OFFICIAL STATEMENT DATED JANUARY 13, 2022

Rating: See "Rating" herein.
S&P Global Ratings: AA+

New Issue

In the opinion of KP Law P.C., Bond Counsel, based upon an analysis of existing law and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be included in computing the alternative minimum taxable income of individuals. Under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Bonds. See "Tax Exemption" herein. The Bonds will NOT be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

CITY OF EVERETT, MASSACHUSETTS

$13,450,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2022 BONDS

DATED	**DUE**
Date of Delivery	January 15 (as shown below)

The Bonds are issuable only in fully registered form, registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. See "THE BONDS - Book-Entry Transfer System" herein.

Principal of the Bonds will be paid on January 15 of the years in which the Bonds mature. Interest on the Bonds will be payable semiannually on January 15 and July 15, commencing July 15, 2022, until maturity or redemption prior to maturity. Principal and semiannual interest on the Bonds will be paid by U. S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursement of such payments to the DTC Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of the DTC Participants and Indirect Participants, as more fully described herein.

The Bonds will be subject to redemption prior to their stated maturity dates as described herein.

The Bonds will be valid general obligations of the City of Everett, Massachusetts, and will be payable as to both principal and interest from taxes that may be levied upon all the property within the territorial limits of the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

MATURITIES, AMOUNTS, RATES, YIELDS AND CUSIPS

Due January 15	Principal Amount	Interest Rate	Price	CUSIP # 299839	Due January 15	Principal Amount	Interest Rate	Price	CUSIP # 299839
2023	$ 895,000	5.00 %	0.33 %	G53	2032 *	$ 855,000	4.00 %	1.30 %	H60
2024	895,000	5.00	0.48	G61	2033 *	845,000	3.00	1.45	H78
2025	895,000	5.00	0.62	G79	2034 *	845,000	2.00	1.87	H86
2026	895,000	5.00	0.74	G87	2035 *	845,000	2.00	1.93	H94
2027	895,000	5.00	0.84	G95	2036	845,000	2.00	2.03	J27
2028	865,000	5.00	0.98	H29	2037	845,000	2.00	2.08	J35
2029	865,000	5.00	1.07	H37	2038	90,000	2.00	2.13	J43
2030	860,000	5.00	1.15	H45	2039	90,000	2.00	2.18	J50
2031	855,000	5.00	1.20	H52					

$270,000 Interest Rate 2.125% Term Bond Maturing January 15, 2042 Yield 2.25% CUSIP #299839 J84

The Bonds are offered subject to the final approving opinion of KP Law P.C., Boston, Massachusetts, Bond Counsel, as aforesaid, and to certain other conditions referred to herein and in the Notice of Sale. Hilltop Securities Inc., Boston, Massachusetts has acted as Financial Advisor to the City with respect to the Bonds. The Bonds in definitive form will be delivered to the successful bidder at DTC, or its custodial agent, on or about January 25, 2022 for settlement in federal funds.

***The Bonds maturing in years 2032 through 2035 are priced to the January 15, 2031 call date.**

RAYMOND JAMES & ASSOCIATES, INC.

