

CITY OF MEDFORD, MASSACHUSETTS



ANNUAL COMPREHENSIVE FINANCIAL REPORT For the fiscal year July 1, 2020 - June 30, 2021

On the cover and below: The recently completed new Medford Public Library located on High Street in Medford. Named the Charlotte and William Bloomberg Medford Public Library, after the parents of Michael Bloomberg who was one of the largest benefactors, the new library opened January 2, 2022. The state-of-the-art 45,000 square-foot facility has been recognized by the Massachusetts Board of Public Library Commissioners as the Commonwealth's first Net-Zero Energy public library to generate the energy it uses entirely on its site.

photo credit: Schwartz/Silver Architects



CITY OF MEDFORD, MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

Breanna Lungo-Koehn, Mayor



Prepared by Finance

Robert Dickinson, Finance Director/Auditor

**CITY OF MEDFORD, MASSACHUSETTS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021**

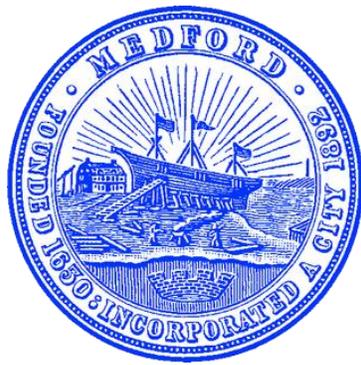
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INTRODUCTORY SECTION



Station Landing is a highly successful mixed-use development completed in 2009. The development consists of office space, apartments, retail space, and restaurants. Adjacent to Wellington Station, it's a short subway ride to Boston and close to many of the major highways. Its location makes it a very desirable area to live, work, dine and shop.

photo credit: Cranshaw Construction





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Letter of Transmittal

July 18, 2022

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

We are pleased to acknowledge that the City of Medford has completed its fourth installment of the *Annual Comprehensive Financial Report* (ACFR). The report, which was prepared by the City's Department of Finance and Audit, is for the fiscal year ended June 30, 2021; and we are proud to be one of only about 50 communities in Massachusetts to accomplish this.

The City is responsible for the accuracy, completeness and fairness of the data presented in the ACFR. 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 ACFR 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 ACFR 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, 2021 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 60,000 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

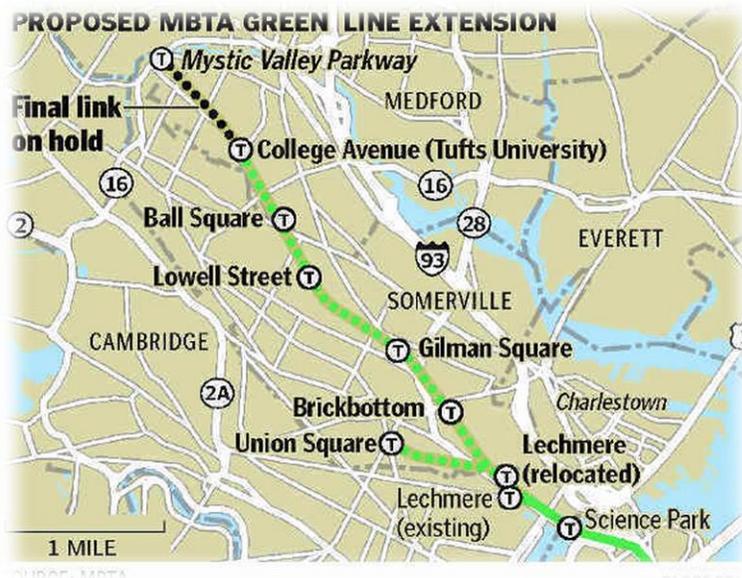
Massachusetts Water Resources Authority (MWRA) who provides water and sewer services for the residents and businesses.

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 in the summer of 2022.

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.

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.

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

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, Adam Knight, George A. Scarpelli, Nicole Morell, Richard F. Caraviello, Justin Tseng, Kit Collins

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, Sharon Hays, Jenny Graham, Breanna Lungo-Koehn, Melanie P. McLaughlin, Kathy Kreatz, Mea Quinn Mustone

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 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



Superintendent Dr. Marice Edouard-Vincent

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 was submitted to the GFOA and received 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 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.

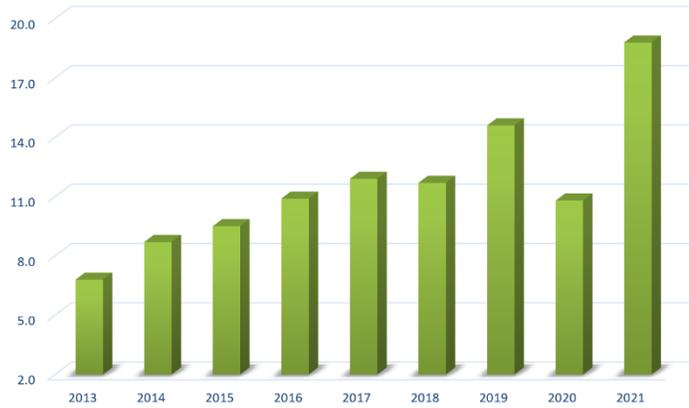
These issues continued into fiscal year 2021, as the Commonwealth failed to adopt its operating budget for fiscal year 2021 until mid-way through the fiscal year. This hamstrung the budget process, as local state aid is a significant portion of the City’s operating budget.

In response to these extraordinary challenges, the Federal Government began a process of authorizing emergency aid to state and local government in the form of two major economic stimulus programs. The first, the CARES Act provided the City with \$5.8 million funding via the Commonwealth for PPE, technology, backfill due to Covid-19, disinfection of public buildings and various other Covid-19 related expenses. The City was required to obligate expenditures associated with this grant by December 31, 2021.

The Second, ARPA, will provide the City with \$48.5 million that allows the City to allocate a certain amount for any government purpose based on a revenue replacement formula, and the rest for various other infrastructure and direct Covid-19 related expenditures. The City is required to obligate expenditures associated with this grant by 2024 and spend these funds by 2026.

Lastly, the City was approved to receive \$1.5 million from the Commonwealth as part of the FORWARD Bill. These funds are earmarked for improvements at McDonald Park.

Unassigned Fund Balances (Millions)



The City's strong fiscal response to this crisis combined with the assistance described in the previous paragraphs has enabled the City to overcome the adverse financial impacts of the pandemic as well as provide stability for the next several fiscal years.

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.

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 recently completed comprehensive multi-year capital plan which was 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, 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:

	2022	2023	2024	2025	2026
Real Estate and Personal Property Taxes	\$ 128,205,269	\$ 132,410,401	\$ 136,720,661	\$ 141,138,677	\$ 145,667,144
Intergovernmental Revenue - Local Aid	27,850,836	28,407,853	28,976,010	29,555,530	30,146,641
Local Receipts	15,133,164	15,435,827	15,744,544	16,059,435	16,380,623
Recurring transfers from special revenue	400,000	400,000	400,000	400,000	400,000
Indirect charges	1,600,000	1,600,000	1,600,000	1,600,000	1,600,000
Total Revenues	\$ 173,189,269	\$ 178,254,081	\$ 183,441,214	\$ 188,753,642	\$ 194,194,408

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 working with 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 began in 2021 and will 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 is working to recruit new industry, manage business retention/expansion efforts, and spur downtown revitalization.

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 multiple small businesses in Medford.

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 recently completed 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 programed with a schedule and remotely controlled.



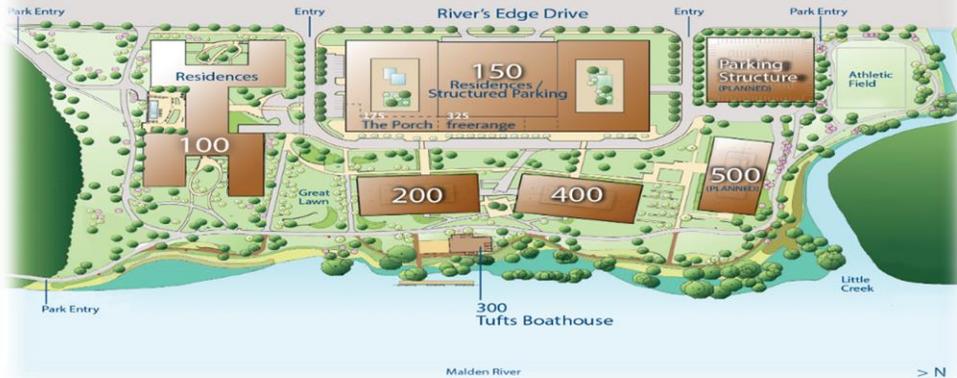
Private Development

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 completed for the 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 completed 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 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 were impacted due to the Covid-19 pandemic and were delayed, 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 installed 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 was awarded a \$12 million grant from the Massachusetts Board of Library Commissioners to fund a new library. A capital campaign also matched the award through private donations including a generous gift from philanthropist Michael Bloomberg who was a Medford resident and whose parents the new library was named after. The new library was designed to be all-electric and net-zero, with solar panels offsetting all electricity needs of the new building. The construction of this building was completed and opened in January 2022.

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 Annual Comprehensive 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. The City has received this award in each of the last three years.

The publication of this ACFR 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



Robert Dickinson
Finance Director and City Auditor



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Medford
Massachusetts**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

PRINCIPAL CITY OFFICIALS

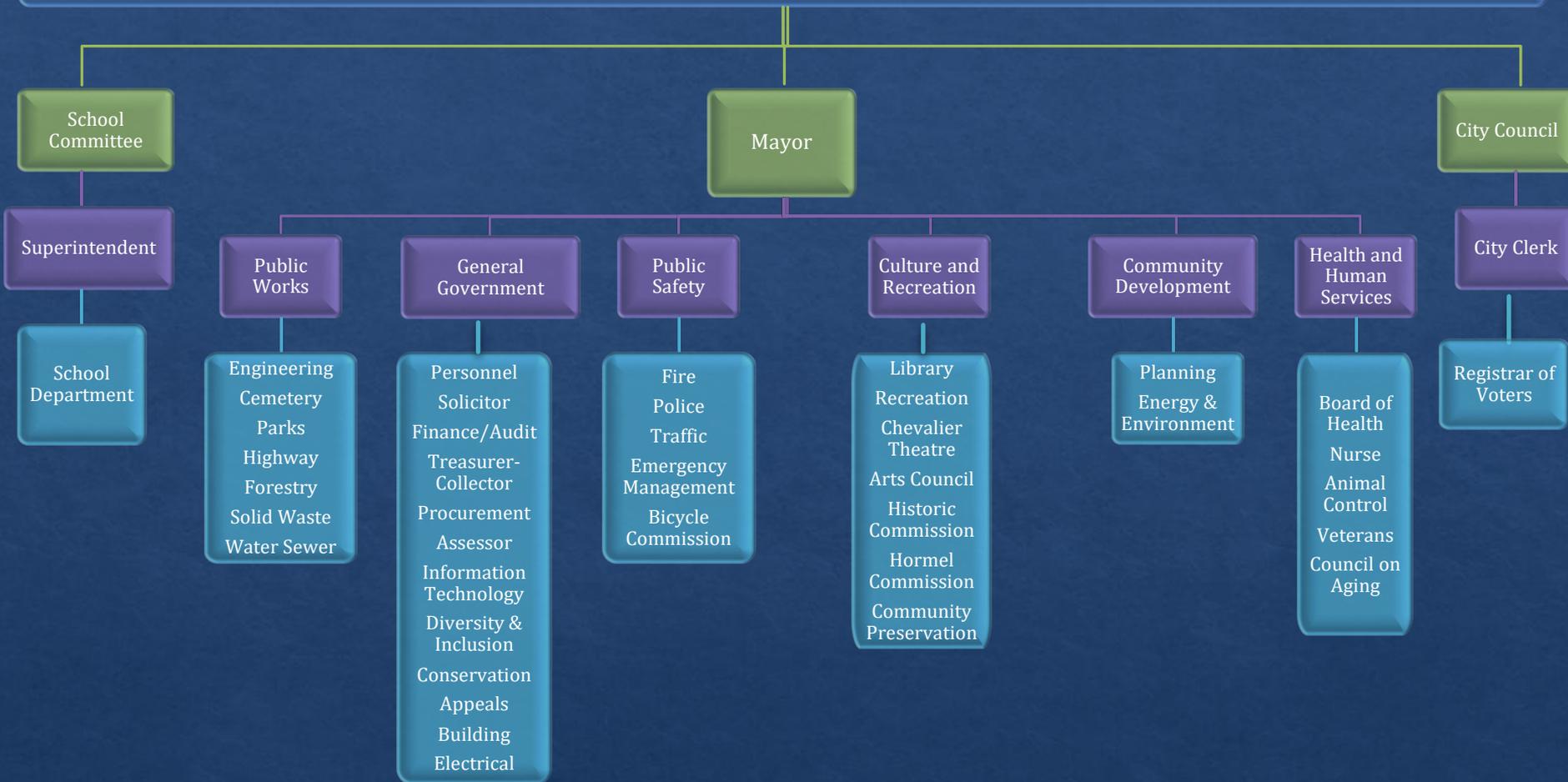
Elected Officials

Mayor	Breanna Lungo-Koehn
City Council	Nicole Morell, President Isaac B. “Zac” Bears, Vice President Richard F. Caraviello Kit Collins Adam Knight George A. Scarpelli Justin Tseng
School Committee	Breanna Lungo-Koehn, Chairman Jenny R. Graham, Vice Chairman Paul Ruseau, Secretary Sharon Hays Kathy Kreatz Melanie P. McLaughlin Mea Quinn Mustone

Principal Executive Officers

Finance Director/Auditor	Robert Dickinson
Superintendent of Schools	Dr. Marice Edouard-Vincent
City Treasurer/Collector	Judy Johnston
City Clerk	Adam L. Hurtubise
City Solicitor	Kimberly Scanlon
Assistant Superintendent of Finance	David Murphy

CITIZENS OF MEDFORD

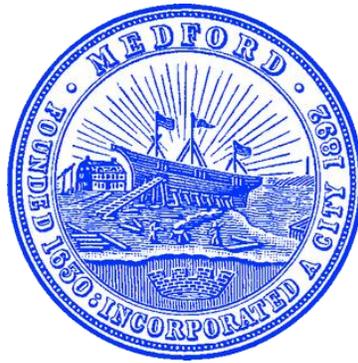


FINANCIAL SECTION



Located on the front lawn of the Medford Public Library is a Memorial to those Minute Men who assembled in Medford at the call of Paul Revere and engaged in the Battle of April 19, 1775, during the Revolutionary War.

photo credit: Barbara Poole



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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, 2021, 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, 2020).

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, 2021, (except for the System which is as of December 31, 2020) 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.

Restatement of Prior Year Ending Balances

As more fully described in Note IV, a restatement of prior year ending net position balances were made to the City's governmental activities and nonmajor governmental funds. Our opinion was not modified with respect to this matter.

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

City of Medford
Page Three

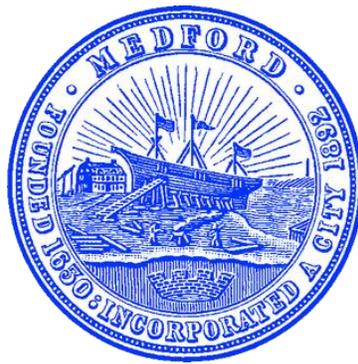
been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated July 18, 2022 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.

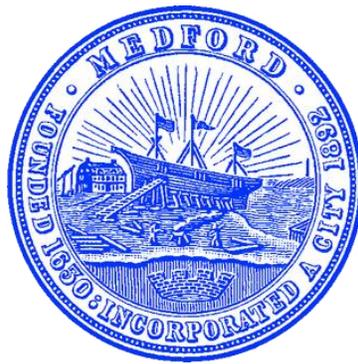
Roselli Clark & Associates

Roselli, Clark and Associates
Certified Public Accountants
Woburn, Massachusetts 01801
July 18, 2022



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Management's Discussion and Analysis



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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, 2021.

Financial Highlights

- 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 over \$176.6 million (*total net deficit*).
- The government’s total net position decreased by almost \$16.5 million; this was primarily due to expenses associated with pension, OPEB and other benefits remaining elevated as compared to revenues. This impacted both governmental and business-type activities.
- The City’s unassigned fund balance reported in the General Fund was almost \$18.8 million (10.0% of General Fund expenditures). Total fund balance in the General Fund was almost \$19.8 million (10.5% of General Fund expenditures).
- The City continued to closely monitor Covid-19 impacts as the financial effects of the pandemic became more clear and much of the adversity perceived in the prior year is being subsidized through two very large Covid relief and recovery grants for which the City is expected to receive near \$50 million in total.
- The City’s total debt increased by about \$9.1 million as highlighted below:

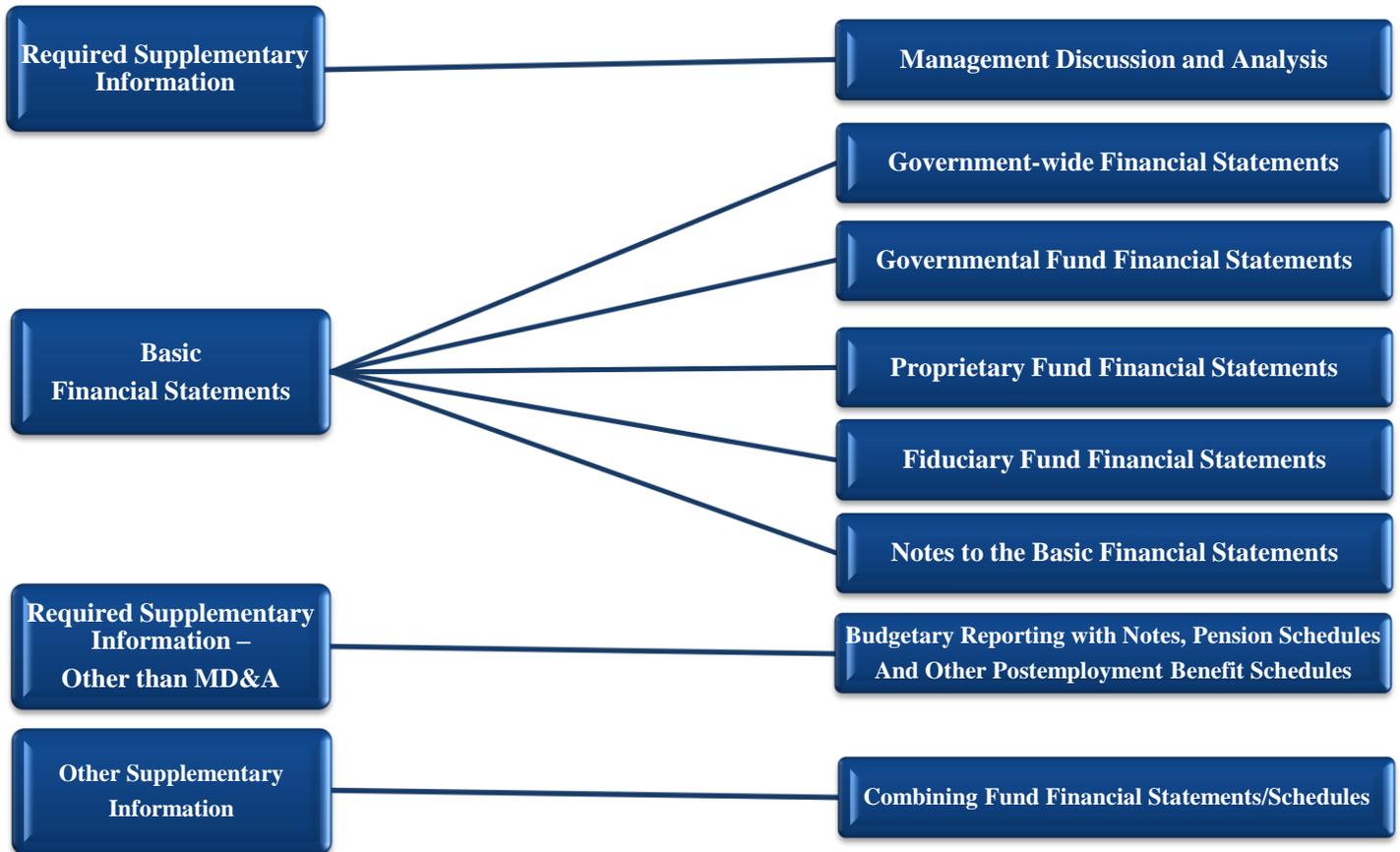
Regular Scheduled Maturities:	
Governmental Activities	\$ (2,180,000)
Business-Type Activities	(943,218)
Premium additions	
Governmental Activities	1,668,471
Amortization of premiums	
Governmental Activities	(289,190)
Advanced Refunding	
Governmental Activities	(3,945,000)
Issuance of Long-term Note or Bond	
Governmental Activities	14,822,950
	<u>\$ 9,134,013</u>

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, ARPA Grant 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 over \$176.6 million.

