,412	43,914,883	46,924,102	50,348,400	56,144,528	56,633,042	61,723,972
Departmental and other.....	5,366,755	5,619,043	5,646,382	6,986,347	7,569,865	8,420,165	8,391,531	8,782,156	10,491,107	10,596,367
Licenses and permits.....	1,475,421	1,430,525	1,399,748	2,226,774	4,638,717	2,542,058	2,176,821	2,668,612	4,037,837	2,933,536
Fines and forfeitures.....	521,529	700,244	515,430	651,092	419,194	189,093	167,951	166,346	164,703	106,254
Contributions.....	761,848	89,582	355,315	489,784	1,677,765	552,091	1,865,092	1,193,835	997,280	447,106
Investment income.....	932,116	302,854	726,740	1,044,264	388,984	379,061	906,028	831,804	1,155,575	1,114,540
<b>Total Revenue.....</b>	<b>150,675,223</b>	<b>152,523,637</b>	<b>155,889,968</b>	<b>170,543,782</b>	<b>164,240,131</b>	<b>169,420,234</b>	<b>180,021,195</b>	<b>189,580,810</b>	<b>197,789,213</b>	<b>204,098,488</b>
<b>Expenditures:</b>										
General government.....	3,697,345	4,289,600	4,758,259	4,696,001	4,620,226	5,872,735	5,248,315	5,102,166	5,957,434	6,602,546
Public safety.....	23,337,807	23,036,353	23,843,644	26,923,500	25,555,767	27,360,705	27,673,941	29,065,036	29,840,665	29,086,040
Education.....	52,116,005	52,806,979	54,381,464	55,838,659	61,624,835	63,459,576	64,736,666	66,761,440	67,229,479	68,329,598
Public works.....	10,237,043	10,143,049	10,219,908	11,498,795	11,019,295	10,902,256	11,728,294	11,985,278	13,027,314	13,420,721
Health and human services.....	891,277	963,527	1,008,046	1,065,135	995,622	1,628,075	1,046,084	1,534,972	1,756,582	2,037,279
Culture and recreation.....	1,272,104	2,144,967	1,366,387	1,503,810	1,200,076	1,272,434	1,982,610	1,732,703	2,376,641	3,010,038
State and county charges.....	10,238,982	10,072,020	7,770,956	7,990,901	8,127,171	8,475,699	8,655,301	9,174,557	10,286,228	11,310,808
Pension and fringe benefits.....	41,101,759	39,931,843	41,916,615	42,158,732	35,860,999	40,266,173	44,820,084	46,201,137	46,603,441	51,433,586
Capital outlay.....	3,438,000	2,735,000	7,281,000	24,435,000	17,830,000	3,240,000	4,842,346	5,875,213	11,715,308	30,456,405
Debt service:										
Principal.....	3,990,000	4,135,000	4,270,000	4,675,000	4,833,000	4,637,000	4,830,000	5,125,000	5,290,000	5,853,000
Interest.....	2,171,048	1,702,646	1,714,173	1,838,683	2,440,751	2,154,325	1,964,146	1,852,093	1,596,538	1,600,832
<b>Total Expenditures.....</b>	<b>152,491,370</b>	<b>151,960,984</b>	<b>158,530,452</b>	<b>182,624,216</b>	<b>174,107,742</b>	<b>169,268,978</b>	<b>177,527,787</b>	<b>184,409,595</b>	<b>195,679,630</b>	<b>223,140,853</b>
Excess of revenues over (under) expenditures.....	(1,816,147)	562,653	(2,640,484)	(12,080,434)	(9,867,611)	151,256	2,493,408	5,171,215	2,109,583	(19,042,365)
<b>Other Financing Sources (Uses):</b>										
Issuance of bonds and notes.....	-	2,000,000	7,885,000	20,963,000	1,467,000	-	-	-	3,038,000	26,037,050
Issuance of refunding bonds.....	-	31,505,000	-	-	-	-	-	-	-	-
Payments to refunding escrow agent.....	-	(33,285,000)	-	-	-	-	-	-	-	-
Proceeds from capital lease.....	-	-	-	1,302,000	258,000	439,335	-	-	-	-
Premiums from issuance of bonds and notes.....	-	1,780,000	-	-	-	-	-	-	-	1,226,410
Transfers in.....	3,410,787	2,501,167	1,189,637	3,021,989	3,118,105	1,634,282	1,297,912	2,932,609	4,394,301	1,716,341
Transfers out.....	(1,052,564)	(1,163,885)	(334,637)	(2,272,386)	(1,846,159)	(1,512,307)	(1,200,378)	(2,813,047)	(4,285,446)	(1,430,887)
<b>Total other financing sources (uses).....</b>	<b>2,358,223</b>	<b>3,337,282</b>	<b>8,740,000</b>	<b>23,014,603</b>	<b>2,996,946</b>	<b>561,310</b>	<b>97,534</b>	<b>119,562</b>	<b>3,146,855</b>	<b>27,548,914</b>
<b>Net change in fund balance.....</b>	<b>\$ 542,076</b>	<b>\$ 3,899,935</b>	<b>\$ 6,099,516</b>	<b>\$ 10,934,169</b>	<b>\$ (6,870,665)</b>	<b>\$ 712,566</b>	<b>\$ 2,590,942</b>	<b>\$ 5,290,777</b>	<b>\$ 5,256,438</b>	<b>\$ 8,506,549</b>
Debt service as a percentage of noncapital expenditures.....	4.13%	3.91%	3.96%	4.12%	4.65%	4.09%	3.93%	3.91%	3.74%	3.87%