TABLE OF CONTENTS

	Page
SUMMARY STATEMENT	3
NOTICE OF SALE	4
Bidding Parameters	5
Establishment of Issue Price	6
Exhibit 1 – Form of Issue Price Certificates	9
OFFICIAL STATEMENT:	
THE BONDS:	
Description of the Bonds	15
Redemption Provisions	15
Record Date	16
Book-Entry Transfer System	16
Authorization of the Bonds and Use of Proceeds	18
Tax Exemption	18
Risk of Future Legislative Changes and/or Court Decisions	19
Rating	19
Security and Remedies	19
Opinion of Bond Counsel	21
Financial Advisory Services of Hilltop Securities Inc.	21
Continuing Disclosure	22
THE CITY OF EVERETT, MASSACHUSETTS:	
General	23
Principal City Officials	23
Municipal Services	23
Education	23
Industry and Commerce	24
Largest Employers	24
Transportation and Utilities	25
Planning and Economic Development	25
Building Permits issued	30
Labor Force, Employment and Employment Rate	30
Population	31
Per Capita Income	31
Median Family Income	31
COVID-2019	32
PROPERTY TAXATION:	
Tax Levy Computation	34
Assessed Valuations, Tax Rates and Tax Levies	35
Classification of Property	35
Largest Taxpayers	36
Exelon Generating	36
State Equalized Valuation	36
Abatements and Overlay	37
Tax Levies and Collections	37
Tax Titles and Possessions	38
Taxation to Meet Deficits	38
Tax Limitations	38
Tax Levies and Levy Limits	39
Sale of Tax Receivables	40
Pledged Taxes	40
Community Preservation Act	40
CITY FINANCES:	
Budget and Appropriation Process	41
Budget Trends	41
State Aid	42
State School Building Assistance Program	42
Local Option Meals Tax	43
Motor Vehicle Excise	43
Investment of City Funds	43
Basis of Accounting	43
Annual Audits	43
Financial Statements	44
Comparative Balance Sheet (Governmental Funds) -June 30, 2021 (draft)	45
Comparative Balance Sheet (Governmental Funds) -June 30, 2020	46
Comparative Balance Sheet (Governmental Funds) -June 30, 2019	47
Comparative Balance Sheet (Governmental Funds) -June 30, 2018	48
Statement of Revenues and Expenditures (Governmental Funds) June 30, 2020	49
Statement of Revenues and Expenditures (Governmental Funds) June 30, 2019	50
Statement of Revenues and Expenditures (Governmental Funds) June 30, 2018	51
Statement of Revenues and Expenditures (Governmental Funds) June 30, 2017	52
Statement of Revenues and Expenditures (Governmental Funds) June 30, 2016	53
Free Cash and Unassigned General Fund Balances	54
Stabilization Fund	54
Tax Increment Financing for Development Districts	54
INDEBTEDNESS:	
Authorization of General Obligation Bonds and Notes	55
Debt Limits	55
Types of Obligations	56
Direct Debt Summary	56
Debt Service Requirements	57
Principal Payments by Purpose	58
Authorized Unissued Debt and Prospective Financings	58
Debt Ratios	59
Overlapping Debt	59
Contractual Obligations	60
RETIREMENT PLAN	60
Current Funding Schedule	62
Other Post Employment Benefits	62
EMPLOYEE RELATIONS	63
LITIGATION	63
APPENDIX A - AUDITED FINANCIAL STATEMENTS AS OF JUNE 30, 2020	
APPENDIX B - PROPOSED FORM OF LEGAL OPINION OF BOND COUNSEL	
APPENDIX C - PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE	

The Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinion and not as representations of fact. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the bonds described herein shall, under any circumstances, create any implication that there has been no change in the affairs of the City of Everett, since the date hereof.

SUMMARY STATEMENT

The information set forth below is qualified in its entirety by the information and financial statements appearing elsewhere in the Official Statement.