Condensed net position data is presented as follows:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Assets</u>						
Current and other assets	\$ 84,962,617	\$ 65,583,119	\$ 18,762,999	\$ 19,984,005	\$ 103,725,616	\$ 85,567,124
Capital assets, net	190,468,550	176,178,936	21,834,361	20,849,242	212,302,911	197,028,178
Total Assets	275,431,167	241,762,055	40,597,360	40,833,247	316,028,527	282,595,302
Deferred outflows of resources	55,099,782	77,063,250	3,055,940	4,298,366	58,155,722	81,361,616
<u>Liabilities</u>						
Current liabilities	26,621,520	10,507,230	102,866	192,326	26,724,386	10,699,556
Long-term liabilities	477,093,535	477,670,798	27,084,248	28,483,663	504,177,783	506,154,461
Total Liabilities	503,715,055	488,178,028	27,187,114	28,675,989	530,902,169	516,854,017
Deferred inflows of resources	18,914,929	6,939,353	1,015,299	425,732	19,930,228	7,365,085
<u>Net Position</u>						
Net investment in capital assets	124,290,138	120,870,178	20,211,999	20,148,487	144,502,137	141,018,665
Restricted	26,503,076	24,859,117	-	-	26,503,076	24,859,117
Unrestricted	(342,892,249)	(322,021,371)	(4,761,112)	(4,118,595)	(347,653,361)	(326,139,966)
Total Net Position	\$ (192,099,035)	\$ (176,292,076)	\$ 15,450,887	\$ 16,029,892	\$ (176,648,148)	\$ (160,262,184)

By far, the largest portion (approximately \$144.5 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, about \$26.5 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 almost \$347.7 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:

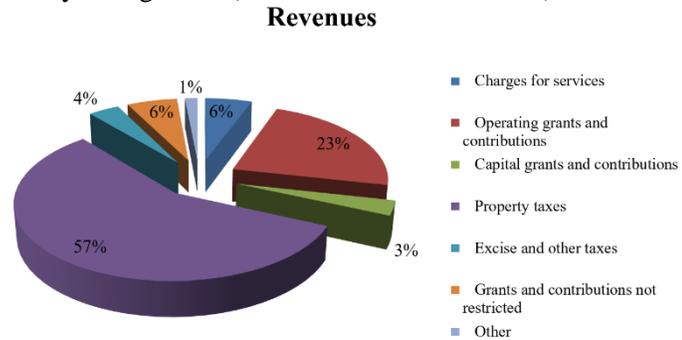
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Revenues</u>						
Program revenues:						
Charges for services	\$ 12,103,749	\$ 12,494,414	\$ 26,816,397	\$ 25,346,369	\$ 38,920,146	\$ 37,840,783
Operating grants and contributions	49,587,692	39,754,083	-	-	49,587,692	39,754,083
Capital grants and contributions	6,870,382	7,730,868	32,191	63,954	6,902,573	7,794,822
General revenues:						
Property taxes	123,874,990	118,999,741	-	-	123,874,990	118,999,741
Excise and other taxes	7,973,685	8,769,289	-	-	7,973,685	8,769,289
Grants and contributions not restricted	12,934,929	12,933,547	-	-	12,934,929	12,933,547
Other	3,217,875	1,584,251	1,938	19,602	3,219,813	1,603,853
Total Revenues	216,563,302	202,266,193	26,850,526	25,429,925	243,413,828	227,696,118
<u>Expenses</u>						
General government	18,180,381	13,704,065	-	-	18,180,381	13,704,065
Public safety	57,269,233	52,668,468	-	-	57,269,233	52,668,468
Education	129,085,966	125,890,022	-	-	129,085,966	125,890,022
Public works	18,045,164	17,950,596	-	-	18,045,164	17,950,596
Health and human services	3,787,310	3,136,132	-	-	3,787,310	3,136,132
Culture and recreation	4,257,954	4,442,726	-	-	4,257,954	4,442,726
Interest expense	2,114,761	2,060,162	-	-	2,114,761	2,060,162
Water and sewer	-	-	27,126,025	26,277,000	27,126,025	26,277,000
Total Expenses	232,740,769	219,852,171	27,126,025	26,277,000	259,866,794	246,129,171
Increase (decrease) in net position before transfers	(16,177,467)	(17,585,978)	(275,499)	(847,075)	(16,452,966)	(18,433,053)
Transfers	303,506	285,454	(303,506)	(285,454)	-	-
Increase (decrease) in net position	(15,873,961)	(17,300,524)	(579,005)	(1,132,529)	(16,452,966)	(18,433,053)
Net position, beginning of year	(176,292,076)	(158,991,552)	16,029,892	17,162,421	(160,262,184)	(141,829,131)
Restatement for agency funds	67,002	-	-	-	67,002	-
Net position, beginning of year, as restated	(176,225,074)	(158,991,552)	16,029,892	17,162,421	(160,195,182)	(141,829,131)
Net position, end of year	<u>\$ (192,099,035)</u>	<u>\$ (176,292,076)</u>	<u>\$ 15,450,887</u>	<u>\$ 16,029,892</u>	<u>\$ (176,648,148)</u>	<u>\$ (160,262,184)</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 \$14.3 million. Major sources of revenue for governmental activities consist of:

(1) **Property taxes** which represented 57.2% of total revenues or an increase of almost \$4.9 million over the prior year. Under Massachusetts General Laws, communities are allowed to assess taxes at 2 ½% of the prior year (added almost \$3.0 million) plus any new growth (added almost \$1.9 million). Therefore, this net increase met a net increase that was expected from year to year.

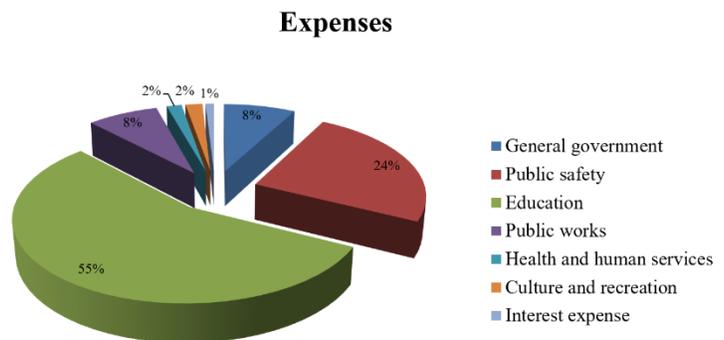
(2) **Operating grants and contributions** represent 22.9% of total revenues. The increase of about \$9.8 million is due to increases in the City’s Charter school reimbursements, the City’s special funding situation with the Massachusetts Teacher’s Retirement System and the receipt of stimulus recovery grants.



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

Total expenses increased by about \$12.9 million. Major expense outlays incurred by governmental activities are summarized as follows:

- General government (7.8%) increased about \$4.5 million year over year
- Public Safety (24.6%) increased about \$4.6 million year over year.
- Public Works (7.8%) no change year over year.
- Education (55.5%) increased by \$3.2 million year over year.
- All other functional expenses in aggregate were only about 4.4%

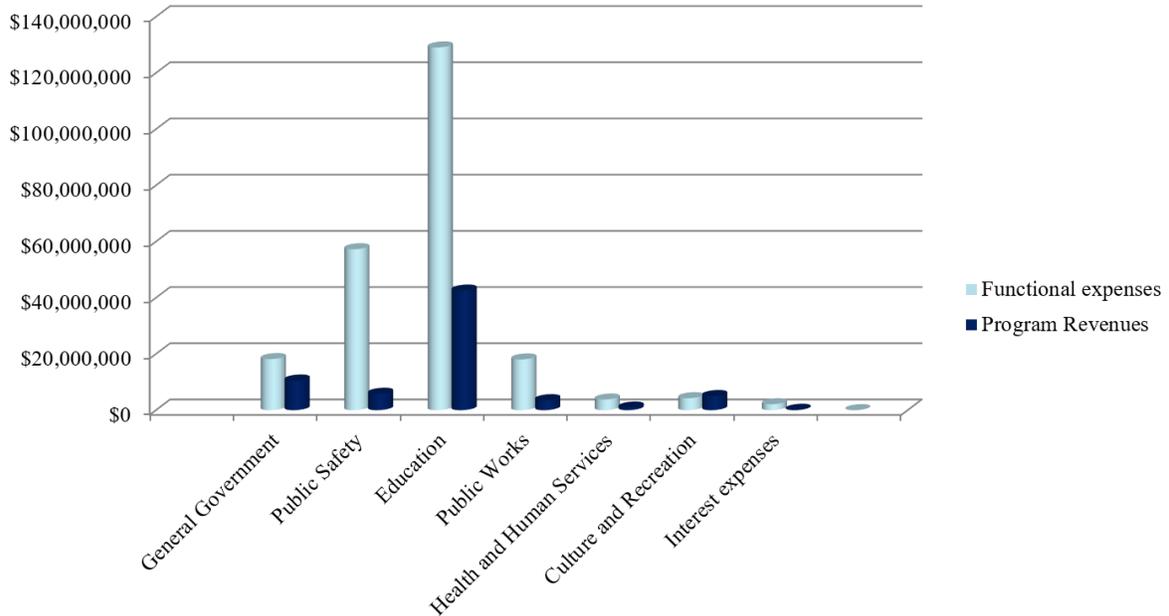


The increase in general government expenses is due to expenses associated with grant activity related to Covid-19 and CDBG; see discussion under operating grants above under revenue.

The increase in Public Safety is due primarily to increases in salaries due to collective bargaining as well as the new categorization under GASB 84 for police details.

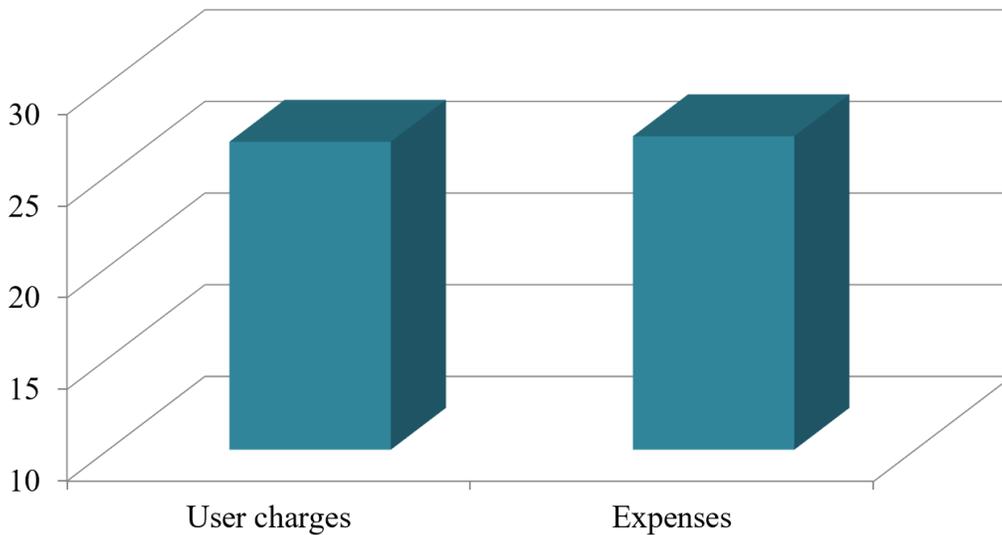
The increase in Education is due to the special funding situation described above in the revenue section, in addition to grant activity related to Covid-19.

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 \$0.6 million over the prior year balances. Operations were fairly flat as expenses increased by 3% reflecting an increase by the City’s provider Massachusetts Water Resources Authority and increases due to pension, health and OPEB costs. This was offset by a small rate increase in 2021 causing an increase in revenues of about 6%.

Enterprise Fund



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 \$18.8 million (10.0% of General Fund expenditures). Total Fund Balance in the General Fund was approximately \$19.8 million (10.5% of General Fund expenditures). The City reported a restricted fund balance of \$10.1 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 almost \$22.0 million, or (3) unassigned as they reflect negative balances (\$1.7 million) 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 \$6.9 million over the prior year.

The net causes for this were:

1. **General Fund** - An increase in the general fund of about \$3.0 million. This was primarily due to expenditures tracking lower than expected due to continued shut down in the first part of the fiscal year.
2. **Cemetery Perpetual Care Fund** - An increase in the Cemetery Perpetual Care Funds of almost \$2.0 million due primarily to investment gains due to robust market conditions.
3. **Combined Nonmajor Funds** – An increase in Combined Nonmajor Funds of \$1.5 million due to increased grant activity not spent down as of fiscal year-end.

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 \$225.6 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, 2020 the net position increased by almost \$18.6 million due primarily to favorable market conditions in calendar 2020.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget were not material by function.

Major budget to actual differences on the revenue side in aggregate were about \$3.8 million positive, and on the expenditure side about \$4.5 million positive. These favorable occurrences were offset by appropriations from surplus of over \$5/9 million.

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, 2021 amounts to approximately \$212.3 million (net of accumulated depreciation) an increase from the previous year’s balance of approximately \$13.6 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.

Large capital items recently completed include a new Library and new Police facilities.

Additional information on the City’s capital assets can be found in the Notes to the financial statements.

Long-term Debt – At the end of the current fiscal year, the City had total debt outstanding of approximately \$75.3 million inclusive of unamortized bond premium of almost \$2.8 million. The entire amount comprises debt backed by the full faith and credit of the government. The City’s total debt increased by approximately \$9.1 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.

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 \$625 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 Notes to the financial statements.

Economic Factors and Next Year's Budget and Rates

- Unemployment rates across the Commonwealth continue to be improving significantly over the prior year.
- 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.
- The City expects to receive \$173.2 million in revenues from all sources during fiscal 2022. This was the amount used to certify the tax rate.
- 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 2022. The budget was adopted in June of 2021 and the City's tax rate was certified in December 2021.

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, 2021**

	Primary Government		Total
	Governmental Activities	Business-Type Activity	
Assets			
Cash and cash equivalents	\$ 64,503,140	\$ 13,580,958	\$ 78,084,098
Investments	11,078,080	-	11,078,080
Deposits held by third parties	105,000	-	105,000
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	1,711,409	-	1,711,409
User fees	-	4,809,535	4,809,535
Tax title	1,364,703	368,289	1,732,992
Departmental and other	1,323,412	-	1,323,412
Intergovernmental	4,876,873	-	4,876,873
Capital assets not being depreciated	28,822,738	4,217	28,826,955
Capital assets, net of accumulated depreciation	161,645,812	21,834,361	183,480,173
Total Assets	275,431,167	40,597,360	316,028,527
Deferred Outflows of Resources			
Related to net other postemployment benefits liability	34,042,005	2,366,556	36,408,561
Related to net pension liability	21,057,777	689,384	21,747,161
Total Deferred Outflows of Resources	55,099,782	3,055,940	58,155,722
Liabilities			
Warrants and accounts payable	4,415,763	79,115	4,494,878
Accrued payroll and withholdings	1,396,910	23,751	1,420,661
Retainage payable	867,035	-	867,035
Accrued interest expense	1,131,219	-	1,131,219
Unearned revenue	18,702,902	-	18,702,902
Claims incurred but not reported	45,325	-	45,325
Other liabilities	62,366	-	62,366
Noncurrent liabilities:			
Due in one year or less	4,933,262	733,278	5,666,540
Due in more than one year	472,160,273	26,350,970	498,511,243
Total Liabilities	503,715,055	27,187,114	530,902,169
Deferred Inflows of Resources			
Related to net other postemployment benefits liability	10,768,212	748,593	11,516,805
Related to net pension liability	8,146,717	266,706	8,413,423
Total Deferred Inflows of Resources	18,914,929	1,015,299	19,930,228
Net Position			
Net investment in capital assets	124,290,138	20,211,999	144,502,137
Restricted:			
Nonexpendable permanent funds	4,524,490	-	4,524,490
Expendable permanent funds	7,474,907	-	7,474,907
Federal and State grants	2,680,401	-	2,680,401
Community preservation	5,173,175	-	5,173,175
Other specific purposes	6,650,103	-	6,650,103
Unrestricted	(342,892,249)	(4,761,112)	(347,653,361)
Total Net Position	\$ (192,099,035)	\$ 15,450,887	\$ (176,648,148)