**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY BY CLASSIFICATION AND TAX RATES**

**LAST TEN FISCAL YEARS**

Fiscal Year	Assessed Value						State Equalized Value	Ratio of Assessed to Equalized Value	Tax Rates		
	Residential Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Total City Value			Residential Tax Rate	Commercial Tax Rate	Average Tax Rate
2011	\$ 5,565,550,955	\$ 650,747,645	\$ 93,272,000	\$ 114,487,520	\$ 858,507,165	\$ 6,424,058,120	\$ 7,238,746,700	88.75%	\$ 11.66	\$ 22.98	\$ 13.13
2012	5,581,478,578	624,804,322	92,612,400	119,860,340	837,277,062	6,418,755,640	7,238,746,700	88.67%	12.03	23.72	13.55
2013	5,608,195,443	624,690,357	93,287,900	127,072,430	845,050,687	6,453,246,130	7,098,761,300	90.91%	12.36	24.39	13.94
2014	5,930,338,991	632,697,209	92,874,000	122,328,860	847,900,069	6,778,239,060	7,098,761,300	95.48%	12.25	24.01	13.72
2015	6,534,408,440	654,943,460	97,461,000	125,684,630	878,089,090	7,412,497,530	7,325,080,700	101.19%	11.70	22.77	13.01
2016	7,113,829,540	737,790,960	98,416,800	135,531,970	971,739,730	8,085,569,270	7,325,080,700	110.38%	11.19	21.82	12.47
2017	7,958,487,445	775,397,455	103,413,100	147,677,450	1,026,488,005	8,984,975,450	8,962,552,200	100.25%	10.56	20.46	11.69
2018	8,623,196,642	807,672,258	105,231,500	157,260,430	1,070,164,188	9,693,360,830	8,962,552,200	108.15%	10.24	19.76	11.29
2019	9,661,238,326	858,343,674	111,967,400	170,342,310	1,140,653,384	10,801,891,710	10,557,928,900	102.31%	9.60	18.43	10.53
2020	10,541,615,485	905,169,415	118,175,100	187,406,590	1,210,751,105	11,752,366,590	10,557,928,900	111.31%	9.18	17.57	10.04

Source: Official Statements, State Division of Local Services

Note: All property in the Commonwealth of Massachusetts is assessed at 100% of full and fair cash value. The State estimates this "equalized valuation" for all municipalities every two years. 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% of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2%, subject to an exception for property added to the tax rolls and for certain valuation increases. This secondary limit may be exceeded in any fiscal year by majority approval of the voters, however, it cannot exceed the primary limitation.