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

**STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED JUNE 30, 2021**

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
Primary Government:							
<i>Governmental Activities:</i>							
General government	\$ 18,180,381	\$ 3,703,180	\$ 6,840,171	\$ -	\$ (7,637,030)	\$ -	\$ (7,637,030)
Public safety	57,269,233	5,467,472	367,855	2,000	(51,431,906)	-	(51,431,906)
Education	129,085,966	1,352,076	41,209,865	-	(86,524,025)	-	(86,524,025)
Public works	18,045,164	946,778	206,405	2,394,241	(14,497,740)	-	(14,497,740)
Health and human services	3,787,310	257,771	652,690	-	(2,876,849)	-	(2,876,849)
Culture and recreation	4,257,954	376,472	174,112	4,474,141	766,771	-	766,771
Interest expense	2,114,761	-	136,594	-	(1,978,167)	-	(1,978,167)
Total Governmental Activities	<u>232,740,769</u>	<u>12,103,749</u>	<u>49,587,692</u>	<u>6,870,382</u>	<u>(164,178,946)</u>	<u>-</u>	<u>(164,178,946)</u>
<i>Business-Type Activity:</i>							
Water and sewer services	<u>27,126,025</u>	<u>26,816,397</u>	<u>-</u>	<u>32,191</u>	<u>-</u>	<u>(277,437)</u>	<u>(277,437)</u>
Total Business Type Activity	<u>27,126,025</u>	<u>26,816,397</u>	<u>-</u>	<u>32,191</u>	<u>-</u>	<u>(277,437)</u>	<u>(277,437)</u>
Total Primary Government	<u>\$ 259,866,794</u>	<u>\$ 38,920,146</u>	<u>\$ 49,587,692</u>	<u>\$ 6,902,573</u>	<u>(164,178,946)</u>	<u>(277,437)</u>	<u>(164,456,383)</u>
General Revenues:							
Real and personal property taxes					123,874,990	-	123,874,990
Motor vehicle and other excise					7,973,685	-	7,973,685
Penalties and interest on taxes					642,725	-	642,725
Grants and contributions not restricted to specific programs					12,934,929	-	12,934,929
Unrestricted investment income					2,575,150	1,938	2,577,088
Transfers (net)					<u>303,506</u>	<u>(303,506)</u>	<u>-</u>
Total General Revenues and Transfers					<u>148,304,985</u>	<u>(301,568)</u>	<u>148,003,417</u>
Change in Net Position					(15,873,961)	(579,005)	(16,452,966)
Net Position:							
Beginning of year, as restated (see Note IV)					<u>(176,225,074)</u>	<u>16,029,892</u>	<u>(160,195,182)</u>
End of year					<u>\$ (192,099,035)</u>	<u>\$ 15,450,887</u>	<u>\$ (176,648,148)</u>

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	ARPA Grant Fund	Capital Projects	Cemetery Perpetual Care Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets:						
Cash and short-term investments	\$ 18,537,287	\$ 18,702,902	\$ 12,913,629	\$ 729,880	\$ 12,875,755	\$ 63,759,453
Investments	-	-	-	9,529,041	1,549,039	11,078,080
Receivables, net of allowance for uncollectibles:						
Real estate and personal property taxes	1,696,843	-	-	-	14,566	1,711,409
Tax title	1,354,412	-	-	-	10,291	1,364,703
Departmental and other	1,003,396	-	-	-	320,016	1,323,412
Intergovernmental	3,958,836	-	-	-	918,037	4,876,873
Due from other funds	293,109	-	-	-	-	293,109
Total Assets	<u>26,843,883</u>	<u>18,702,902</u>	<u>12,913,629</u>	<u>10,258,921</u>	<u>15,687,704</u>	<u>84,407,039</u>
Total Deferred Outflows of Resources	-	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 26,843,883</u>	<u>\$ 18,702,902</u>	<u>\$ 12,913,629</u>	<u>\$ 10,258,921</u>	<u>\$ 15,687,704</u>	<u>\$ 84,407,039</u>
Liabilities:						
Warrants and accounts payable	\$ 1,602,508	\$ -	\$ 1,944,777	\$ 9,500	\$ 751,858	\$ 4,308,643
Accrued payroll and withholdings	1,338,289	-	-	-	58,621	1,396,910
Retainage payable	-	-	867,035	-	-	867,035
Unearned revenue	-	18,702,902	-	-	-	18,702,902
Other liabilities	59,966	-	-	-	2,400	62,366
Due to other funds	-	-	-	-	293,109	293,109
Total Liabilities	<u>3,000,763</u>	<u>18,702,902</u>	<u>2,811,812</u>	<u>9,500</u>	<u>1,105,988</u>	<u>25,630,965</u>
Deferred Inflows of Resources:						
Unavailable revenues - property taxes	3,051,255	-	-	-	24,857	3,076,112
Unavailable revenues - other	1,003,396	-	-	-	-	1,003,396
Total Deferred Inflows of Resources	<u>4,054,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,857</u>	<u>4,079,508</u>
Fund Balances:						
Nonspendable	-	-	-	4,158,659	365,831	4,524,490
Restricted	-	-	10,101,817	6,090,762	15,862,967	32,055,546
Assigned	1,012,324	-	-	-	-	1,012,324
Unassigned	18,776,145	-	-	-	(1,671,939)	17,104,206
Total Fund Balances	<u>19,788,469</u>	<u>-</u>	<u>10,101,817</u>	<u>10,249,421</u>	<u>14,556,859</u>	<u>54,696,566</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,843,883</u>	<u>\$ 18,702,902</u>	<u>\$ 12,913,629</u>	<u>\$ 10,258,921</u>	<u>\$ 15,687,704</u>	<u>\$ 84,407,039</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, 2021**

	Total
Total Governmental Fund Balances	\$ 54,696,566
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	190,468,550
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.	696,242
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	4,079,508
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	21,057,777
Deferred outflows related to net other postemployment benefits liability	34,042,005
Deferred inflows related to net pension liability	(8,146,717)
Deferred inflows related to net other postemployment benefits liability	(10,768,212)
Net effect of reporting deferred outflows and inflows of resources	36,184,853
In the Statement of Net Position, interest is accrued on outstanding long-term debt whereas in governmental funds interest is not reported until due.	(1,131,219)
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	(69,325,000)
Unamortized bond premiums	(2,783,691)
Compensated absences	(4,567,849)
Workers' compensation liability	(1,133,025)
Net pension liability	(108,165,806)
Net other postemployment benefits liability	(291,118,164)
Net effect of reporting long-term liabilities	(477,093,535)
Net Position of Governmental Activities	<u><u>\$ (192,099,035)</u></u>

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, 2021

	General	ARPA Grant Fund	Capital Projects	Cemetery Perpetual Care Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Real estate and personal property taxes, net	\$ 122,539,837	\$ -	\$ -	\$ -	\$ 1,529,501	\$ 124,069,338
Intergovernmental	51,029,752	-	2,697,502	-	15,601,670	69,328,924
Motor vehicle and other excise	8,497,913	-	-	-	-	8,497,913
Licenses and permits	2,296,359	-	-	-	-	2,296,359
Departmental and other	4,964,929	-	6,282	-	6,069,583	11,040,794
Penalties and interest on taxes	642,725	-	-	-	-	642,725
Fines and forfeitures	23,961	-	-	-	-	23,961
Interest and investment income	166,752	-	-	2,223,316	184,537	2,574,605
Contributions and donations	-	-	1,355,000	-	488,228	1,843,228
Total Revenues	190,162,228	-	4,058,784	2,223,316	23,873,519	220,317,847
Expenditures:						
Current:						
General government	4,931,314	-	76,185	-	6,119,094	11,126,593
Public safety	29,066,410	-	5,799,707	-	3,477,945	38,344,062
Education	60,986,733	-	31,135	-	8,102,385	69,120,253
Public works	12,800,136	-	518,839	-	1,840,700	15,159,675
Health and human services	1,616,664	-	-	-	1,154,640	2,771,304
Culture and recreation	1,902,414	-	13,678,053	-	1,341,686	16,922,153
Pension and fringe benefits	55,487,576	-	-	-	-	55,487,576
State and county tax assessments	12,621,086	-	-	-	-	12,621,086
Debt service:						
Principal	6,100,000	-	-	-	25,000	6,125,000
Interest expense	2,475,436	-	-	-	30,413	2,505,849
Total Expenditures	187,987,769	-	20,103,919	-	22,091,863	230,183,551
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,174,459	-	(16,045,135)	2,223,316	1,781,656	(9,865,704)
Other Financing Sources (Uses):						
Transfers in	848,449	-	-	-	7,806	856,255
Transfers out	(7,806)	-	-	(233,207)	(311,736)	(552,749)
Issuance of bonds	-	-	14,822,950	-	-	14,822,950
Premiums from issuance of bonds and notes	-	-	1,668,471	-	-	1,668,471
Total Other Financing Sources (Uses)	840,643	-	16,491,421	(233,207)	(303,930)	16,794,927
Net Change in Fund Balance	3,015,102	-	446,286	1,990,109	1,477,726	6,929,223
Fund Balances - Beginning, as restated (see Note IV)	16,773,367	-	9,655,531	8,259,312	13,079,133	47,767,343
Fund Balances - Ending	\$ 19,788,469	\$ -	\$ 10,101,817	\$ 10,249,421	\$ 14,556,859	\$ 54,696,566

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, 2021**

		Total
Net Change in Fund Balances - Total Governmental Fund Balances	\$	6,929,223
<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	\$ 22,118,772	
Depreciation expense	(7,829,158)	
Net effect of reporting capital assets		14,289,614
<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>		
		(77,825)
<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	(1,668,471)	
Proceeds from bond issuances	(14,822,950)	
Amortization of bond premiums	289,190	
Repayments of debt	6,125,000	
Net effect of reporting long-term debt		(10,077,231)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		(3,755,090)
<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 a accruals between this year and the prior year.</p>		
		101,898
<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	(105,915)	
Other postemployment benefits	(17,906,348)	
Pension benefits	(4,904,534)	
Workers' compensation	(367,753)	
Net effect of reporting long-term liabilities		(23,284,550)
Change in Net Position of Governmental Activities	\$	(15,873,961)

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021**

	<u>Business-Type Activity</u>	<u>Governmental Activity</u>
	<u>Water and Sewer Enterprise Fund</u>	<u>Internal Service Fund</u>
Assets:		
Current assets:		
Cash and cash equivalents	\$ 13,580,958	\$ 743,687
Deposits held by third parties	-	-
User fees, net of allowance for uncollectibles	4,809,535	-
Intergovernmental	-	-
Total current assets	<u>18,390,493</u>	<u>743,687</u>
Noncurrent assets:		
Utility liens	368,289	-
Working deposit held by others	-	105,000
Capital assets not being depreciated	4,217	-
Capital assets, net of depreciation	<u>21,834,361</u>	-
Total noncurrent assets	<u>22,206,867</u>	<u>105,000</u>
Total Assets	<u>40,597,360</u>	<u>848,687</u>
Deferred Outflows of Resources		
Related to net other postemployment benefits liability	2,366,556	-
Related to net pension liability	<u>689,384</u>	-
Total Deferred Outflows of Resources	<u>3,055,940</u>	-
Liabilities:		
Current liabilities:		
Warrants and accounts payable	79,115	107,120
Accrued payroll and withholdings	23,751	-
Claims incurred but not reported	-	45,325
Current portion of debt	715,017	-
Compensated absences	<u>18,261</u>	-
Total current liabilities	<u>836,144</u>	<u>152,445</u>
Noncurrent liabilities:		
Compensated absences	54,782	-
Net other postemployment benefits liability	20,238,161	-
Net pension liability	3,541,109	-
Noncurrent portion of debt	<u>2,516,918</u>	-
Total noncurrent liabilities	<u>26,350,970</u>	-
Total Liabilities	<u>27,187,114</u>	<u>152,445</u>
Deferred Inflows of Resources		
Related to net other postemployment benefits liability	748,593	-
Related to net pension liability	<u>266,706</u>	-
Total Deferred Inflows of Resources	<u>1,015,299</u>	-
Net Position:		
Net investment in capital assets	20,211,999	-
Unrestricted	<u>(4,761,112)</u>	<u>696,242</u>
Total Net Position	<u>\$ 15,450,887</u>	<u>\$ 696,242</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, 2021**

	<u>Business-Type Activity</u>	<u>Governmental Activities</u>
	<u>Water and Sewer Enterprise Fund</u>	<u>Internal Service Fund</u>
Operating Revenues:		
Charges for services	\$ 26,416,121	\$ -
Employee contributions	-	710,562
Employer contributions	-	650,848
Other revenues	400,276	-
Total Operating Revenues	<u>26,816,397</u>	<u>1,361,410</u>
Operating Expenses:		
Operating costs	6,903,824	-
Water and sewer assessment	19,184,348	-
Dental claims	-	1,439,780
Depreciation	1,010,610	-
Total Operating Expenses	<u>27,098,782</u>	<u>1,439,780</u>
Operating Income	<u>(282,385)</u>	<u>(78,370)</u>
Nonoperating Revenues (Expenses):		
Interest income	1,938	545
Interest expense	(27,243)	-
Total Nonoperating Revenues (Expenses)	<u>(25,305)</u>	<u>545</u>
Income Before Capital Contributions and Transfers	(307,690)	(77,825)
Capital contributions	32,191	-
Transfers out	(303,506)	-
Change in Net Position	<u>(579,005)</u>	<u>(77,825)</u>
Total Net Position - Beginning	16,029,892	774,067
Total Net Position - Ending	<u>\$ 15,450,887</u>	<u>\$ 696,242</u>

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
FISCAL YEAR ENDED JUNE 30, 2021

	Business-Type Activity	Governmental Activities
	Water and Sewer Enterprise Fund	Internal Service Fund
Cash Flows from Operating Activities:		
Receipts from users	\$ 26,626,723	\$ -
Employee contributions	-	710,562
Employer contributions	-	650,848
Other revenues	400,276	-
Payments to vendors	(23,160,436)	-
Payments to employees	(1,641,400)	-
Payments for interfund services used	-	(1,280,590)
	<u>2,225,163</u>	<u>80,820</u>
Net Cash Provided by (Used for) Operating Activities		
Cash Flows from Noncapital Financing Activities:		
Transfers out	(303,506)	-
	<u>(303,506)</u>	<u>-</u>
Net Cash Provided By (Used for) Noncapital Financing Activities		
Cash Flows from Capital and Related Financing Activities:		
Capital grants	32,191	-
Acquisition and construction of capital assets	(354,722)	-
Principal payments on bonds and notes	(943,218)	-
Interest expense	(27,243)	-
	<u>(1,292,992)</u>	<u>-</u>
Net Cash (Used for) Capital and Related Financing Activities		
Cash Flows from Investing Activities:		
Interest income	1,938	545
	<u>1,938</u>	<u>545</u>
Net Cash Provided by Investing Activities		
	630,603	81,365
Net Change in Cash and Cash Equivalents		
Cash and Cash Equivalents:		
Beginning of year	12,950,355	662,322
End of year	<u>\$ 13,580,958</u>	<u>\$ 743,687</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:		
Operating income	\$ (282,385)	\$ (78,370)
Depreciation	1,010,610	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:		
Receivables	210,602	-
Deposits held	-	92,400
Deferred outflows of resources	1,242,426	-
Warrants and accounts payable	(58,335)	74,268
Accrued payroll and withholdings	(31,125)	-
Compensated absences	(29,596)	-
Net other postemployment benefits liability	(117,731)	-
Net pension liability	(308,870)	-
Deferred inflows of resources	589,567	-
Claims incurred but not reported	-	(7,478)
	<u>\$ 2,225,163</u>	<u>\$ 80,820</u>
Net Cash Provided by (Used for) Operating Activities		

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2021

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
Assets:		
Cash and cash equivalents	\$ 2,586,046	\$ -
Investments at fair value:		
U.S. government and agencies	12,574,850	-
Corporate bonds	11,102,869	-
Foreign government bonds	299,989	-
Equity securities	834	518,841
Mutual funds	147,943,642	-
State Treasurer investment pool - PRIT	50,926,614	-
Total Investments	<u>222,848,798</u>	<u>518,841</u>
Receivables:		
Interest receivable	130,051	-
Other	192,508	-
Total Receivables	<u>322,559</u>	<u>-</u>
Total Assets	<u>225,757,403</u>	<u>518,841</u>
Liabilities:		
Warrants and accounts payable	72,066	-
Accrued payroll and withholdings	-	-
Agency liabilities	-	-
Total Liabilities	<u>72,066</u>	<u>-</u>
Net Position:		
Restricted for pensions	225,603,197	-
Restricted for other postemployment benefits	82,140	-
Held in trust for private purposes	-	518,841
Total Net Position	<u>\$ 225,685,337</u>	<u>\$ 518,841</u>

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FISCAL YEAR ENDED JUNE 30, 2021**

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Employer	\$ 22,183,968	\$ -
Employee	4,552,956	-
Other contributions	624,975	1,235
Total contributions	<u>27,361,899</u>	<u>1,235</u>
Investment earnings:		
Interest and dividends	4,198,008	14,092
Net appreciation in fair value of investments	20,244,582	73,349
Less - management fees	<u>(1,286,261)</u>	<u>-</u>
Net investment income	23,156,329	87,441
Other income	<u>25,943</u>	<u>-</u>
Total Additions	<u>50,544,171</u>	<u>88,676</u>
Deductions:		
Benefit payments to retirees and beneficiaries	30,449,671	-
Member refunds	239,110	-
Transfers and reimbursements to other systems	938,436	-
Payroll expenses of the System	260,632	-
Other administrative expenses	98,758	-
Scholarships	<u>-</u>	<u>12,000</u>
Total Deductions	<u>31,986,607</u>	<u>12,000</u>
Change in Net Position	18,557,564	76,676
Net Position - Beginning of Year	<u>207,127,773</u>	<u>442,165</u>
Net Position - End of Year	<u>\$ 225,685,337</u>	<u>\$ 518,841</u>

See accompanying notes to basic financial statements.

CITY OF MEDFORD, MASSACHUSETTS

NOTES TO BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2021

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, 2020 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.

ARPA Grant Fund – is used to account for activities of the City’s ARPA federal grant program.

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.

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 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.

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 \$1,012,324 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	ARPA Grant Fund	Capital Projects	Perpetual Care Fund	Governmental Funds	Total
Nonspendable:						
Nonexpendable trust funds	\$ -	\$ -	\$ -	\$ 4,158,659	\$ 365,831	\$ 4,524,490
Restricted:						
City federal and state grants	-	-	-	-	2,250,203	2,250,203
School federal and state grants	-	-	-	-	430,198	430,198
Receipts reserved for appropriation	-	-	-	-	1,105,883	1,105,883
City revolving funds	-	-	-	-	2,573,704	2,573,704
School revolving funds	-	-	-	-	1,923,208	1,923,208
City gift and other funds	-	-	-	-	745,104	745,104
School gift and other funds	-	-	-	-	302,204	302,204
Community preservation	-	-	-	-	5,148,318	5,148,318
Capital outlay - roadways	-	-	291,395	-	-	291,395
Capital outlay - schools	-	-	896,854	-	-	896,854
Capital outlay - buildings	-	-	6,432,838	-	-	6,432,838
Capital outlay - equipment	-	-	453,547	-	-	453,547
Capital outlay - public transportation	-	-	1,478,737	-	-	1,478,737
Capital outlay - other	-	-	548,446	-	-	548,446
Cemetery trust funds	-	-	-	6,090,762	-	6,090,762
Linkage funds	-	-	-	-	656,998	656,998
School trust funds	-	-	-	-	225,532	225,532
Public safety trust funds	-	-	-	-	113,687	113,687
Other trust funds	-	-	-	-	387,928	387,928
Assigned:						
Public safety	528,003	-	-	-	-	528,003
Education	136,127	-	-	-	-	136,127
Public works	291,354	-	-	-	-	291,354
Other purposes	56,840	-	-	-	-	56,840
Unassigned	18,776,145	-	-	-	(1,671,939)	17,104,206
	<u>\$19,788,469</u>	<u>\$ -</u>	<u>\$10,101,817</u>	<u>\$10,249,421</u>	<u>\$14,556,859</u>	<u>\$ 54,696,566</u>

E. Excess of Expenditures Over Appropriations and Deficits

During fiscal year 2021, expenditures exceeded appropriations in the general fund for the cemetery department and state and county assessments by \$211,095 and \$815,312, respectively. These deficits will be funded through available revenues in the subsequent year.