**PRINCIPAL TAXPAYERS**

**CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	Nature of Business	2020			2011		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Station Landing LLC	Apartments/Retail Stores	\$ 122,085,400	1	1.04%	\$ 82,832,200	1	1.29%
MCREF Medford Development LLC	Apartments	94,723,500	2	0.81%			
Meadow Glen LLC	Apartments	64,389,600	3	0.55%			
Mystic Place, LLC	Apartments	61,780,500	4	0.53%	44,854,000	2	0.70%
Guardian Lumiere LLC	Apartments	59,089,900	5	0.50%			
National Grid	Utility	54,455,070	6	0.46%	27,731,480	5	0.43%
Station Landing V LLC	Apartments/Retail Stores	54,315,300	7	0.46%	28,027,400	4	0.44%
DIV Cabot Road LLC	Office	53,537,400	8	0.46%			
Boston Gas Company	Utility	45,620,490	9	0.39%	17,748,600	7	
Simmons Properties LLC	Office	33,207,700	10	0.28%			
VEF VI, LLC	Commercial Office				42,165,000	3	0.66%
Medford Assoc LTD Partnership	Retail Stores				25,049,700	6	0.39%
Anheuser Busch Inc.	Warehouse/Distributor				17,080,000	8	0.27%
Fellsway Plaza Lmted Partnership	Retail Stores				15,853,700	9	0.25%
Middlesex Realty Holdings Corp	Commercial Office				15,379,900	10	0.24%
		<u>\$ 643,204,860</u>		<u>5.47%</u>	<u>\$ 316,721,980</u>		<u>4.65%</u>

Source: Official Statements

**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**

Fiscal Year	Tax Levy			Collections				Percent of Total Tax Collections to Net Tax Levy
	Total Tax Levy	Less Abatements & Exemptions	Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	
2011	\$ 84,344,541	\$ 680,851	\$ 83,663,690	\$ 82,457,096	98.56%	\$ 756,990	\$ 83,214,086	99.46%
2012	87,005,399	888,665	86,116,734	85,119,977	98.84%	892,654	86,012,631	99.88%
2013	89,928,081	869,506	89,058,575	88,106,458	98.93%	859,738	88,966,196	99.90%
2014	93,004,733	700,001	92,304,732	91,326,663	98.94%	821,629	92,148,292	99.83%
2015	96,446,667	745,895	95,700,772	94,099,676	98.33%	815,324	94,915,000	99.18%
2016	100,828,933	574,608	100,254,325	99,114,217	98.86%	811,425	99,925,642	99.67%
2017	105,043,572	631,486	104,412,086	103,415,981	99.05%	625,568	104,041,549	99.65%
2018	109,477,978	691,372	108,786,606	107,813,083	99.11%	744,822	108,557,905	99.79%
2019	113,770,130	893,684	112,876,446	112,087,264	99.30%	789,182	112,876,446	100.00%
2020	118,044,927	558,699	117,486,228	115,472,772	98.29%	-	115,472,772	98.29%

Source: Accounting Records

**RATIOS OF OUTSTANDING DEBT BY TYPE**

**LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities	Business-Type Activities		Total Outstanding Debt	Personal Income	Percentage of Personal Income	U.S. Census Population	Debt Per Capita
	General Obligation Bonds (1)	General Obligation Bonds (1)	Direct Placements					
2011	\$ 45,045,000	\$ 1,680,000	\$ 680,653	\$ 47,405,653	\$ 1,944,428,395	2.44%	56,173	\$ 844
2012	42,352,000	1,260,000	1,344,945	44,956,945	1,944,428,395	2.31%	56,173	800
2013	45,789,000	1,840,000	3,422,347	51,051,347	1,944,428,395	2.63%	56,173	909
2014	61,899,000	1,385,000	2,992,764	66,276,764	1,944,428,395	3.41%	56,173	1,180
2015	58,355,000	925,000	2,563,180	61,843,180	1,944,428,395	3.18%	56,173	1,101
2016	53,540,000	880,000	3,396,833	57,816,833	1,944,428,395	2.97%	56,173	1,029
2017	48,532,000	835,000	2,831,285	52,198,285	1,944,428,395	2.68%	56,173	929
2018	43,229,000	790,000	4,916,588	48,935,588	1,944,428,395	2.52%	56,173	871
2019	40,799,000	1,082,000	4,028,370	45,909,370	1,944,428,395	2.36%	56,173	817
2020	62,031,460	1,035,000	3,140,153	66,206,613	1,944,428,395	3.40%	56,173	1,179

Source: U. S. Census, State Division of Local Services

(1) Presented net of original issuance discounts and premiums.

**RATIOS OF GENERAL BONDED DEBT OUTSTANDING**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Obligation Bonds (1)</u>	<u>Less: Amounts Available (2)</u>	<u>Total</u>	<u>Assessed Value</u>	<u>Percentage of Assessed Value</u>	<u>U.S Census Population</u>	<u>Debt Per Capita</u>
2011	\$ 46,725,000	\$ (25,099,340)	\$ 21,625,660	\$ 6,424,058,120	0.34%	56,173	\$ 385
2012	43,612,000	(23,056,785)	20,555,215	6,418,755,640	0.32%	56,173	366
2013	47,629,000	(20,922,316)	26,706,684	6,453,246,130	0.41%	56,173	475
2014	63,284,000	(18,691,795)	44,592,205	6,778,239,060	0.66%	56,173	794
2015	59,280,000	(16,360,900)	42,919,100	7,412,497,530	0.58%	56,173	764
2016	54,420,000	(13,925,116)	40,494,884	8,085,569,270	0.50%	56,173	721
2017	49,367,000	(11,379,721)	37,987,279	8,984,975,450	0.42%	56,173	676
2018	44,019,000	(8,719,784)	35,299,216	9,693,360,830	0.36%	56,173	628
2019	41,881,000	(5,940,149)	35,940,851	10,801,891,710	0.33%	56,173	640
2020	63,066,460	(3,035,431)	60,031,029	11,752,366,590	0.51%	56,173	1,069

Source: U. S. Census, State Division of Local Services

(1) General obligation bonds consist of debt of both governmental and business-type activities, net of original issuance discounts and premiums.

(2) These are restricted resources from the Massachusetts School Building Authority for debt principal on school construction.

**COMPUTATION OF LEGAL DEBT MARGIN**

**LAST TEN FISCAL YEARS**

(Amounts in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Equalized Valuation.....	\$7,238,747,000	\$7,238,747,000	\$7,098,761,000	\$7,098,761,000	\$7,325,081,000	\$7,325,081,000	\$8,962,552,000	\$8,962,552,000	\$10,557,928,900	\$10,557,928,900
Debt Limit.....	361,937,350	361,937,350	354,938,050	354,938,050	366,254,050	366,254,050	448,127,600	448,127,600	527,896,445	527,896,445
Outstanding general obligation bonds and direct placements.....	47,405,653	44,956,945	51,051,347	66,276,764	61,843,180	57,816,833	52,198,285	48,935,588	45,909,370	66,206,613
Authorized and unissued debt.....	-	14,000,000	10,000,000	9,500,000	10,500,000	15,500,000	10,500,000	3,666,966	62,586,583	30,000,683
Debt not applicable to debt limit.....	(35,265,653)	(30,824,945)	(35,925,347)	(32,340,764)	(29,739,180)	(26,440,833)	(22,963,485)	(21,306,137)	(17,116,090)	(12,616,443)
Legal debt margin.....	<u>\$ 349,797,350</u>	<u>\$ 333,805,350</u>	<u>\$ 329,812,050</u>	<u>\$ 311,502,050</u>	<u>\$ 323,650,050</u>	<u>\$ 319,378,050</u>	<u>\$ 408,392,800</u>	<u>\$ 416,831,183</u>	<u>\$ 436,516,582</u>	<u>\$ 444,305,592</u>
Total debt applicable to the limit as a percentage of debt limit.....	3.35%	7.77%	8.21%	12.24%	11.63%	12.80%	8.87%	6.98%	17.31%	15.83%