The City incurred deficits totaling \$1,671,939 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 \$71,473,303 and the bank balance was \$74,130,528. Of the City's bank balance, \$8,428,256 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, 2021:

	<u>6/30/21</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by fair value level				
Debt securities:				
Municipal obligations	\$ 342,229	\$ -	\$ 342,229	\$ -
Corporate bonds	1,292,877	-	1,292,877	-
Bond mutual funds	2,067,880	-	2,067,880	-
Total debt securities	3,702,986	-	3,702,986	-
Equity securities:				
Common stock	4,470,444	4,470,444	-	-
Exchange traded funds	1,705,785	-	1,705,785	-
Equity mutual funds	1,796,874	-	1,796,874	-
Total equity securities	7,973,103	4,470,444	3,502,659	-
Total investments by fair value level	<u>\$ 11,676,089</u>	<u>\$ 4,470,444</u>	<u>\$ 7,205,645</u>	<u>\$ -</u>
Investments measured at amortized cost				
MMDT	6,613,767			
Total investments	<u>\$ 18,289,856</u>			

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Municipal obligations and corporate bonds in Level 2 are valued using matrix pricing based on the securities' relationship to benchmark quoted prices. Mutual and exchange traded 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, 2021, the City' investments had the following maturities:

<u>Investments</u>	<u>6/30/21</u>	<u>Maturities in Years</u>		
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>
Municipal obligations	\$ 342,229	\$ -	\$ 235,104	\$ 107,125
Corporate bonds	1,292,877	231,284	927,376	134,217
Bond mutual funds	2,067,880	2,067,880	-	-
MMDT	6,613,767	6,613,767	-	-
Total investments with maturities	<u>\$ 10,316,753</u>	<u>\$ 8,912,931</u>	<u>\$ 1,162,480</u>	<u>\$ 241,342</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 36% of its investments in MMDT.

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

At June 30, 2021, the credit quality ratings of investments were as follows:

<u>Quality Ratings (S & P)</u>	<u>Municipal Obligations</u>	<u>Corporate Bonds</u>	<u>Totals</u>
AAA	\$ 10,853	\$ -	\$ 10,853
AA-	224,251	-	224,251
A	-	53,540	53,540
A-	-	324,474	324,474
BBB+	-	624,453	624,453
BBB	107,125	132,564	239,689
B	-	157,846	157,846
Totals - All	<u>\$ 342,229</u>	<u>\$ 1,292,877</u>	<u>\$ 1,635,106</u>

The City's investments in bond 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, 2020, \$398,179 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, 2020:

Investments by Fair Value Level	December 31, 2020	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt securities:				
U.S. government notes and obligations	\$ 12,574,850	\$ 5,461,111	\$ 7,113,739	\$ -
Foreign government bonds	299,989	-	299,989	-
Corporate bonds	11,102,869	11,102,869	-	-
Total debt securities	23,977,708	16,563,980	7,413,728	-
Equity securities:				
Mutual funds	834	834	-	-
Total investments by fair value level	130,458,887	-	130,458,887	-
Total investments by fair value level	154,437,429	\$ 16,564,814	\$ 137,872,615	\$ -
Investments measured at NAV:				
Mutual funds	17,405,588			
PRIT funds	50,926,614			
Total investments measured at NAV	68,332,202			
Total investments	\$ 222,769,631			

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	\$ 17,405,588	\$ -	Varies	30 to 60 days
PRIT funds	50,926,614	12,055,908	Monthly	30 days
	\$ 68,332,202	\$ 12,055,908		

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, 2020. 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, 2020, the System was not exposed to custodial credit risk on its investments.

At December 31, 2020, uninsured short-term investment funds with fair values of \$2,072,442 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, 2020, the System had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury notes	\$ 5,461,111	\$ -	\$ 5,461,111	\$ -	\$ -
U.S. Agencies obligations	7,113,739	4,085,075	2,539,305	-	489,359
Foreign government bonds	299,989	299,989	-	-	-
Corporate bonds	<u>11,102,869</u>	-	<u>1,684,216</u>	<u>8,775,943</u>	<u>642,710</u>
Investments with maturities	23,977,708	<u>\$ 4,385,064</u>	<u>\$ 9,684,632</u>	<u>\$ 8,775,943</u>	<u>\$ 1,132,069</u>
Equity securities	834				
Mutual funds	147,864,475				
PRIT	<u>50,926,614</u>				
Investments without maturities	<u>198,791,923</u>				
Total investments	<u>\$ 222,769,631</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.

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 Treasury & Agencies	Foreign Government Bonds		
Aaa	\$ 5,966,162	\$ -	\$ 1,903,054	\$ 7,869,216
A1	-	-	1,050,499	1,050,499
A2	-	-	2,352,914	2,352,914
A3	-	-	1,170,883	1,170,883
Baa1	1,815,373	-	-	1,815,373
Ba2	-	-	359,440	359,440
Not Rated	4,793,315	299,989	4,266,079	9,359,383
	<u>\$ 12,574,850</u>	<u>\$ 299,989</u>	<u>\$ 11,102,869</u>	<u>\$ 23,977,708</u>

Concentration of Credit Risk: Investments – The following investments held by the System at December 31, 2019 represent approximately 73.2% of the System’s total investments:

Rhumblin Advisers S&P 500 Pooled Index Fund	22.1%
Lazard International Strategic Equity Portfolio	11.7%
PRIM Alternative Investments Fund	9.2%
PRIM Core Real Estate Fund	8.8%
City of London Emerging Markets Country Fund	7.8%
Loomis Salyes MSFD Fund	7.8%
Rhumblin U.S. TIPS Pooled Fund	5.8%

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:

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Receivables:			
Real estate and personal property taxes	\$ 1,877,805	\$ (166,396)	\$ 1,711,409
Tax liens	1,364,703	-	1,364,703
Excise	2,218,730	(1,215,334)	1,003,396
Public safety details	320,016	-	320,016
Intergovernmental	4,876,873	-	4,876,873
Total	<u>\$ 10,658,127</u>	<u>\$(1,381,730)</u>	<u>\$ 9,276,397</u>

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

	<u>Gross Amount</u>	<u>Allowance for Uncollectibles</u>	<u>Net Amount</u>
Receivables:			
User fees	\$ 4,809,535	\$ -	\$ 4,809,535
Utility liens	368,289	-	368,289
Total	<u>\$ 5,177,824</u>	<u>\$ -</u>	<u>\$ 5,177,824</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:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Receivable type:			
Real estate and personal property taxes	\$ 1,696,843	\$ 14,566	\$ 1,711,409
Tax liens	1,354,412	10,291	1,364,703
Excise	1,003,396	-	1,003,396
Total	<u>\$ 4,054,651</u>	<u>\$ 24,857</u>	<u>\$ 4,079,508</u>

C. Interfund Receivables, Payables and Transfers

The composition of interfund balances at June 30, 2021 is as follows:

Receivable Fund	Payable Funds	Amount
General Fund	Nonmajor Governmental Funds - Community Development Grants	\$ 293,109
Total		<u>\$ 293,109</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, 2021 is as follows:

Transfers Out	Transfers In		Total
	General Fund	Nonmajor Governmental Funds	
General Fund	\$ -	\$ 7,806	\$ 7,806 (1)
Cemetery Perpetual Care Fund	233,207	-	233,207 (2)
Nonmajor Governmental Funds	311,736	-	311,736 (2)
Water and Sewer Enterprise Fund	303,506	-	303,506 (3)
Total	<u>\$ 848,449</u>	<u>\$ 7,806</u>	<u>\$ 856,255</u>

- (1) Transfers to nonmajor governmental funds for education and public works purposes.
- (2) Transfers to general fund to supplement operating budgets.
- (3) Transfer to general fund for debt service.

D. Capital Assets

Capital asset activity for the year ended June 30, 2021, 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	28,114,481	13,906,064	(20,347,563)	21,672,982
Total capital assets not being depreciated	35,264,237	13,906,064	(20,347,563)	28,822,738
Capital assets being depreciated:				
Land improvements	22,224,079	1,347,815	-	23,571,894
Buildings and improvements	186,011,627	25,414,021	-	211,425,648
Infrastructure	34,415,562	1,084,625	-	35,500,187
Machinery and equipment	12,352,087	663,048	-	13,015,135
Vehicles	10,148,945	50,762	-	10,199,707
Total capital assets being depreciated	265,152,300	28,560,271	-	293,712,571
Less accumulated depreciation for:				
Land improvements	(14,135,703)	(756,794)	-	(14,892,497)
Buildings and improvements	(78,286,381)	(4,819,251)	-	(83,105,632)
Infrastructure	(16,860,426)	(563,568)	-	(17,423,994)
Machinery and equipment	(6,866,389)	(1,194,705)	-	(8,061,094)
Vehicles	(8,088,702)	(494,840)	-	(8,583,542)
Total accumulated depreciation	(124,237,601)	(7,829,158)	-	(132,066,759)
Total capital assets being depreciated, net	140,914,699	20,731,113	-	161,645,812
Total governmental activities capital assets, net	<u>\$ 176,178,936</u>	<u>\$ 34,637,177</u>	<u>\$ (20,347,563)</u>	<u>\$ 190,468,550</u>
<i>Business-Type Activities: Water and Sewer</i>				
Capital assets not being depreciated:				
Land	\$ 4,217	\$ -	\$ -	\$ 4,217
Construction in progress	1,641,007	-	(1,641,007)	-
Total capital assets not being depreciated	1,645,224	-	(1,641,007)	4,217
Capital assets being depreciated:				
Infrastructure	29,712,088	1,995,729	-	31,707,817
Machinery and equipment	6,882,888	-	-	6,882,888
Vehicles	1,003,802	-	-	1,003,802
Total capital assets being depreciated	37,598,778	1,995,729	-	39,594,507
Less accumulated depreciation for:				
Infrastructure	(11,921,813)	(629,921)	-	(12,551,734)
Machinery and equipment	(4,389,418)	(307,100)	-	(4,696,518)
Vehicles	(438,305)	(73,589)	-	(511,894)
Total accumulated depreciation	(16,749,536)	(1,010,610)	-	(17,760,146)
Total capital assets being depreciated, net	20,849,242	985,119	-	21,834,361
Total business-type activities capital assets, net	<u>\$ 22,494,466</u>	<u>\$ 985,119</u>	<u>\$ (1,641,007)</u>	<u>\$ 21,838,578</u>

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

Governmental Activities:

General government	\$ 330,766
Public safety	1,208,789
Education	4,358,602
Public works	1,411,070
Health and human services	68,631
Culture and recreation	451,300
	<u>\$ 7,829,158</u>

Business-Type Activities:

Water and sewer	<u>\$ 1,010,610</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:

<u>Type</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2021</u>
BAN	0.85%	08/21/20	\$ 890,699	\$ -	\$ (890,699)	\$ -
Total Notes Payable			<u>\$ 890,699</u>	<u>\$ -</u>	<u>\$ (890,699)</u>	<u>\$ -</u>

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	\$ 60,627,050	\$ 14,822,950	\$ (6,125,000)	\$ 69,325,000	\$ 3,220,000
Unamortized bond premium	1,404,410	1,668,471	(289,190)	2,783,691	288,044
Workers' compensation	765,272	915,348	(547,595)	1,133,025	283,256
Compensated absences	4,461,934	1,221,399	(1,115,484)	4,567,849	1,141,962
Net pension liability	117,600,458	37,882,296	(47,316,948)	108,165,806	-
Net other postemployment benefits liability	292,811,674	60,545,471	(62,238,981)	291,118,164	-
Total Governmental Activities	<u>\$477,670,798</u>	<u>\$117,055,935</u>	<u>\$(117,633,198)</u>	<u>\$477,093,535</u>	<u>\$ 4,933,262</u>
<i>Business-Type Activities - Water and Sewer:</i>					
General obligation bonds	\$ 1,035,000	\$ -	\$ (55,000)	\$ 980,000	\$ 60,000
Notes from direct borrowings and placements	3,140,153	-	(888,218)	2,251,935	655,017
Compensated absences	102,639	2,262	(31,858)	73,043	18,261
Net pension liability	3,849,979	1,240,183	(1,549,053)	3,541,109	-
Net other postemployment benefits liability	20,355,892	4,209,043	(4,326,774)	20,238,161	-
Total Business-Type Activities	<u>\$ 28,483,663</u>	<u>\$ 5,451,488</u>	<u>\$ (6,850,903)</u>	<u>\$ 27,084,248</u>	<u>\$ 733,278</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.

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 were reflected as long term debt obligations in those prior year financial statements. The bonds were issued for school roof repairs (\$500,000), park improvements (\$517,050), library construction (\$14,322,950) and sidewalk improvements (\$500,000).

The following is a summary of outstanding long-term debt obligations as of June 30, 2021:

Description of Issue	Interest Rate	Beginning Balance	Additions	Maturities	Ending Balance
<i>Governmental Activities:</i>					
General Obligation Bonds	2.00 - 5.00%	\$ 56,682,050	\$ 14,822,950	\$ (2,180,000)	\$ 69,325,000
Advanced Refunding Bonds	2.00 - 4.00%	3,945,000	-	(3,945,000)	-
Total General Obligation Bonds		60,627,050	14,822,950	(6,125,000)	69,325,000
Add: Unamortized bond premium		1,404,410	1,668,471	(289,190)	2,783,691
Total General Obligation Bonds, net		<u>\$ 62,031,460</u>	<u>\$ 16,491,421</u>	<u>\$ (6,414,190)</u>	<u>\$ 72,108,691</u>
<i>Business-Type Activities - Water and Sewer:</i>					
General Obligation Bonds	2.00 - 5.00%	\$ 1,035,000	\$ -	\$ (55,000)	\$ 980,000
Total General Obligation Bonds		1,035,000	-	(55,000)	980,000
Massachusetts Water Resources Authority	0.00%	3,140,153	-	(888,218)	2,251,935
Total notes from direct borrowings and placements		3,140,153	-	(888,218)	2,251,935
Total Business-Type Activities debt		<u>\$ 4,175,153</u>	<u>\$ -</u>	<u>\$ (943,218)</u>	<u>\$ 3,231,935</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
2022	\$ 3,220,000	\$ 2,491,220	\$ -	\$ -
2023	3,530,000	2,136,923	-	-
2024	3,235,000	2,008,097	-	-
2025	3,315,000	1,882,622	-	-
2026	3,170,000	1,759,402	-	-
2027-2031	16,315,000	6,854,552	-	-
2032-2036	13,720,000	3,974,553	-	-
2037-2041	8,685,000	2,545,757	-	-
2042-2046	9,540,000	1,345,147	-	-
2047-2050	4,595,000	270,150	-	-
Total	<u>\$ 69,325,000</u>	<u>\$ 25,268,423</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
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	60,000	20,269	207,500	-
2027-2031	330,000	77,215	415,000	-
2032-2036	185,000	39,683	-	-
2037-2041	75,000	24,148	-	-
2042-2046	90,000	9,488	-	-
Total	<u>\$ 980,000</u>	<u>\$ 266,079</u>	<u>\$ 2,251,935</u>	<u>\$ -</u>

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, 2021:

Project	Amount
<i>Governmental:</i>	
School buildings	\$ 1,817,816
Library construction	8,092,018
Fire station	1,500,000
Streetlights	351,030
Park improvements	349,000
Other	75,000
<i>Business-type:</i>	
Sewer system	1,425,150
Total Authorized and Unissued	<u><u>\$ 13,610,014</u></u>

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, 2020 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, 2020 was as follows:

Active and inactive employees	971
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits yet to receive them	<u>604</u>
	<u>1,575</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 \$12,310,219 to the System in fiscal year 2021, which equaled the actuarially determined contribution requirement for the fiscal year and was approximately 27.3% of the covered payroll.

Net Pension Liability – At June 30, 2021, the City reported a liability of \$111,706,915 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. 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 94.77% at December 31, 2020, which was consistent with the proportion measured at January 1, 2020.

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, 2020 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 \$17,375,318 in pension expense in the statement of activities in fiscal year 2021.

Deferred Outflows of Resources and Deferred Inflows of Resources – At June 30, 2021, 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	\$ 14,171,681	\$ -
Net differences between projected and actual investment earnings	-	8,220,557
Changes in proportion differences	254,432	192,866
Differences between expected and actual experience	<u>7,321,048</u>	<u>-</u>
	<u>\$ 21,747,161</u>	<u>\$ 8,413,423</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>	
2022	\$ 5,460,147
2023	6,114,897
2024	2,392,550
2025	(628,614)
2026	<u>(5,242)</u>
	<u>\$ 13,333,738</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, 2020. The significant actuarial assumptions used in the January 1, 2020 actuarial valuation included:

Investment rate of return	7.25%
Projected salary increases	3.50%
Single Equivalent Discount Rate	7.25%
Asset valuation method	Fair value
Cost of living adjustments	3.00%
Mortality	SOA Pub-2010 public retirement plans mortality tables specific to group, with scale MP-2029 improvements until 2025
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:

Asset Class	Target Allocation
Equities:	
Domestic - large cap	22%
Domestic - small/mid cap	7%
International	11%
Emerging markets	8%
Fixed Income:	
Core bonds	12%
Emerging blended debt	4%
Global multi-sector	8%
TIPS	6%
Real Estate	10%
Private Equity	7%
Hedge Funds	5%

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):

	Discount Rate			
	Current Rate	1% lower	Current	1% greater
Net Pension Liability	7.25%	\$ 144,536,513	\$111,706,915	\$83,587,828

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, 2021, the Commonwealth contributed \$9,057,189 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 0.583043%, 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	\$ 166,428,836	\$ (166,428,836)	\$ —
Pension expense	20,556,346	(20,556,346)	—

The City has recognized intergovernmental revenue and pension expense of \$20,556,346 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, 2021 are summarized as follows:

Employees Covered by Benefit Terms – The following employees were covered by the benefit terms as of June 30, 2021:

Active employees	1,327
Inactives currently receiving	<u>1,383</u>
Total	<u><u>2,710</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, 2021, the City’s average contribution rate was 17.67% of covered-employee payroll.

Net OPEB Liability – The City’s net OPEB liability was measured as of June 30, 2021 using an actuarial valuation as of July 1, 2020. The components of the net OPEB liability of the City were as follows:

Total OPEB Liability	\$ 311,438,465
Plan fiduciary net position	<u>(82,140)</u>
Net OPEB liability	<u><u>\$ 311,356,325</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	0.03%

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 rates are from the RP-2014 Blue Collar Mortality table with Scale MP-2017, fully generational
Disabled Mortality	For disabled participants: the mortality rates are from the RP-2000 Combined Health Table set forward 2 years
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, 2021.