Source: State Division of Local Services, Accounting Records

**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**

**AS OF JUNE 30, 2020**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Massachusetts Bay Transportation Authority (MBTA).....	\$ 5,478,860,000 (a)	2.231%	<u>\$ 122,233,367</u>
Subtotal, overlapping debt.....			122,233,367
City direct debt.....			<u>66,206,613</u>
Total direct and overlapping debt.....			<u><u>\$ 188,439,980</u></u>

Source: Official Statements, Accounting Records

(a) Debt outstanding as of June 30, 2019.

Note: The estimated percentage applicable is determined based on the City's weighted percentage of the total population of the authority as provided in its enabling act.

**DEMOGRAPHIC AND ECONOMIC STATISTICS**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population Estimates</u>	<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2011	56,173	\$ 1,944,428,395	\$ 34,615	36.7	4,849	6.80%
2012	56,173	1,944,428,395	34,615	36.7	4,872	5.60%
2013	56,173	1,944,428,395	34,615	36.7	4,677	5.80%
2014	56,173	1,944,428,395	34,615	36.7	4,590	4.80%
2015	56,173	1,944,428,395	34,615	36.7	4,514	3.90%
2016	56,173	1,944,428,395	34,615	36.7	4,437	3.30%
2017	56,173	1,944,428,395	34,615	36.7	4,487	3.10%
2018	56,173	1,944,428,395	34,615	36.7	4,341	2.10%
2019	56,173	1,944,428,395	34,615	36.7	4,204	2.00%
2020	56,173	1,944,428,395	34,615	36.7	3,976	N/A

N/A - Information not available at the current time.

Source: U. S. Census, Division of Local Services, Massachusetts  
 Department of Elementary and Secondary Education.  
 Median age is based on most recent census data.

**PRINCIPAL EMPLOYERS (EXCLUDING CITY)**

**CURRENT YEAR AND NINE YEARS AGO**

Employer	Nature of Business	2020			2011		
		Approximate Number of Employees	Rank	Percentage of Total City Employment	Approximate Number of Employees	Rank	Percentage of Total City Employment
Tufts University	* Educational Institution	1,846	1	8.52%	2,388	1	14.03%
Cross Country Group	Business	1,400	2	6.46%			
Station's Landing	Retail Stores/Office	500	3	2.31%	200	7	1.17%
Wegman's	Retail Grocery	500	3	2.31%			
Lawrence Memorial Hospital	Health Services	397	5	1.83%	1,000	2	5.87%
Courtyard Nursing Care	Health/Elderly Services	300	6	1.38%			
Stop & Shop	Retail Grocery	250	7	1.15%	165	9	0.97%
Harvard Vanguard	Health Services	208	8	0.96%	211	6	1.24%
Glen Ridge Nursing Care Center	Health/Elderly Services	154	9	0.71%			
Cambridge Systematics	Transportation	85	10	0.39%			
Anheuser Busch	Administration and Distribution				452	3	2.66%
Meadow Glen Mall	Retail Stores/Office				310	4	1.82%
Century Bank	Financial Services				285	5	1.67%
Citizens Bank	Financial Services				175	8	1.03%
Shaws	Retail Grocery				165	9	0.97%

Source: Official Statements

\* = Tufts employees a total of 2,504 employees of which 1,846 are located in Medford and the balance in the adjacent City of Somerville.

**FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION**

**LAST TEN FISCAL YEARS**

<u>Function</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General government.....	79	83	88	89	64	85	85	88	53	40
Public safety.....	279	283	294	287	287	301	305	302	239	265
Education.....	726	786	897	979	833	947	805	968	892	772
Public works.....	68	64	62	63	66	81	69	70	35	45
Health and human services.....	28	28	29	34	29	31	34	34	19	12
Culture and recreation.....	83	83	84	78	76	81	89	89	28	32
Sub-total .....	1,263	1,327	1,454	1,530	1,355	1,526	1,387	1,551	1,266	1,166
Water and sewer.....	34	25	31	31	20	24	19	21	21	18
Total City employees.....	<u>1,297</u>	<u>1,352</u>	<u>1,485</u>	<u>1,561</u>	<u>1,375</u>	<u>1,550</u>	<u>1,406</u>	<u>1,572</u>	<u>1,287</u>	<u>1,184</u>

Source: City personnel records

**OPERATING INDICATORS BY FUNCTION/PROGRAM**

**LAST TEN FISCAL YEARS**

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>General Government:</b>										
City Clerk										
Registered voters.....	19,724	22,454	23,587	25,415	27,857	34,996	38,112	39,114	39,134	41,732
<b>Public Safety:</b>										
<b>Police</b>										
<b>Criminal offenses</b>										
Homicide.....	1	-	-	-	1	-	-	-	-	-
Rape.....	7	10	10	5	6	2	6	5	8	4
Robbery.....	37	43	30	242	24	21	13	19	12	20
Aggravated assault.....	128	85	73	73	72	67	65	68	94	71
Burglary.....	292	233	163	99	115	89	119	108	82	40
Larceny.....	551	828	722	695	599	555	515	556	483	438
Motor vehicle theft.....	118	70	67	78	69	45	52	55	50	37
Arson.....	-	1	2	2	-	-	1	1	-	2
Total criminal offenses.....	<u>1,134</u>	<u>1,270</u>	<u>1,067</u>	<u>1,194</u>	<u>886</u>	<u>779</u>	<u>771</u>	<u>812</u>	<u>729</u>	<u>612</u>
Adult arrests.....	532	447	405	488	452	359	343	385	445	243
Juvenile arrests.....	13	18	11	22	12	3	8	8	3	5
Incident reports.....	1,970	3,311	3,192	3,345	2,972	2,849	2,755	2,859	2,902	4,955
Citations issued.....	881	675	791	2,022	2,207	2,292	1,626	2,042	1,343	1,198
<b>Fire</b>										
<b>Incidents</b>										
Fires.....	268	314	289	251	305	249	252	244	210	283
Non-fire incidents.....	8,622	8,540	8,722	9,025	9,244	9,292	9,428	9,448	9,574	10,849
Total fire calls.....	<u>8,890</u>	<u>8,854</u>	<u>9,011</u>	<u>9,276</u>	<u>9,549</u>	<u>9,541</u>	<u>9,680</u>	<u>9,692</u>	<u>9,784</u>	<u>11,132</u>
<b>Inspectional Services</b>										
Number of Building permits	1,367	1,439	1,414	1,572	1,903	1,887	4,423	1,362	1,771	1,843
Estimated dollar value of new construction	62,233,762	88,474,839	87,915,951	74,637,031	255,480,990 (a)	101,036,167	87,908,119	84,004,986	193,548,693	157,734,684
<b>Education:</b>										
Number of students.....	4,849	4,872	4,677	4,590	4,514	4,437	4,487	4,341	4,204	3,976
<b>Public Works:</b>										
<b>Highway</b>										
Roads paved (miles).....	1.102	-	1.310	1.698	3.827	1.378	0.714	1.540	0.460	2.650
<b>Water</b>										
Water mains replaced (miles).....	0.920	1.392	0.977	2.327	-	0.256	-	1.250	1.470	0.061
<b>Sewer</b>										
Sanitary sewers replaced (miles).....	0.069	0.006	0.568	0.065	0.289	0.236	0.206	0.680	1.220	-
<b>Health and Human Services:</b>										
<b>Board of Health</b>										
<b>Permits issued</b>										
Food permits.....	446	498	481	411	429	519	511	218	435	394
Other.....	1,007	1,012	977	950	1,106	1,184	1,833	1,114	885	671
Total permits.....	<u>1,453</u>	<u>1,510</u>	<u>1,458</u>	<u>1,361</u>	<u>1,535</u>	<u>1,703</u>	<u>2,344</u>	<u>1,332</u>	<u>1,320</u>	<u>1,065</u>
<b>Culture and Recreation:</b>										
<b>Libraries</b>										
Circulation.....	320,218	319,918	314,737	292,114	283,848	291,270	300,790	314,162	332,423	218,826
Holdings.....	188,102	197,924	191,741	191,191	199,040	209,369	225,837	233,379	214,882	222,225
Number of visits.....	N/A	N/A	N/A	N/A	N/A	N/A	168,233	196,747	193,583	51,220