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%	\$ 368,819,465	\$ 311,356,325	\$ 266,512,658

	Health Care Trend Rate			
	Current Rate	1% lower	Current	1% greater
Net OPEB Liability	4.50%	\$ 260,048,033	\$ 311,356,325	\$ 379,262,607

Changes in the Net OPEB Liability – The following table summarizes the changes in the net OPEB liability for the year ended June 30, 2021:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2020	\$ 313,236,518	\$ 68,952	\$ 313,167,566
Changes for the year:			
Service cost	9,279,411	-	9,279,411
Interest	7,948,673	-	7,948,673
Difference between expected and actual experience	(9,831,359)	-	(9,831,359)
Net investment income	-	13,188	(13,188)
Employer contributions	-	9,194,778	(9,194,778)
Benefit payments withdrawn from trust	-	(9,194,778)	9,194,778
Benefit payments	(9,194,778)	-	(9,194,778)
Net changes	(1,798,053)	13,188	(1,811,241)
Balances at June 30, 2021	<u>\$ 311,438,465</u>	<u>\$ 82,140</u>	<u>\$ 311,356,325</u>

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%
	<u>100.00%</u>	

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the City recognized OPEB expense of \$28,345,953. Deferred outflows of

resources and deferred inflows of resources related to OPEB at June 30, 2021 were reported as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	\$ 36,408,561	\$ -
Differences between expected and actual earnings	-	7,058
Differences between expected and actual experience	-	11,509,747
	<u>\$ 36,408,561</u>	<u>\$ 11,516,805</u>

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

<u>June 30,</u>	
2022	\$ 11,119,557
2023	10,512,000
2024	5,428,082
2025	(1,918,744)
thereafter	<u>(249,139)</u>
	<u>\$ 24,891,756</u>

GASB Statement No. 74

OPEB Plan disclosures that impact the City’s net OPEB liability using a reporting date of June 30, 2021 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, 2021 the annual money-weighted rate of return on investments, net of investment expense, was 17.5%. 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, 2020)	Other Postemployment Benefits Trust Fund	Total
Assets:			
Cash and Cash Equivalents	\$ 2,583,073	\$ 2,973	\$ 2,586,046
Investments (at fair value):			
U.S. government and agencies	12,574,850	-	12,574,850
Corporate bonds	11,102,869	-	11,102,869
Foreign government bonds	299,989	-	299,989
Equity securities	834	-	834
Mutual funds	147,864,475	79,167	147,943,642
State Treasurer investment pool - PRIT	50,926,614	-	50,926,614
Total Investments	222,769,631	79,167	222,848,798
Receivables:			
Interest receivable	130,051	-	130,051
Other	192,508	-	192,508
Total Receivables	322,559	-	322,559
Total Assets	225,675,263	82,140	225,757,403
Liabilities:			
Warrants and accounts payable	72,066	-	72,066
Total Liabilities	72,066	-	72,066
Net Position:			
Restricted for pensions	225,603,197	-	225,603,197
Restricted for other postemployment benefits	-	82,140	82,140
Total Net Position	\$ 225,603,197	\$ 82,140	\$ 225,685,337

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, 2020)	Other Postemployment Benefits Trust Fund	Total
Additions			
Contributions:			
Employer	\$ 12,989,190	\$ 9,194,778	\$ 22,183,968
Employee	4,552,956	-	4,552,956
Other contributions	624,975	-	624,975
Total Contributions	<u>18,167,121</u>	<u>9,194,778</u>	<u>27,361,899</u>
Investment income:			
Interest and dividends	4,195,499	2,509	4,198,008
Net appreciation in fair value of investments	20,233,690	10,892	20,244,582
Less - investment management fees	<u>(1,286,048)</u>	<u>(213)</u>	<u>(1,286,261)</u>
Net investment earnings	23,143,141	13,188	23,156,329
Other income	<u>25,943</u>	<u>-</u>	<u>25,943</u>
Total Additions (net)	<u>41,336,205</u>	<u>9,207,966</u>	<u>50,544,171</u>
Deductions			
Benefit payments to retirees and beneficiaries	21,254,893	9,194,778	30,449,671
Member refunds	239,110	-	239,110
Transfers and reimbursements to other systems	938,436	-	938,436
Payroll expenses of the System	260,632	-	260,632
Other administrative expenses	<u>98,758</u>	<u>-</u>	<u>98,758</u>
Total Deductions	<u>22,791,829</u>	<u>9,194,778</u>	<u>31,986,607</u>
CHANGE IN NET POSITION	18,544,376	13,188	18,557,564
NET POSITION AT BEGINNING OF YEAR	<u>207,058,821</u>	<u>68,952</u>	<u>207,127,773</u>
NET POSITION AT END OF YEAR	<u>\$ 225,603,197</u>	<u>\$ 82,140</u>	<u>\$ 225,685,337</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, 2021, the amount of the liability for IBNR dental insurance claims totaled \$45,325. 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, 2019, 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 2021	\$ 52,803	\$ 1,386,977	\$(1,394,455)	\$ 45,325	\$ 45,3254
Fiscal Year 2020	45,141	1,053,345	(1,045,683)	52,803	52,803

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, 2021, the amount of the liability for workers' compensation claims totaled \$1,133,025.

Changes in the reported liability since July 1, 2019:

	<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 2021	\$ 765,272	\$ 915,348	\$(547,595)	\$ 1,133,025	\$ 283,256
Fiscal Year 2020	1,140,202	158,215	(533,145)	765,272	191,318

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, 2021, 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, 2021. 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 –

In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities*. The objective of the Statement was to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how these activities should be reported. The provisions of this Statement became effective for the City in fiscal year 2021. In connection with the adoption of this accounting standard, certain previously reported agency balances are now reported in the governmental funds and government-wide financial statements. See Note IV for the implementation of this standard did not have an impact on the City's 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 was 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. The provisions of this Statement became effective for the City in fiscal year 2021. The adoption of this standard did not have an impact on the City's financial statements.

In March 2020, the GASB issued GASB Statement No. 93, *Replacement of Interbank Offered Rates*. In addition to accounting and financial reporting implications that result from the replacement of an interbank offered rate (which become effective in fiscal year 2022), this Statement eliminated the use of LIBOR as an appropriate benchmark interest rate for derivative instruments that hedge interest rate risk of taxable debt for reporting periods effective fiscal year 2021. Refer to Note IV for the financial impact of the adoption of this accounting standard.

Future Implementations –

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 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. The reporting provisions of this Statement are effective for financial reporting periods beginning after June 15, 2020 (fiscal year 2022). 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 issues 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 2023). 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 2023). 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 2022). The City is currently evaluating whether adoption will have a material impact on the financial statements.

G. Subsequent Events

On August 23, 2021, the City issued \$1,222,000 in direct borrowings with the Massachusetts Water Resources Authority for water projects. The borrowing is interest free and will be paid in ten equal annual installments through August 15, 2031.

On June 22, 2022, the City issued \$2,750,000 in short-term BANS that pay interest at 3% per annum and mature on June 22, 2023. The BANS were issued for fire station planning (\$1,500,000), sidewalks (\$1,000,000) and stump removal (\$250,000).

IV. Prior Period Restatements

The adoption of GASB Statement No. 84 required certain accounts previously reported as agency accounts in the Statement of Fiduciary Activities to be reclassified into nonmajor governmental funds. This resulted in an increase to the beginning Governmental Activities net position and the beginning fund balance in Nonmajor Governmental Funds as follows:

	Governmental Activities	Nonmajor Governmental
Prior year as presented	\$(176,292,076)	\$ 13,012,131
Reclassify agency funds	67,002	67,002
As restated	<u>\$(176,225,074)</u>	<u>\$ 13,079,133</u>



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Required Supplementary Information

CITY OF MEDFORD, MASSACHUSETTS

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
YEAR ENDED JUNE 30, 2021

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

	Year Ended June 30,						
	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	94.77%	94.96%	94.65%	94.79%	94.25%	94.25%	94.91%
City's proportionate share of the net pension liability (asset)	\$ 111,707	\$ 121,450	\$ 103,336	\$ 88,244	\$ 92,314	\$ 90,797	\$ 98,278
City's covered payroll	\$ 45,124	\$ 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	247.6%	278.0%	257.1%	226.9%	240.6%	245.0%	273.5%
Plan fiduciary net position as a percentage of the total pension liability	65.7%	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,						
	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 12,310	\$ 11,636	\$ 10,942	\$ 10,593	\$ 10,401	\$ 9,967	\$ 9,502
Contributions in relation to the actuarially determined contribution	12,310	11,636	10,942	10,593	10,401	9,967	9,502
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 45,292	\$ 44,034	\$ 40,370	\$ 39,043	\$ 38,573	\$ 37,586	\$ 35,315
Contributions as a percentage of covered payroll	27.2%	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, 2021

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,						
	2021	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%	100.0%
City's proportion of the collective net pension liability (asset)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Commonwealth's proportionate share of the net pension liability (asset)	\$28,544,844	\$25,214,020	\$ 23,711,289	\$ 22,885,391	\$ 22,357,928	\$ 20,489,643	\$ 15,896,354
Commonwealth's actuarially determined contribution	\$1,553,433	\$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, 2021

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

	Year Ended June 30,			
	2021	2020	2019	2018
Total OPEB liability:				
Service cost	\$ 9,279,411	\$ 6,343,238	\$ 6,432,464	\$ 6,155,468
Interest	7,948,673	9,535,694	8,889,847	8,550,963
Differences between expected and actual experience	(9,831,359)	-	(10,130,890)	-
Change in assumptions	-	52,552,972	18,202,693	-
Benefit payments	(9,194,778)	(6,217,406)	(5,949,671)	(5,943,409)
Net change in total OPEB liability	(1,798,053)	62,214,498	17,444,443	8,763,022
Total OPEB liability - beginning of year	313,236,518	251,022,020	233,577,577	224,814,555
Total OPEB liability - end of year (a)	<u>\$ 311,438,465</u>	<u>\$ 313,236,518</u>	<u>\$ 251,022,020</u>	<u>\$ 233,577,577</u>
Plan fiduciary net position:				
Contributions - employer	\$ 9,194,778	\$ 6,217,406	\$ 6,019,671	\$ 5,943,409
Net investment income	13,188	(1,048)	-	-
Benefit payments	(9,194,778)	(6,217,406)	(5,949,671)	(5,943,409)
Net change in Plan fiduciary net position	13,188	(1,048)	70,000	-
Plan fiduciary net position - beginning of year	68,952	70,000	-	-
Plan fiduciary net position - end of year (b)	<u>\$ 82,140</u>	<u>\$ 68,952</u>	<u>\$ 70,000</u>	<u>\$ -</u>
Net OPEB liability - end of year (a) - (b)	<u>\$ 311,356,325</u>	<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	0.03%	0.02%	0.03%	0.00%
Covered-employee payroll	\$ 52,030,180	\$ 50,270,706	\$ 48,570,730	\$ 51,021,854
Net OPEB liability as a percentage of covered-employee payroll	598.41%	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, 2021

SCHEDULE OF CONTRIBUTIONS

	Year Ended June 30,			
	2021	2020	2019	2018
Actuarially-determined contribution	\$ 27,609,366	\$ 26,320,149	\$ 15,322,311	\$ 14,706,431
Contributions in relation to the actuarially-determined contribution	(9,194,778)	(6,217,406)	(5,949,671)	(5,943,409)
Contribution deficiency (excess)	\$ 18,414,588	\$ 20,102,743	\$ 9,372,640	\$ 8,763,022
Covered-employee payroll	\$ 52,030,180	\$ 50,270,706	\$ 48,570,730	\$ 51,021,854
Contribution as a percentage of covered-employee payroll	17.67%	12.37%	12.25%	11.65%
Valuation date	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2018
Amortization period	30 years	30 years	30 years	30 years
Investment rate of return	2.50%	2.50%	3.75%	3.75%
Municipal bond rate	2.50%	2.50%	3.75%	3.75%
Discount rate	2.50%	2.50%	3.75%	3.75%
Inflation	2.50%	2.50%	2.50%	2.50%
Healthcare cost trend rates	4.50%	5.5%; then 4.5%	5.5%; then 4.5%	5.5%; then 4.5%
Salary increases	2.50%	2.50%	2.50%	2.50%
Actuarial cost method	Individual Entry Age Normal (for all years presented)			
Asset valuation method	Fair Value of Assets as of Reporting Date (for all years presented)			

SCHEDULE OF INVESTMENT RETURNS

	Year Ended June 30,			
	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	17.50%	-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, 2021

	Budgeted Amounts		Actual	Encumbrances	Actual	Variance Positive (Negative)
	Original Budget	Final Budget	Budgetary Amounts		Budgetary Adjusted	
Revenues:						
<i>Taxes:</i>						
Real estate taxes	\$ 117,548,085	\$ 117,548,085	\$ 118,492,822	\$ -	118,492,822	944,737
Personal property taxes	3,804,713	3,804,713	3,868,242	-	3,868,242	63,529
Tax title and foreclosures	-	-	178,773	-	178,773	178,773
Motor vehicle excise	6,503,560	6,503,560	7,435,971	-	7,435,971	932,411
Boat excise	8,000	8,000	8,566	-	8,566	566
Meals excise	733,500	733,500	828,380	-	828,380	94,880
Room occupancy excise	300,000	300,000	224,996	-	224,996	(75,004)
	<u>128,897,858</u>	<u>128,897,858</u>	<u>131,037,750</u>	<u>-</u>	<u>131,037,750</u>	<u>2,139,892</u>
<i>Intergovernmental:</i>						
State aid - chapter 70	12,143,306	12,143,306	12,143,302	-	12,143,302	(4)
State aid - charter school	1,195,940	1,195,940	1,715,086	-	1,715,086	519,146
State aid - unrestricted	12,880,443	12,880,443	12,880,443	-	12,880,443	-
State aid - veterans	85,611	85,611	38,654	-	38,654	(46,957)
State aid - other	154,310	154,310	187,876	-	187,876	33,566
Federal aid - other	54,486	54,486	54,486	-	54,486	-
Medicaid reimbursements	260,000	260,000	281,534	-	281,534	21,534
MSBA school construction reimbursement	3,172,025	3,172,025	3,172,025	-	3,172,025	-
	<u>29,946,121</u>	<u>29,946,121</u>	<u>30,473,406</u>	<u>-</u>	<u>30,473,406</u>	<u>527,285</u>
<i>Departmental fees, charges, and other:</i>						
Payments in lieu of taxes	2,095,326	2,095,326	2,214,158	-	2,214,158	118,832
Cable franchise fees	675,000	675,000	991,824	-	991,824	316,824
Parking fees	600,000	600,000	360,634	-	360,634	(239,366)
Cemetery fees	420,000	420,000	611,969	-	611,969	191,969
Municipal lien fees	39,000	39,000	60,550	-	60,550	21,550
Library fees	11,000	11,000	880	-	880	(10,120)
Fire inspection fees	47,000	47,000	85,866	-	85,866	38,866
Recreation fees	50,000	50,000	31,800	-	31,800	(18,200)
Rental of municipal property	6,000	6,000	7,914	-	7,914	1,914
Public safety detail charges	110,000	110,000	344,459	-	344,459	234,459
City clerk fees	84,000	84,000	70,153	-	70,153	(13,847)
Other miscellaneous	222,000	222,000	184,722	-	184,722	(37,278)
	<u>4,359,326</u>	<u>4,359,326</u>	<u>4,964,929</u>	<u>-</u>	<u>4,964,929</u>	<u>605,603</u>
<i>Licenses and permits:</i>						
Liquor licenses	-	-	24,950	-	24,950	24,950
Building, plumbing and electrical permits	1,731,000	1,731,000	1,978,386	-	1,978,386	247,386
Health licenses and permits	143,800	143,800	195,890	-	195,890	52,090
Other licenses and permits	125,200	125,200	97,133	-	97,133	(28,067)
	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,296,359</u>	<u>-</u>	<u>2,296,359</u>	<u>296,359</u>
<i>Fines and forfeitures:</i>						
Parking fines	13,000	13,000	7,020	-	7,020	(5,980)
Traffic court fines	82,000	82,000	15,216	-	15,216	(66,784)
Inspectional fines	5,000	5,000	1,725	-	1,725	(3,275)
	<u>100,000</u>	<u>100,000</u>	<u>23,961</u>	<u>-</u>	<u>23,961</u>	<u>(76,039)</u>
<i>Penalties and interest on taxes</i>	<u>350,000</u>	<u>350,000</u>	<u>642,725</u>	<u>-</u>	<u>642,725</u>	<u>292,725</u>
<i>Interest and investment income</i>	<u>191,688</u>	<u>191,688</u>	<u>166,752</u>	<u>-</u>	<u>166,752</u>	<u>(24,936)</u>
Total Revenues	<u>165,844,993</u>	<u>165,844,993</u>	<u>169,605,882</u>	<u>-</u>	<u>169,605,882</u>	<u>3,760,889</u>

CITY OF MEDFORD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Expenditures:						
<i>General Government:</i>						
<i>Legislative:</i>						
Personnel	217,489	217,489	216,842	-	216,842	647
Ordinary expenses	43,325	43,325	31,456	-	31,456	11,869
	<u>260,814</u>	<u>260,814</u>	<u>248,298</u>	<u>-</u>	<u>248,298</u>	<u>12,516</u>
<i>Executive:</i>						
Personnel	494,228	494,228	489,344	-	489,344	4,884
Ordinary expenses	163,718	163,718	151,289	8,195	159,484	4,234
	<u>657,946</u>	<u>657,946</u>	<u>640,633</u>	<u>8,195</u>	<u>648,828</u>	<u>9,118</u>
<i>Finance:</i>						
Personnel	501,332	501,332	471,050	-	471,050	30,282
Ordinary expenses	121,623	121,623	105,899	-	105,899	15,724
	<u>622,955</u>	<u>622,955</u>	<u>576,949</u>	<u>-</u>	<u>576,949</u>	<u>46,006</u>
<i>Assessors:</i>						
Personnel	275,134	275,134	273,619	-	273,619	1,515
Ordinary expenses	276,759	276,759	192,873	-	192,873	83,886
	<u>551,893</u>	<u>551,893</u>	<u>466,492</u>	<u>-</u>	<u>466,492</u>	<u>85,401</u>
<i>Treasury:</i>						
Personnel	546,209	546,209	425,724	-	425,724	120,485
Ordinary expenses	226,900	226,900	184,851	-	184,851	42,049
	<u>773,109</u>	<u>773,109</u>	<u>610,575</u>	<u>-</u>	<u>610,575</u>	<u>162,534</u>
<i>Law:</i>						
Personnel	277,031	211,031	200,590	-	200,590	10,441
Ordinary expenses	191,167	257,167	208,574	4,449	213,023	44,144
	<u>468,198</u>	<u>468,198</u>	<u>409,164</u>	<u>4,449</u>	<u>413,613</u>	<u>54,585</u>
<i>Information Technology:</i>						
Personnel	172,786	172,787	173,356	-	173,356	(569)
Ordinary expenses	154,012	157,611	136,087	-	136,087	21,524
	<u>326,798</u>	<u>330,398</u>	<u>309,443</u>	<u>-</u>	<u>309,443</u>	<u>20,955</u>
<i>City Clerk:</i>						
Personnel	328,695	328,695	312,809	-	312,809	15,886
Ordinary expenses	23,350	23,350	17,451	-	17,451	5,899
	<u>352,045</u>	<u>352,045</u>	<u>330,260</u>	<u>-</u>	<u>330,260</u>	<u>21,785</u>
<i>Election:</i>						
Personnel	258,078	258,078	248,046	-	248,046	10,032
Ordinary expenses	84,277	84,277	59,298	-	59,298	24,979
	<u>342,355</u>	<u>342,355</u>	<u>307,344</u>	<u>-</u>	<u>307,344</u>	<u>35,011</u>
<i>Licensing Commission:</i>						
Personnel	5,400	5,400	7,085	-	7,085	(1,685)
Ordinary expenses	400	400	4	-	4	396
	<u>5,800</u>	<u>5,800</u>	<u>7,089</u>	<u>-</u>	<u>7,089</u>	<u>(1,289)</u>
<i>Conservation Commission:</i>						
Personnel	6,500	6,500	6,150	-	6,150	350
Ordinary expenses	1,100	1,100	964	-	964	136
	<u>7,600</u>	<u>7,600</u>	<u>7,114</u>	<u>-</u>	<u>7,114</u>	<u>486</u>

(continued)

CITY OF MEDFORD, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Appeals Board:						
Personnel	8,500	9,200	8,322	-	8,322	878
Ordinary expenses	151	151	-	-	-	151
	<u>8,651</u>	<u>9,351</u>	<u>8,322</u>	<u>-</u>	<u>8,322</u>	<u>1,029</u>
Office of Community Development:						
Personnel	361,721	361,721	265,008	-	265,008	96,713
Ordinary expenses	8,470	9,082	6,984	-	6,984	2,098
	<u>370,191</u>	<u>370,803</u>	<u>271,992</u>	<u>-</u>	<u>271,992</u>	<u>98,811</u>
Community Development Board:						
Personnel	8,000	8,000	7,025	-	7,025	975
Ordinary expenses	603	603	-	-	-	603
	<u>8,603</u>	<u>8,603</u>	<u>7,025</u>	<u>-</u>	<u>7,025</u>	<u>1,578</u>
Cable:						
Personnel	241,310	241,310	266,712	-	266,712	(25,402)
Ordinary expenses	81,056	80,356	17,197	563	17,760	62,596
	<u>322,366</u>	<u>321,666</u>	<u>283,909</u>	<u>563</u>	<u>284,472</u>	<u>37,194</u>
Building Maintenance:						
Ordinary expenses	372,110	372,110	321,633	7,397	329,030	43,080
	<u>372,110</u>	<u>372,110</u>	<u>321,633</u>	<u>7,397</u>	<u>329,030</u>	<u>43,080</u>
Property/Liability Insurance:						
Ordinary expenses	536,000	536,000	507,833	-	507,833	28,167
	<u>536,000</u>	<u>536,000</u>	<u>507,833</u>	<u>-</u>	<u>507,833</u>	<u>28,167</u>
Total General Government	5,987,434	5,991,646	5,314,075	20,604	5,334,679	656,967
Public Safety:						
Police:						
Personnel	13,274,806	13,274,806	12,722,017	-	12,722,017	552,789
Ordinary expenses	1,078,871	1,078,871	851,118	66,502	917,620	161,251
	<u>14,353,677</u>	<u>14,353,677</u>	<u>13,573,135</u>	<u>66,502</u>	<u>13,639,637</u>	<u>714,040</u>
Traffic Enforcement:						
Personnel	284,525	284,525	290,874	-	290,874	(6,349)
Ordinary expenses	11,000	11,000	1,142	-	1,142	9,858
	<u>295,525</u>	<u>295,525</u>	<u>292,016</u>	<u>-</u>	<u>292,016</u>	<u>3,509</u>
Bicycle Commission:						
Ordinary expenses	1,500	1,500	-	-	-	1,500
	<u>1,500</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
Fire:						
Personnel	12,868,148	13,143,148	13,030,503	-	13,030,503	112,645
Ordinary expenses	1,258,841	1,258,841	696,775	364,858	1,061,633	197,208
	<u>14,126,989</u>	<u>14,401,989</u>	<u>13,727,278</u>	<u>364,858</u>	<u>14,092,136</u>	<u>309,853</u>
Building Inspection:						
Personnel	659,234	653,038	608,664	-	608,664	44,374
Ordinary expenses	12,067	5,263	4,978	269	5,247	16
	<u>671,301</u>	<u>658,301</u>	<u>613,642</u>	<u>269</u>	<u>613,911</u>	<u>44,390</u>
Electrical Inspection:						
Personnel	164,818	164,818	164,768	-	164,768	50
Ordinary expenses	3,457	3,457	2,209	425	2,634	823
	<u>168,275</u>	<u>168,275</u>	<u>166,977</u>	<u>425</u>	<u>167,402</u>	<u>873</u>

CITY OF MEDFORD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Budgetary Amounts	Encumbrances	Actual Budgetary Adjusted	Variance Positive (Negative)
	Original Budget	Final Budget				
Signal Maintenance:						
Personnel	145,228	147,217	147,355	-	147,355	(138)
Ordinary expenses	111,792	109,803	56,292	3,868	60,160	49,643
	<u>257,020</u>	<u>257,020</u>	<u>203,647</u>	<u>3,868</u>	<u>207,515</u>	<u>49,505</u>
Streetlighting:						
Ordinary expenses	449,047	449,047	236,553	26,033	262,586	186,461
	<u>449,047</u>	<u>449,047</u>	<u>236,553</u>	<u>26,033</u>	<u>262,586</u>	<u>186,461</u>
Consumer Advisory Board:						
Ordinary expenses	1,000	1,000	503	-	503	497
	<u>1,000</u>	<u>1,000</u>	<u>503</u>	<u>-</u>	<u>503</u>	<u>497</u>
Emergency Management:						
Personnel	8,800	8,800	8,800	-	8,800	-
Ordinary expenses	575	575	10	-	10	565
	<u>9,375</u>	<u>9,375</u>	<u>8,810</u>	<u>-</u>	<u>8,810</u>	<u>565</u>
Traffic and Parking:						
Personnel	4,500	4,500	4,500	-	4,500	-
Ordinary expenses	23,300	23,300	17,930	-	17,930	5,370
	<u>27,800</u>	<u>27,800</u>	<u>22,430</u>	<u>-</u>	<u>22,430</u>	<u>5,370</u>
Energy and Environment:						
Personnel	80,116	80,116	70,398	-	70,398	9,718
Ordinary expenses	265,622	265,010	151,021	66,048	217,069	47,941
	<u>345,738</u>	<u>345,126</u>	<u>221,419</u>	<u>66,048</u>	<u>287,467</u>	<u>57,659</u>
Total Public Safety	30,707,247	30,968,635	29,066,410	528,003	29,594,413	1,374,222
Education:						
School Department:						
Personnel and ordinary expenses	62,385,322	62,385,322	60,986,733	136,127	61,122,860	1,262,462
Total Education	62,385,322	62,385,322	60,986,733	136,127	61,122,860	1,262,462
Public Works:						
Engineering:						
Personnel	390,655	390,655	389,049	-	389,049	1,606
Ordinary expenses	51,601	51,601	29,325	2,287	31,612	19,989
	<u>442,256</u>	<u>442,256</u>	<u>418,374</u>	<u>2,287</u>	<u>420,661</u>	<u>21,595</u>
Highway:						
Personnel - administration	1,994,793	2,006,543	1,880,708	-	1,880,708	125,835
Ordinary expenses - administration	110,164	110,574	107,573	267	107,840	2,734
Highway construction expenses	367,701	367,201	255,003	2,450	257,453	109,748
Personnel - snow and ice control	75,000	432,086	431,903	-	431,903	183
Ordinary expenses - snow and ice control	172,500	693,556	693,556	-	693,556	-
Ordinary expenses - sidewalks	50,001	31,001	14,380	-	14,380	16,621
Ordinary expenses - garage and yard	139,510	159,560	124,948	-	124,948	34,612
Ordinary expenses - waste collection	7,529,000	7,528,040	7,298,725	-	7,298,725	229,315
	<u>10,438,669</u>	<u>11,328,561</u>	<u>10,806,796</u>	<u>2,717</u>	<u>10,809,513</u>	<u>519,048</u>
Cemetery:						
Personnel	627,867	616,117	633,017	-	633,017	(16,900)
Ordinary expenses	219,200	219,200	127,770	285,625	413,395	(194,195)
	<u>847,067</u>	<u>835,317</u>	<u>760,787</u>	<u>285,625</u>	<u>1,046,412</u>	<u>(211,095)</u>
Parks:						
Personnel - parks	558,831	558,831	504,966	-	504,966	53,865
Ordinary expenses - parks	266,608	266,108	228,551	725	229,276	36,832
Ordinary expenses - pools and ponds	13,801	14,301	8,461	-	8,461	5,840
	<u>839,240</u>	<u>839,240</u>	<u>741,978</u>	<u>725</u>	<u>742,703</u>	<u>96,537</u>
Forestry:						
Personnel	331,383	331,383	287,792	-	287,792	43,591
Ordinary expenses	194,900	194,900	167,170	-	167,170	27,730
	<u>526,283</u>	<u>526,283</u>	<u>454,962</u>	<u>-</u>	<u>454,962</u>	<u>71,321</u>
Total Public Works	13,093,515	13,971,657	13,182,897	291,354	13,474,251	497,406

(Continued)

CITY OF MEDFORD, MASSACHUSETTS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2021**

	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	682,822	682,822	702,924	-	702,924	(20,102)
Ordinary expenses - health	45,045	42,545	25,345	2,727	28,072	14,473
Ordinary expenses - dog	35,775	38,275	35,482	635	36,117	2,158
	<u>763,642</u>	<u>763,642</u>	<u>763,751</u>	<u>3,362</u>	<u>767,113</u>	<u>(3,471)</u>
Council on Aging:						
Personnel	238,964	238,964	233,589	-	233,589	5,375
Ordinary expenses	58,028	58,028	43,386	-	43,386	14,642
	<u>296,992</u>	<u>296,992</u>	<u>276,975</u>	<u>-</u>	<u>276,975</u>	<u>20,017</u>
Veterans Services:						
Personnel	110,528	110,528	110,098	-	110,098	430
Ordinary expenses	302,663	302,663	261,239	-	261,239	41,424
	<u>413,191</u>	<u>413,191</u>	<u>371,337</u>	<u>-</u>	<u>371,337</u>	<u>41,854</u>
Human Diversity:						
Personnel	192,927	192,927	198,200	-	198,200	(5,273)
Ordinary expenses	8,262	8,262	6,401	-	6,401	1,861
	<u>201,189</u>	<u>201,189</u>	<u>204,601</u>	<u>-</u>	<u>204,601</u>	<u>(3,412)</u>
<i>Total Health and Human Services</i>	<u>1,675,014</u>	<u>1,675,014</u>	<u>1,616,664</u>	<u>3,362</u>	<u>1,620,026</u>	<u>54,988</u>
<i>Culture and Recreation:</i>						
Library:						
Personnel	1,260,513	1,260,513	1,175,254	-	1,175,254	85,259
Ordinary expenses	312,368	312,368	289,589	58	289,647	22,721
	<u>1,572,881</u>	<u>1,572,881</u>	<u>1,464,843</u>	<u>58</u>	<u>1,464,901</u>	<u>107,980</u>
Recreation:						
Personnel	348,841	348,841	318,019	-	318,019	30,822
Ordinary expenses	400	400	-	-	-	400
	<u>349,241</u>	<u>349,241</u>	<u>318,019</u>	<u>-</u>	<u>318,019</u>	<u>31,222</u>
Historical Commission:						
Ordinary expenses	35,050	35,050	5,780	16,000	21,780	13,270
	<u>35,050</u>	<u>35,050</u>	<u>5,780</u>	<u>16,000</u>	<u>21,780</u>	<u>13,270</u>
Historical District:						
Ordinary expenses	5,000	5,000	1,962	-	1,962	3,038
	<u>5,000</u>	<u>5,000</u>	<u>1,962</u>	<u>-</u>	<u>1,962</u>	<u>3,038</u>
Chevalier Auditorium:						
Personnel	30,154	30,154	29,813	-	29,813	341
Ordinary expenses	75,857	88,857	67,570	1,202	68,772	20,085
	<u>106,011</u>	<u>119,011</u>	<u>97,383</u>	<u>1,202</u>	<u>98,585</u>	<u>20,426</u>
Hormel Stadium Commission:						
Personnel	5,400	5,400	4,969	-	4,969	431
	<u>5,400</u>	<u>5,400</u>	<u>4,969</u>	<u>-</u>	<u>4,969</u>	<u>431</u>
Celebrations:						
Ordinary expenses	17,200	17,200	9,458	-	9,458	7,742
	<u>17,200</u>	<u>17,200</u>	<u>9,458</u>	<u>-</u>	<u>9,458</u>	<u>7,742</u>
<i>Total Culture and Recreation</i>	<u>2,090,783</u>	<u>2,103,783</u>	<u>1,902,414</u>	<u>17,260</u>	<u>1,919,674</u>	<u>184,109</u>
<i>State and County Assessments:</i>						
State assessments and charges	104,971	104,971	104,971	-	104,971	-
Transportation authorities assessments	3,882,220	3,882,220	3,882,220	-	3,882,220	-
Annual charges against receipts	19,055	19,055	19,055	-	19,055	-
Tuition assessments	7,799,528	7,799,528	8,614,840	-	8,614,840	(815,312)
<i>Total State and County Assessments</i>	<u>11,805,774</u>	<u>11,805,774</u>	<u>12,621,086</u>	<u>-</u>	<u>12,621,086</u>	<u>(815,312)</u>

CITY OF MEDFORD, MASSACHUSETTS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 YEAR ENDED JUNE 30, 2021

	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	85,527	-	85,527	(527)
Contributory pension	12,395,219	12,395,219	12,313,969	-	12,313,969	81,250
	<u>12,480,219</u>	<u>12,480,219</u>	<u>12,399,496</u>	<u>-</u>	<u>12,399,496</u>	<u>80,723</u>
Workers compensation:						
Personnel	551,500	551,500	527,845	9,250	537,095	14,405
Ordinary expenses	29,000	29,000	19,750	-	19,750	9,250
	<u>580,500</u>	<u>580,500</u>	<u>547,595</u>	<u>9,250</u>	<u>556,845</u>	<u>23,655</u>
Group Insurance:						
Ordinary expenses	22,428,949	22,428,949	21,382,509	-	21,382,509	1,046,440
	<u>22,428,949</u>	<u>22,428,949</u>	<u>21,382,509</u>	<u>-</u>	<u>21,382,509</u>	<u>1,046,440</u>
Medicare Insurance:						
Ordinary expenses	1,463,726	1,430,726	1,289,706	-	1,289,706	141,020
	<u>1,463,726</u>	<u>1,430,726</u>	<u>1,289,706</u>	<u>-</u>	<u>1,289,706</u>	<u>141,020</u>
Unemployment Compensation:						
Ordinary expenses	45,000	78,000	71,636	-	71,636	6,364
	<u>45,000</u>	<u>78,000</u>	<u>71,636</u>	<u>-</u>	<u>71,636</u>	<u>6,364</u>
Employee Assistance:						
Ordinary expenses	34,000	34,000	26,006	6,364	32,370	1,630
	<u>34,000</u>	<u>34,000</u>	<u>26,006</u>	<u>6,364</u>	<u>32,370</u>	<u>1,630</u>
<i>Total Pension and Fringe Benefits</i>	<u>37,032,394</u>	<u>37,032,394</u>	<u>35,716,948</u>	<u>15,614</u>	<u>35,732,562</u>	<u>1,299,832</u>
<i>Debt Service:</i>						
Ordinary expenses - principal and interest	8,273,106	8,273,106	8,271,930	-	8,271,930	1,176
<i>Total Debt Service</i>	<u>8,273,106</u>	<u>8,273,106</u>	<u>8,271,930</u>	<u>-</u>	<u>8,271,930</u>	<u>1,176</u>
Total Expenditures	<u>173,050,589</u>	<u>174,207,331</u>	<u>168,679,157</u>	<u>1,012,324</u>	<u>169,691,481</u>	<u>4,515,850</u>
Other Financing Sources (Uses)						
Transfers in	1,935,747	1,935,747	2,096,183		2,096,183	160,436
Transfers out	-	-	(7,806)		(7,806)	(7,806)
Total Other Financing Sources (Uses)	<u>1,935,747</u>	<u>1,935,747</u>	<u>2,088,377</u>		<u>\$ 2,088,377</u>	<u>152,630</u>
<i>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Uses Of Prior Year Budgetary Fund Balance</i>	<u>(5,269,849)</u>	<u>(6,426,591)</u>	<u>\$ 3,015,102</u>			<u>\$ 8,429,369</u>
Other Budgetary Items						
Use of unassigned fund balance (free cash)	\$ 4,793,510	\$ 5,946,652				
Prior year encumbrances	476,339	476,339				
Other	-	3,600				
Total Other Budgetary Items	<u>5,269,849</u>	<u>6,426,591</u>				
Net budget and actual	<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, 2021

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 rates are from the RP-2014 Blue Collar Mortality table with Scale MP-2017, fully generational
Disabled Mortality	For disabled participants: the mortality rates are from the RP-2000 Combined Health Table set forward 2 years
Actuarial Cost Method	Entry age normal

Changes in Assumptions – None.

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.

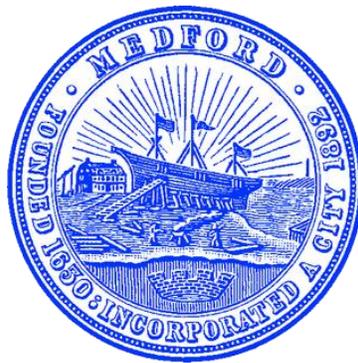
The City adopts an annual budget for the general fund in conformity with the guidelines described above. During fiscal year 2021, City Council approved various supplemental budgetary appropriations which resulted in a net increase of approximately \$1,200,000 from the original voted budget, which was primarily utilized for public safety (\$300,000) and public works (\$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, 2021, is as follows:

	Basis of Accounting Differences	Fund Perspective Differences	Total
Revenues on a budgetary basis			\$ 169,605,882
On behalf payments	\$ 20,556,346	\$ -	20,556,346
Revenues on a GAAP basis	<u>\$ 20,556,346</u>	<u>\$ -</u>	<u>\$ 190,162,228</u>
Expenditures on a budgetary basis			\$ 168,679,157
On behalf payments	\$ 20,556,346	\$ -	20,556,346
Transfers for enterprise indirect costs	-	(1,551,240)	(1,551,240)
Transfers for debt service	-	303,506	303,506
Expenditures on a GAAP basis	<u>\$ 20,556,346</u>	<u>\$ (1,247,734)</u>	<u>\$ 187,987,769</u>
Other financing sources (uses) on a budgetary basis			\$ 2,088,377
Transfers for enterprise indirect costs	\$ -	\$ (1,551,240)	(1,551,240)
Transfers for debt service	-	303,506	303,506
Other financing sources (uses) on a GAAP basis	<u>\$ -</u>	<u>\$ (1,247,734)</u>	<u>\$ 840,643</u>

Excess of Expenditures Over Appropriations – During fiscal year 2021, expenditures exceeded appropriations in the general fund for the cemetery department and state and county assessments by \$211,095 and \$815,312, respectively. These deficits will be funded through available revenues in the subsequent year.