N/A - Information not available at the current time.  
 Source: Various City Departments and State websites.

**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**

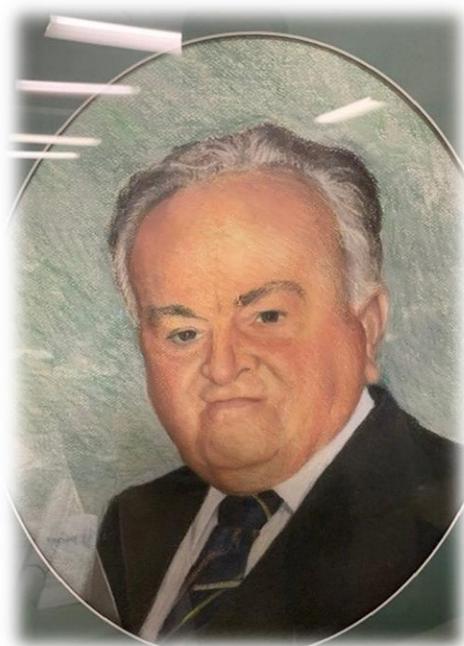
**LAST TEN FISCAL YEARS**

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government:										
Number of buildings.....	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	6	6	6	6	6	6	6	6	6	6
Education:										
Number of grade Pre-K to 8 schools.....	7	7	7	7	7	7	7	7	7	7
Number of middle schools.....	2	2	2	2	2	2	2	2	2	2
Number of high schools.....	2	2	2	2	2	2	2	2	2	2
Public Works:										
Number of facility yards.....	1	1	1	1	1	1	1	1	1	1
Road miles.....	115.36	115.36	115.36	115.36	115.36	115.36	115.36	115.36	115.36	115.36
Water main lines (miles).....	135	135	135	135	135	135	135	135	135	135
Sewer main lines (miles).....	119	119	119	119	119	119	119	119	119	119
Number of cemeteries.....	2	2	2	2	2	2	2	2	2	2
Culture and Recreation:										
Number of libraries.....	1	1	1	1	1	1	1	1	1	1
Number of senior centers.....	1	1	1	1	1	1	1	1	1	1
Number of public parks.....	26	26	26	26	26	26	27	28	28	28

Source: Various City Departments and State websites.

# DEDICATION

City Clerk Joseph P. McGonagle



3/22/1929 - 4/8/2020

This year's Comprehensive Annual Financial Report is dedicated to the memory of City Clerk Joseph McGonagle. Joseph graduated from Malden Catholic High School, and from Boston College with a Bachelor of Science in Business Administration. He was the longest serving City Clerk for the City of Medford to date (1967-1996), as well as simultaneously serving as the Registrar of Voters for the City.

He also served as a 2nd Lieutenant, Assistant Supervising Officer, HQ of the 101st Engineering Combat Battalion of the Lawrence Light Guard Association. He was an amateur historian, compiling a collection of Lawrence Light Guard Association historical accounts, writing a historical pageant of Medford's early days, as well as a history about Malden Catholic sports teams and players.

It is with great affection we remember him, and he will be sorely missed.