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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, 2021

	Special Revenue Funds				
	City Federal Grants	School Federal Grants	City State Grants	School State Grants	Receipts Reserved for Appropriation
Assets:					
Cash and short-term investments	\$ 849,127	\$ 233,175	\$ 496,829	\$ 289,771	\$ 1,117,531
Investments	-	-	-	-	-
Receivables, net of allowance for uncollectibles					
Property taxes	-	-	-	-	-
Tax title	-	-	-	-	-
Departmental and other	-	-	-	-	-
Intergovernmental	-	100	-	115,536	-
Total Assets	<u>849,127</u>	<u>233,275</u>	<u>496,829</u>	<u>405,307</u>	<u>1,117,531</u>
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	<u>\$ 849,127</u>	<u>\$ 233,275</u>	<u>\$ 496,829</u>	<u>\$ 405,307</u>	<u>\$ 1,117,531</u>
Liabilities:					
Warrants and accounts payable	\$ 71,966	\$ 144,074	\$ 194,225	\$ 58,568	\$ 11,648
Accrued payroll and withholdings	150	2,793	-	2,949	-
Other liabilities	-	-	-	-	-
Due to other funds	-	-	-	-	-
Total Liabilities	<u>72,116</u>	<u>146,867</u>	<u>194,225</u>	<u>61,517</u>	<u>11,648</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances:					
Nonspendable	-	-	-	-	-
Restricted	1,606,403	86,408	643,800	343,790	1,105,883
Unassigned	(829,392)	-	(341,196)	-	-
Total Fund Balances	<u>777,011</u>	<u>86,408</u>	<u>302,604</u>	<u>343,790</u>	<u>1,105,883</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 849,127</u>	<u>\$ 233,275</u>	<u>\$ 496,829</u>	<u>\$ 405,307</u>	<u>\$ 1,117,531</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>
\$ 1,936,975	\$ 1,688,684	\$ -	\$ 681,412	\$ 221,346	\$ 5,155,952	\$ 12,670,802
-	-	-	-	-	-	-
-	-	-	-	-	14,566	14,566
-	-	-	-	-	10,291	10,291
320,016	-	-	-	-	-	320,016
-	292,540	481,992	-	27,869	-	918,037
<u>2,256,991</u>	<u>1,981,224</u>	<u>481,992</u>	<u>681,412</u>	<u>249,215</u>	<u>5,180,809</u>	<u>13,933,712</u>
-	-	-	-	-	-	-
<u>\$ 2,256,991</u>	<u>\$ 1,981,224</u>	<u>\$ 481,992</u>	<u>\$ 681,412</u>	<u>\$ 249,215</u>	<u>\$ 5,180,809</u>	<u>\$ 13,933,712</u>
\$ 19,668	\$ 13,966	\$ 206,297	\$ 13,970	\$ 9,260	\$ 4,200	\$ 747,842
2,091	44,050	-	-	5,554	1,034	58,621
-	-	-	-	-	2,400	2,400
-	-	293,109	-	-	-	293,109
<u>21,759</u>	<u>58,016</u>	<u>499,406</u>	<u>13,970</u>	<u>14,814</u>	<u>7,634</u>	<u>1,101,972</u>
-	-	-	-	-	24,857	24,857
-	-	-	-	-	24,857	24,857
-	-	-	-	-	-	-
2,573,704	1,923,208	-	745,104	302,204	5,148,318	14,478,822
(338,472)	-	(17,414)	(77,662)	(67,803)	-	(1,671,939)
<u>2,235,232</u>	<u>1,923,208</u>	<u>(17,414)</u>	<u>667,442</u>	<u>234,401</u>	<u>5,148,318</u>	<u>12,806,883</u>
<u>\$ 2,256,991</u>	<u>\$ 1,981,224</u>	<u>\$ 481,992</u>	<u>\$ 681,412</u>	<u>\$ 249,215</u>	<u>\$ 5,180,809</u>	<u>\$ 13,933,712</u>

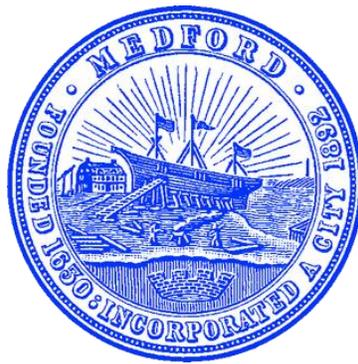
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NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET
JUNE 30, 2021

	Permanent Funds				Total
	School Trust Funds	City Trust Funds	Linkage Trust Funds	Sub-total Permanent Funds	Nonmajor Governmental Funds
Assets:					
Cash and short-term investments	\$ 68,925	\$ 66,886	\$ 69,142	\$ 204,953	\$ 12,875,755
Investments	206,857	750,310	591,872	1,549,039	1,549,039
Receivables, net of allowance for uncollectibles					
Property taxes	-	-	-	-	14,566
Tax title	-	-	-	-	10,291
Departmental and other	-	-	-	-	320,016
Intergovernmental	-	-	-	-	918,037
Total Assets	<u>275,782</u>	<u>817,196</u>	<u>661,014</u>	<u>1,753,992</u>	<u>15,687,704</u>
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Inflows of Resources	<u>\$ 275,782</u>	<u>\$ 817,196</u>	<u>\$ 661,014</u>	<u>\$ 1,753,992</u>	<u>\$ 15,687,704</u>
Liabilities:					
Warrants and accounts payable	\$ -	\$ -	\$ 4,016	\$ 4,016	\$ 751,858
Accrued payroll and withholdings	-	-	-	-	58,621
Other liabilities	-	-	-	-	2,400
Due to other funds	-	-	-	-	293,109
Total Liabilities	<u>-</u>	<u>-</u>	<u>4,016</u>	<u>4,016</u>	<u>1,105,988</u>
Deferred Inflows of Resources:					
Unavailable revenue - property taxes	-	-	-	-	24,857
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,857</u>
Fund Balances:					
Nonspendable	50,250	315,581	-	365,831	365,831
Restricted	225,532	501,615	656,998	1,384,145	15,862,967
Unassigned	-	-	-	-	(1,671,939)
Total Fund Balances	<u>275,782</u>	<u>817,196</u>	<u>656,998</u>	<u>1,749,976</u>	<u>14,556,859</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 275,782</u>	<u>\$ 817,196</u>	<u>\$ 661,014</u>	<u>\$ 1,753,992</u>	<u>\$ 15,687,704</u>

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NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2021

	Special Revenue Funds				
	City Federal Grants	School Federal Grants	City State Grants	School State Grants	Receipts Reserved for Appropriation
Revenues:					
Real estate and personal property taxes, net	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	5,146,127	4,100,803	1,923,331	1,600,014	-
Departmental and other	-	-	-	-	122,828
Interest and investment income	-	-	-	-	-
Contributions and donations	-	-	-	-	-
Total Revenues	5,146,127	4,100,803	1,923,331	1,600,014	122,828
Expenditures:					
Current:					
General government	4,026,818	-	94,985	-	27,405
Public safety	16,483	-	422,620	-	-
Education	-	4,070,104	-	1,943,389	-
Public works	19,263	-	1,423,985	-	33,793
Health and human services	210,796	-	245,204	-	-
Culture and recreation	-	-	234,467	-	-
Debt service:					
Principal	-	-	-	-	-
Interest expense	-	-	-	-	-
Total Expenditures	4,273,360	4,070,104	2,421,261	1,943,389	61,198
Excess (Deficiency) of Revenues Over (Under) Expenditures	872,767	30,699	(497,930)	(343,375)	61,630
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	-
Transfers out	(160,436)	-	-	-	(151,300)
Total Other Financing Sources (Uses)	(160,436)	-	-	-	(151,300)
Net Change in Fund Balance	712,331	30,699	(497,930)	(343,375)	(89,670)
Fund Balances - Beginning of Year, as restated	64,680	55,709	800,534	687,165	1,195,553
Fund Balances - End of Year	\$ 777,011	\$ 86,408	\$ 302,604	\$ 343,790	\$ 1,105,883

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
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,529,501	\$ 1,529,501
-	554,753	1,838,728	-	-	421,639	15,585,395
4,540,050	1,347,136	-	-	-	4,940	6,014,954
-	462	-	-	-	-	462
-	-	-	230,201	258,027	-	488,228
<u>4,540,050</u>	<u>1,902,351</u>	<u>1,838,728</u>	<u>230,201</u>	<u>258,027</u>	<u>1,956,080</u>	<u>23,618,540</u>
142,242	-	1,808,667	18,977	-	-	6,119,094
2,889,537	-	-	74,916	-	-	3,403,556
-	1,629,717	-	-	323,660	135,515	8,102,385
231,539	-	98,071	34,049	-	-	1,840,700
33,087	-	-	44,053	-	621,500	1,154,640
249,458	-	-	9,104	-	845,541	1,338,570
25,000	-	-	-	-	-	25,000
3,888	26,525	-	-	-	-	30,413
<u>3,574,751</u>	<u>1,656,242</u>	<u>1,906,738</u>	<u>181,099</u>	<u>323,660</u>	<u>1,602,556</u>	<u>22,014,358</u>
965,299	246,109	(68,010)	49,102	(65,633)	353,524	1,604,182
-	1,671	-	6,135	-	-	7,806
-	-	-	-	-	-	(311,736)
-	1,671	-	6,135	-	-	(303,930)
965,299	247,780	(68,010)	55,237	(65,633)	353,524	1,300,252
1,269,933	1,675,428	50,596	612,205	300,034	4,794,794	11,506,631
<u>\$ 2,235,232</u>	<u>\$ 1,923,208</u>	<u>\$ (17,414)</u>	<u>\$ 667,442</u>	<u>\$ 234,401</u>	<u>\$ 5,148,318</u>	<u>\$ 12,806,883</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2021

	Permanent Funds				Total
	School Trust Funds	City Trust Funds	Linkage Trust Funds	Sub-total Permanent Funds	Nonmajor Governmental Funds
Revenues:					
Real estate and personal property taxes, net	\$ -	\$ -	\$ -	\$ -	\$ 1,529,501
Intergovernmental	-	16,275	-	16,275	15,601,670
Departmental and other	-	-	54,629	54,629	6,069,583
Interest and investment income	53,593	130,482	-	184,075	184,537
Contributions and donations	-	-	-	-	488,228
Total Revenues	53,593	146,757	54,629	254,979	23,873,519
Expenditures:					
Current:					
General government	-	-	-	-	6,119,094
Public safety	-	74,389	-	74,389	3,477,945
Education	-	-	-	-	8,102,385
Public works	-	-	-	-	1,840,700
Health and human services	-	-	-	-	1,154,640
Culture and recreation	-	-	3,116	3,116	1,341,686
Debt service:					
Principal	-	-	-	-	25,000
Interest expense	-	-	-	-	30,413
Total Expenditures	-	74,389	3,116	77,505	22,091,863
Excess (Deficiency) of Revenues Over (Under) Expenditures	53,593	72,368	51,513	177,474	1,781,656
Other Financing Sources (Uses):					
Transfers in	-	-	-	-	7,806
Transfers out	-	-	-	-	(311,736)
Total Other Financing Sources (Uses)	-	-	-	-	(303,930)
Net Change in Fund Balance	53,593	72,368	51,513	177,474	1,477,726
Fund Balances - Beginning of Year, as restated	222,189	744,828	605,485	1,572,502	13,079,133
Fund Balances - End of Year	\$ 275,782	\$ 817,196	\$ 656,998	\$ 1,749,976	\$ 14,556,859

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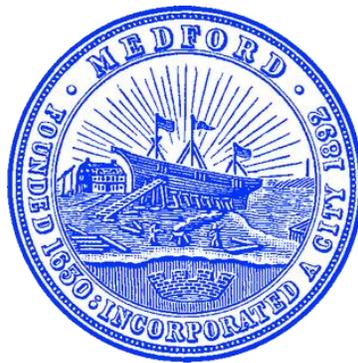
STATISTICAL SECTION



The Condon Shell is a concrete bandshell constructed in 1956 located on Mystic Valley Parkway near the Mystic River. The shell is host to many free community programs including the Medford Farmer's Market, Mystic River Celebration, Medford Family Network Concert Series, summer movies and more. The shell has undergone numerous renovations and facelifts over its life, the most recent in 2020.

photo credit: Medford Recreation Department





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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.

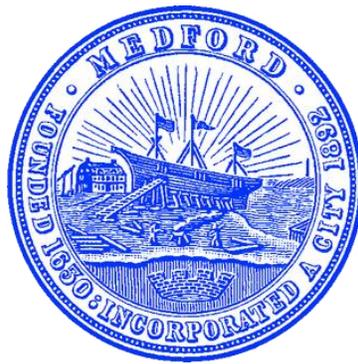
Demographic and Economic Information

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017 (a)</u>	<u>2018 (b)</u>	<u>2019 (c)</u>	<u>2020</u>	<u>2021</u>
Governmental activities:										
Net investment in capital assets.....	\$ 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	\$ 124,290,138
Restricted.....	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	26,503,076
Unrestricted.....	<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>	<u>(342,892,249)</u>
Total governmental activities net position.....	<u>\$ 62,712,104</u>	<u>\$ 62,219,388</u>	<u>\$ 70,874,409</u>	<u>\$ (14,376,954)</u>	<u>\$ (19,962,038)</u>	<u>\$ (6,176,803)</u>	<u>\$ (158,569,638)</u>	<u>\$ (158,991,552)</u>	<u>\$ (176,292,076)</u>	<u>\$ (192,099,035)</u>
Business-type activities:										
Net investment in capital assets.....	\$ 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	\$ 20,211,999
Unrestricted.....	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)	(4,761,112)
Total business-type activities net position.....	<u>\$ 22,749,402</u>	<u>\$ 24,155,655</u>	<u>\$ 24,316,500</u>	<u>\$ 17,414,109</u>	<u>\$ 23,404,720</u>	<u>\$ 26,825,488</u>	<u>\$ 16,879,723</u>	<u>\$ 17,162,421</u>	<u>\$ 16,029,892</u>	<u>\$ 15,450,887</u>
Primary government:										
Net investment in capital assets.....	\$ 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	\$ 144,502,137
Restricted.....	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	26,503,076
Unrestricted.....	<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>	<u>(347,653,361)</u>
Total primary government net position.....	<u>\$ 85,461,506</u>	<u>\$ 86,375,043</u>	<u>\$ 95,190,909</u>	<u>\$ 3,037,155</u>	<u>\$ 3,442,682</u>	<u>\$ 20,648,685</u>	<u>\$ (141,689,915)</u>	<u>\$ (141,829,131)</u>	<u>\$ (160,262,184)</u>	<u>\$ (176,648,148)</u>

Note: The City restated the 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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses -										
Governmental activities:										
General government.....	\$ 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	\$ 18,180,381
Public safety.....	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	57,269,233
Education.....	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	129,085,966
Public works.....	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	18,045,164
Human services.....	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	3,787,310
Culture and recreation.....	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	4,257,954
Interest.....	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	2,114,761
Intergovernmental.....	10,072,020	7,770,956	7,990,900	8,127,171	-	-	-	-	-	-
Total government activities expenses.....	<u>154,110,538</u>	<u>157,551,552</u>	<u>162,566,068</u>	<u>162,062,553</u>	<u>170,957,371</u>	<u>176,336,942</u>	<u>185,349,685</u>	<u>195,761,530</u>	<u>219,852,171</u>	<u>232,740,769</u>
Business-type activities:										
Water and sewer operations.....	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	27,126,025
Total business-type activities expenses.....	<u>20,216,519</u>	<u>20,417,835</u>	<u>20,880,078</u>	<u>21,616,201</u>	<u>23,138,814</u>	<u>22,865,477</u>	<u>24,065,920</u>	<u>25,065,647</u>	<u>26,277,000</u>	<u>27,126,025</u>
Total primary government expenses.....	<u>\$ 174,327,057</u>	<u>\$ 177,969,387</u>	<u>\$ 183,446,146</u>	<u>\$ 183,678,754</u>	<u>\$ 194,096,185</u>	<u>\$ 199,202,419</u>	<u>\$ 209,415,605</u>	<u>\$ 220,827,177</u>	<u>\$ 246,129,171</u>	<u>\$ 259,866,794</u>
Program Revenues -										
Governmental activities:										
Charges for services:										
General government.....	\$ 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	\$ 3,703,180
Public safety.....	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	5,467,472
Education.....	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	1,352,076
Public works.....	699,006	702,609	627,764	910,561	951,140	854,234	999,256	1,014,017	901,288	946,778
Human services.....	135,840	144,850	137,885	171,268	186,788	229,339	209,457	186,411	169,869	257,771
Culture and recreation.....	107,804	541,827	232,708	291,749	353,201	273,702	295,774	863,183	352,212	376,472
Operating grants and contributions.....	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	49,587,692
Capital grants and contributions.....	753,897	493,680	186,815	5,239,725	4,794,539	1,208,013	6,889,062	5,877,616	7,730,868	6,870,382
Total government activities program revenues.....	<u>41,708,829</u>	<u>43,020,949</u>	<u>45,252,040</u>	<u>47,361,945</u>	<u>47,165,193</u>	<u>48,714,602</u>	<u>54,141,717</u>	<u>56,957,067</u>	<u>59,979,365</u>	<u>68,561,823</u>
Business-type activities:										
Charges for services.....	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	26,816,397
Capital grants and contributions.....	-	-	-	-	954,000	-	471,150	-	63,954	32,191
Total business-type activities program revenues.....	<u>21,975,116</u>	<u>22,679,088</u>	<u>21,790,526</u>	<u>22,666,121</u>	<u>25,609,674</u>	<u>24,883,938</u>	<u>24,898,118</u>	<u>25,408,801</u>	<u>25,410,323</u>	<u>26,848,588</u>
Total primary government program revenues.....	<u>\$ 63,683,945</u>	<u>\$ 65,700,037</u>	<u>\$ 67,042,566</u>	<u>\$ 70,028,066</u>	<u>\$ 72,774,867</u>	<u>\$ 73,598,540</u>	<u>\$ 79,039,835</u>	<u>\$ 82,365,868</u>	<u>\$ 85,389,688</u>	<u>\$ 95,410,411</u>
Net (Expense)/Program Revenue										
Governmental activities.....	\$ (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)	\$ (164,178,946)
Business-type activities.....	1,758,597	2,261,253	910,448	1,049,920	2,470,860	2,018,461	832,198	343,154	(866,677)	(277,437)
Total primary government net (expense)/program revenue.....	<u>\$ (110,643,112)</u>	<u>\$ (112,269,350)</u>	<u>\$ (116,403,580)</u>	<u>\$ (113,650,688)</u>	<u>\$ (121,321,318)</u>	<u>\$ (125,603,879)</u>	<u>\$ (130,375,770)</u>	<u>\$ (138,461,309)</u>	<u>\$ (160,739,483)</u>	<u>\$ (164,456,383)</u>

(continued)

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues, Transfers and Other Changes in Net Position -										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 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	\$ 123,874,990
Motor vehicle and other excise taxes.....	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	7,973,685
Penalties and interest on taxes.....	1,379,574	1,628,053	1,611,838	1,483,048	1,698,277	1,000,424	933,928	692,283	467,890	642,725
Grants and contributions not restricted to specific programs.....	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	12,934,929
Unrestricted investment income.....	303,641	941,895	1,222,950	567,677	557,700	906,729	835,226	1,166,882	1,116,361	2,575,150
Miscellaneous.....	544,869	307,463	570,266	121,295	113,730	-	-	-	-	-
Transfers.....	1,337,282	855,000	749,603	1,271,946	121,975	97,534	119,562	108,855	285,454	303,506
Total governmental activities.....	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	148,304,985
Business-type activities:										
Unrestricted investment income.....	-	-	-	1,611	4,047	8,456	55,155	48,399	19,602	1,938
Transfers.....	(1,337,282)	(855,000)	(749,603)	(1,271,946)	(121,975)	(97,534)	(119,562)	(108,855)	(285,454)	(303,506)
Total business-type activities.....	(1,337,282)	(855,000)	(749,603)	(1,270,335)	(117,928)	(89,078)	(64,407)	(60,456)	(265,852)	(301,568)
Total primary government general revenues, transfers and other changes in net position.....	\$ 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	\$ 148,003,417
Changes in Net Position										
Governmental activities.....	\$ (19,969)	\$ (492,716)	\$ 8,655,021	\$ 3,523,467	\$ (1,546,276)	\$ 1,526,206	\$ 1,721,073	\$ (421,914)	\$ (17,300,524)	\$ (15,873,961)
Business-type activities.....	421,315	1,406,253	160,845	(220,415)	2,352,932	1,929,383	767,791	282,698	(1,132,529)	(579,005)
Total primary government changes in net position.....	\$ 401,346	\$ 913,537	\$ 8,815,866	\$ 3,303,052	\$ 806,656	\$ 3,455,589	\$ 2,488,864	\$ (139,216)	\$ (18,433,053)	\$ (16,452,966)

(concluded)

FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	<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>	<u>2021</u>
General Fund:										
Assigned.....	\$ 428,001	\$ 700,951	\$ 1,363,043	\$ 1,472,725	\$ 743,299	\$ 1,168,654	\$ 939,252	\$ 276,400	\$ 5,972,849	\$ 1,012,324
Unassigned.....	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	18,776,145
Total general fund.....	<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>	<u>\$ 19,788,469</u>
All Other Governmental Funds:										
Nonspendable.....	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	4,524,490
Restricted.....	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	32,055,546
Committed.....	-	-	-	1,206,240	1,202,589	-	-	-	-	-
Unassigned.....	(930,773)	(1,163,387)	(1,482,653)	(870,466)	(796,263)	(1,770,538)	(2,595,501)	(4,842,792)	(1,557,906)	(1,671,939)
Total all other governmental funds.....	<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>	<u>\$ 34,908,097</u>

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 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	\$ 124,069,338
Motor vehicle and other excise taxes.....	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	8,497,913
Penalties and interest on taxes.....	1,379,574	1,628,053	1,611,838	1,483,048	1,698,277	1,000,424	933,928	692,283	467,890	642,725
Intergovernmental.....	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	69,328,924
Departmental and other.....	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	11,040,794
Licenses and permits.....	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	2,296,359
Fines and forfeitures.....	700,244	515,430	651,092	419,194	189,093	167,951	166,346	164,703	106,254	23,961
Contributions.....	89,582	355,315	489,784	1,677,765	552,091	1,865,092	1,193,835	997,280	447,106	1,843,228
Investment income.....	302,854	726,740	1,044,264	388,984	379,061	906,028	831,804	1,155,575	1,114,540	2,574,605
Total Revenue.....	152,523,637	155,889,968	170,543,782	164,240,131	169,420,234	180,021,195	189,580,810	197,789,213	204,098,488	220,317,847
Expenditures:										
General government.....	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	11,110,593
Public safety.....	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	32,524,686
Education.....	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	68,602,068
Public works.....	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	13,559,363
Health and human services.....	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	2,742,804
Culture and recreation.....	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	2,785,754
State and county charges.....	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	12,621,086
Pension and fringe benefits.....	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	55,487,576
Capital outlay.....	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	22,118,772
Debt service:										
Principal.....	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	6,125,000
Interest.....	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	2,505,849
Total Expenditures.....	151,960,984	158,530,452	182,624,216	174,107,742	169,268,978	177,527,787	184,409,595	195,679,630	223,140,853	230,183,551
Excess of revenues over (under) expenditures.....	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)	(9,865,704)
Other Financing Sources (Uses):										
Issuance of bonds and notes.....	2,000,000	7,885,000	20,963,000	1,467,000	-	-	-	3,038,000	26,037,050	14,822,950
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	1,668,471
Transfers in.....	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	856,255
Transfers out.....	(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)	(552,749)
Total other financing sources (uses).....	3,337,282	8,740,000	23,014,603	2,996,946	561,310	97,534	119,562	3,146,855	27,548,914	16,794,927
Net change in fund balance.....	\$ 3,899,935	\$ 6,099,516	\$ 10,934,169	\$ (6,870,665)	\$ 712,566	\$ 2,590,942	\$ 5,290,777	\$ 5,256,438	\$ 8,506,549	\$ 6,929,223
Debt service as a percentage of noncapital expenditures.....	3.91%	3.96%	4.12%	4.65%	4.09%	3.93%	3.91%	3.74%	3.87%	4.15%

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

LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value							Ratio of Assessed to Equalized Value	Tax Rates		
	Residential Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Total City Value	State Equalized Value		Residential Tax Rate	Commercial Tax Rate	Average Tax Rate
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
2021	10,665,994,170	916,724,973	122,944,200	210,787,400	1,250,456,573	11,916,450,743	12,501,964,700	95.32%	9.41	18.05	10.32

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	2021			2012		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Station Landing LLC	Apartments/Retail Stores	\$ 126,898,900	1	1.06%	\$ 81,606,300	1	1.27%
MCREF Medford Development LLC	Apartments	100,791,400	2	0.85%			
Meadow Glen LLC	Apartments	69,394,700	3	0.58%			
Mystic Place, LLC	Apartments	67,676,200	4	0.57%	44,832,200	2	0.70%
Boston Gas Company	Utility	61,407,340	5	0.52%	18,593,180	6	
National Grid	Utility	60,933,270	6	0.51%	29,120,130	5	0.45%
Guardian Lumiere LLC	Apartments	60,757,800	7	0.51%			
Station Landing V LLC	Apartments/Retail Stores	55,483,100	8	0.47%	31,447,100	4	0.49%
DIV Cabot Road LLC	Office	53,829,700	9	0.45%			
Simmons Properties LLC	Office	33,207,700	10	0.28%			
VEF VI, LLC	Commercial Office				41,492,100	3	0.65%
Medford Assoc LTD Partnership	Retail Stores				17,194,500	8	0.27%
A-B PP Holding for Medford LLC	Warehouse/Distributor				16,418,800	9	0.26%
Fellsway Plaza Lmtd Partnership	Retail Stores				17,861,400	7	0.28%
Middlesex Realty Holdings Corp	Commercial Office				14,938,900	10	0.23%
		<u>\$ 690,380,110</u>		<u>5.79%</u>	<u>\$ 313,504,610</u>		<u>4.59%</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	
2012	\$ 87,005,399	\$ 888,665	\$ 86,116,734	\$ 85,119,977	98.84%	\$ 892,833	\$ 86,012,810	99.88%
2013	89,928,081	869,506	89,058,575	88,106,458	98.93%	859,922	88,966,380	99.90%
2014	93,004,733	700,001	92,304,732	91,326,663	98.94%	821,740	92,148,403	99.83%
2015	96,446,667	745,895	95,700,772	94,099,676	98.33%	815,429	94,915,105	99.18%
2016	100,828,933	574,608	100,254,325	99,114,217	98.86%	811,654	99,925,871	99.67%
2017	105,043,572	631,486	104,412,086	103,415,981	99.05%	625,619	104,041,600	99.65%
2018	109,477,978	691,372	108,786,606	107,813,083	99.11%	745,032	108,558,115	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%	1,317,082	116,789,854	99.41%
2021	122,937,746	1,584,949	121,352,797	120,962,603	99.68%	-	120,962,603	99.68%

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					
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
2021	72,108,691	980,000	2,251,935	75,340,626	1,944,428,395	3.87%	56,173	1,341

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

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Available (2)	Total	Assessed Value	Percentage of Assessed Value	U.S Census Population	Debt Per Capita
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
2021	73,088,691	-	73,088,691	11,916,450,743	0.61%	56,173	1,301

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Equalized Valuation.....	\$ 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	\$ 12,501,964,700
Debt Limit.....	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	625,098,235
Outstanding general obligation bonds and direct placements.....	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	75,340,626
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	13,610,014
Debt not applicable to debt limit.....	(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)	(7,921,595)
Legal debt margin.....	\$ 333,805,350	\$ 329,812,050	\$ 311,502,050	\$ 323,650,050	\$ 319,378,050	\$ 408,392,800	\$ 416,831,183	\$ 436,516,582	\$ 444,305,592	\$ 544,069,190
Total debt applicable to the limit as a percentage of debt limit.....	7.77%	7.08%	12.38%	11.63%	12.80%	8.87%	6.98%	17.31%	15.83%	12.96%

Source: State Division of Local Services, Accounting Records

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2021

	<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).....	\$ 5,149,356,000	2.605%	<u>\$ 134,140,724</u>
Subtotal, overlapping debt.....			134,140,724
City direct debt.....			<u>72,108,691</u>
Total direct and overlapping debt.....			<u><u>\$ 206,249,415</u></u>

Source: Official Statements, Accounting Records

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>
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	7.90%
2021	56,173	1,944,428,395	34,615	36.7	3,976	4.70%

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	2021			2012		
		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	9.69%	1,727	1	9.84%
Cross Country Group	Business	1,400	2	7.35%			
Station's Landing	Retail Stores/Office	500	3	2.62%	460	3	2.62%
Wegman's	Retail Grocery	500	3	2.62%			
Lawrence Memorial Hospital	Health Services	397	5	2.08%	1,662	2	9.47%
Century Bank	Financial Services	301	6	1.58%	308	5	
Courtyard Nursing Care	Health/Elderly Services	300	7	1.57%			0.00%
Anheuser Busch	Administration and Distribution	295	8	1.55%			0.00%
Amazon Alexa	Technology	280	9	1.47%			
Stop and Shop	Retail Grocery	250	10	1.31%	212	6	
Meadow Glen Mall	50 Retail Stores & Office				310	4	1.77%
Harvard Vanguard	Health Services				200	7	1.14%
Citizens Bank	Financial Services				195	8	1.11%
Whole Foods	Retail Grocery				157	9	0.89%
Marriot International	Administration				150	10	0.85%

Source: Official Statements

* = Tufts employs a total of 3,300 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

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government.....	83	88	89	64	85	85	88	53	40	49
Public safety.....	283	294	287	287	301	305	302	239	265	235
Education.....	786	897	979	833	947	805	968	892	772	1,035 (1)
Public works.....	64	62	63	66	81	69	70	35	45	45
Health and human services.....	28	29	34	29	31	34	34	19	12	13
Culture and recreation.....	83	84	78	76	81	89	89	28	32	24
Sub-total	<u>1,327</u>	<u>1,454</u>	<u>1,530</u>	<u>1,355</u>	<u>1,526</u>	<u>1,387</u>	<u>1,551</u>	<u>1,266</u>	<u>1,166</u>	<u>1,401</u>
Water and sewer.....	<u>25</u>	<u>31</u>	<u>31</u>	<u>20</u>	<u>24</u>	<u>19</u>	<u>21</u>	<u>21</u>	<u>18</u>	<u>12</u>
Total City employees.....	<u><u>1,352</u></u>	<u><u>1,485</u></u>	<u><u>1,561</u></u>	<u><u>1,375</u></u>	<u><u>1,550</u></u>	<u><u>1,406</u></u>	<u><u>1,572</u></u>	<u><u>1,287</u></u>	<u><u>1,184</u></u>	<u><u>1,413</u></u>

Source: City personnel records

(1) = 2021 data includes full time and part time employees

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government:										
City Clerk										
Registered voters.....	22,454	23,587	25,415	27,857	34,996	38,112	39,114	39,134	41,732	41,837
Public Safety:										
Police										
Criminal offenses										
Homicide.....	-	-	-	1	-	-	-	-	-	-
Rape.....	10	10	5	6	2	6	5	8	4	10
Robbery.....	43	30	242	24	21	13	19	12	20	18
Aggravated assault.....	85	73	73	72	67	65	68	94	71	68
Burglary.....	233	163	99	115	89	119	108	82	40	49
Larceny.....	828	722	695	599	555	515	556	483	438	438
Motor vehicle theft.....	70	67	78	69	45	52	55	50	37	45
Arson.....	1	2	2	-	-	1	1	-	2	2
Total criminal offenses.....	1,270	1,067	1,194	886	779	771	812	729	612	630
Adult arrests.....	447	405	488	452	359	343	385	445	243	249
Juvenile arrests.....	18	11	22	12	3	8	8	3	5	8
Incident reports.....	3,311	3,192	3,345	2,972	2,849	2,755	2,859	2,902	4,955	4,771
Citations issued.....	675	791	2,022	2,207	2,292	1,626	2,042	1,343	1,198	859
Fire										
Incidents										
Fires.....	314	289	251	305	249	252	244	210	283	240
Non-fire incidents.....	8,540	8,722	9,025	9,244	9,292	9,428	9,448	9,574	10,849	11,314
Total fire calls.....	8,854	9,011	9,276	9,549	9,541	9,680	9,692	9,784	11,132	11,554
Inspectional Services										
Number of Building permits	1,439	1,414	1,572	1,903	1,887	4,423	1,362	1,771	1,843	2,189
Estimated dollar value of new construction	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	116,787,300
Education:										
Number of students.....	4,872	4,677	4,590	4,514	4,437	4,487	4,341	4,204	3,976	3,875
Public Works:										
Highway										
Roads paved (miles).....	-	1,310	1,698	3,827	1,378	0,714	1,540	0,460	2,650	1,500
Water										
Water mains replaced (miles).....	1,392	0,977	2,327	-	0,256	-	1,250	1,470	0,061	-
Sewer										
Sanitary sewers replaced (miles).....	0,006	0,568	0,065	0,289	0,236	0,206	0,680	1,220	-	-
Health and Human Services:										
Board of Health										
Permits issued										
Food permits.....	498	481	411	429	519	511	218	435	394	440
Other.....	1,012	977	950	1,106	1,184	1,833	1,114	885	671	1,364
Total permits.....	1,510	1,458	1,361	1,535	1,703	2,344	1,332	1,320	1,065	1,804
Culture and Recreation:										
Libraries										
Circulation.....	319,918	314,737	292,114	283,848	291,270	300,790	314,162	332,423	218,826	218,826
Holdings.....	197,924	191,741	191,191	199,040	209,369	225,837	233,379	214,882	222,225	161,239
Number of visits.....	N/A	N/A	N/A	N/A	N/A	168,233	196,747	193,583	51,220	N/A

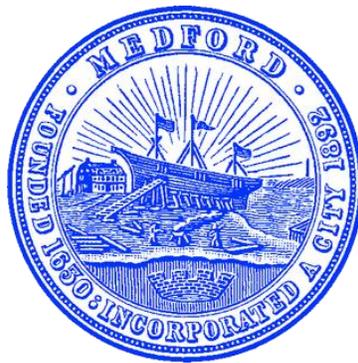
N/A - Information not available at the current time.
 Source: Various City Departments and State websites.

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

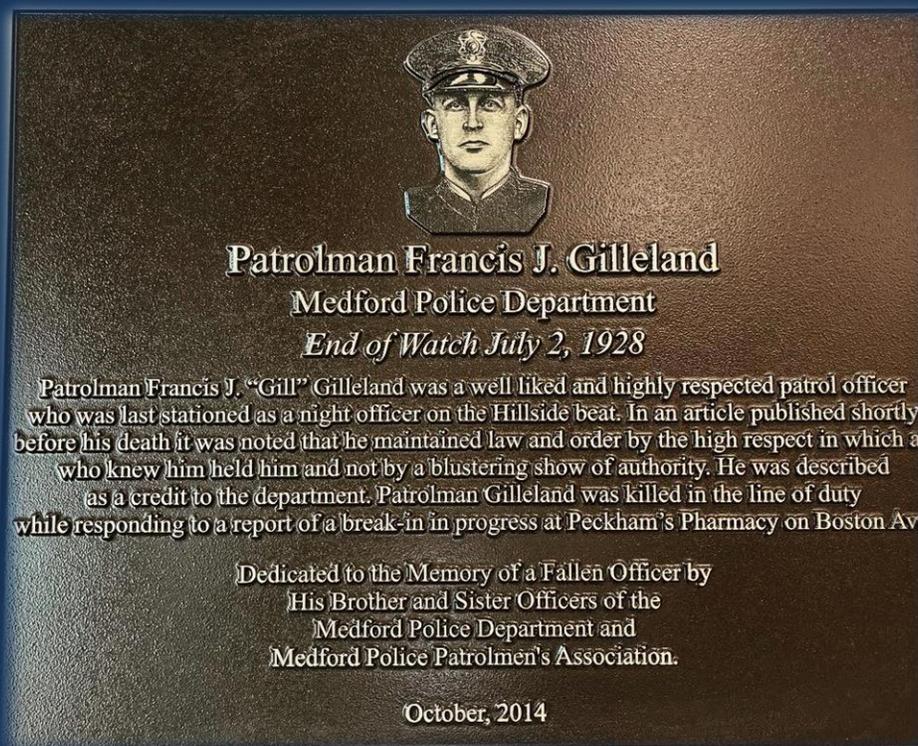
Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government:										
Number of buildings.....	1	1	1	1	1	1	1	1	1	1
Public Safety:										
Police:										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire:										
Number of stations.....	6	6	6	6	6	6	6	6	6	6
Education:										
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	27	28	28	28	28

Source: Various City Departments and State websites.



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DEDICATION



July 2, 2022 marks the 94th anniversary of the death of Patrolman Francis J. “Gill” Gilleland who was killed in the line of duty when he encountered suspects attempting to break into the G.A. Peckham Drug Store on Boston Avenue. His body was found at the rear of the store by two milkmen making a delivery. It appeared the assailants were attempting to break in through the back door and fled after killing Patrolman Gilleland. No arrests were ever made.

Patrolman Gilleland, 34, was a World War I vet, and was an eight-year veteran of the Medford Police Force. He left a wife and two children.

His service will not be forgotten.

photo credit: Medford Police Department