Date of Sale:	Thursday, January 13, 2022, 11:00 A.M. (E.T.).
Location of Sale:	Hilltop Securities Inc., 54 Canal Street, 3rd Floor, Boston, Massachusetts 02114.
Issuer:	City of Everett, Massachusetts.
Issue:	$13,450,000 General Obligation Municipal Purpose Loan of 2022 Bonds, see "THE BONDS - Book-Entry Transfer System" herein.
Official Statement Dated:	January 13, 2022.
Dated Date of the Bonds:	Date of delivery.
Principal Due:	Serially January 15, 2023 through January 15, 2039 and one Term Bond maturing January 15, 2042, as detailed herein.
Interest Payable:	Semiannually January 15 and July 15, commencing July 15, 2022.
Redemption:	The Bonds will be subject to redemption prior to their stated maturity dates as detailed herein.
Purpose and Authority:	The Bonds are authorized by the City for various municipal purposes under the provisions of the Massachusetts General Laws as detailed herein.
Security of the Bonds:	The Bonds are valid general obligations of the City of Everett, and, to the extent not paid from other sources, the Bonds are payable from taxes which may be levied upon all taxable property within the territorial limits of the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.
Credit Rating:	S&P Global Ratings has assigned a rating of AA+ to the Bonds.
Bond Insurance:	The City has not contracted for the issuance of any policy of municipal bond insurance or any other credit enhancement facility.
Basis of Award:	Lowest True Interest Cost (TIC), as of the dated date. **BIDS MUST INCLUDE A PREMIUM OF AT LEAST $120,000.**
Tax Exemption:	Refer to "THE BONDS - Tax Exemption" herein and Appendix B, "Proposed Form of Legal Opinion of Bond Counsel".
Continuing Disclosure:	Refer to "THE BONDS - Continuing Disclosure" herein and Appendix C, "Proposed Form of Continuing Disclosure Certificate".
Bank Qualification:	The Bonds **will not be** designated by the City as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.
Paying Agent:	U. S. Bank National Association, Boston, Massachusetts.
Bond Counsel:	KP Law P.C., Boston, Massachusetts.
Financial Advisor:	Hilltop Securities Inc., Boston, Massachusetts.
Delivery and Payment:	It is expected that delivery of the Bonds in book-entry only form will be made to The Depository Trust Company, or to its custodial agent, on or about January 25, 2022 against payment in federal funds.
Issuer Official:	Questions concerning the Official Statement should be addressed to: Ms. Monica Ford, Treasurer, City of Everett, Massachusetts Telephone (617) 394-2244 or Cinder McNerney, Regional Managing Director, Hilltop Securities Inc., Boston, Massachusetts Telephone (617) 619-4408.

NOTICE OF SALE

CITY OF EVERETT, MASSACHUSETTS

$15,050,000* GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2022 BONDS

The City of Everett, Massachusetts (the "City") will receive sealed and electronic (as described herein) proposals until 11:00 A.M., Eastern Time, Thursday, January 13, 2022, for the purchase of the following described $15,050,000* General Obligation Municipal Purpose Loan of 2022 Bonds of the City (the "Bonds"):

$15,050,000* General Obligation Municipal Purpose Loan of 2022 Bonds payable January 15 of the years and in the amounts as follows:

Due January 15		Principal Amount *	Due January 15		Principal Amount*
2023		$ 1,180,000	2033	**	$ 860,000
2024		1,180,000	2034	**	860,000
2025		1,180,000	2035	**	860,000
2026		1,175,000	2036	**	860,000
2027		1,175,000	2037	**	860,000
2028		885,000	2038	**	90,000
2029		885,000	2039	**	90,000
2030		880,000	2040	**	90,000
2031		880,000	2041	**	90,000
2032	**	880,000	2042	**	90,000

*Preliminary, subject to change.

** Callable maturities. May be combined into not more than three term bonds as described herein.

The Bonds will be dated as of their delivery date. Principal of the Bonds will be payable January 15 of the years in which the Bonds mature. Interest will be payable on January 15 and July 15 of each year until maturity, commencing July 15, 2022.

The Bonds will be issued by means of a book-entry system with no physical distribution of the Bonds made to the public. One certificate for each maturity of the Bonds will be issued to The Depository Trust Company, New York, New York ("DTC"), and immobilized in its custody. Ownership of the Bonds in principal amounts of $5,000 or integral multiples thereof will be evidenced by a book-entry system with transfers of ownership effected on the records of DTC and its participants pursuant to rules and procedures established by DTC and its participants. The winning bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bonds with DTC, registered in the name of Cede & Co. Interest and principal on the Bonds will be payable to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC. Transfer of principal and interest payments to beneficial owners will be the responsibility of such participants and other nominees of beneficial owners. The City will not be responsible or liable for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

The original Bonds to be immobilized at DTC will be prepared under the supervision of Hilltop Securities Inc. and their legality will be approved by KP Law P.C., Boston, Massachusetts, whose opinion will be furnished to the original purchaser without charge.

Principal of and semi-annual interest on the Bonds will be paid by U. S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the bondowner, such payments will be made directly to DTC. The disbursement of such payments to DTC participants is the responsibility of DTC, and the disbursement of such payments to the beneficial owners is the responsibility of the DTC participants and indirect participants, as more fully described herein.

The Bonds maturing on and before January 15, 2031 are not subject to redemption prior to their stated maturity dates. Bonds maturing on and after January 15, 2032 are subject to redemption prior to their stated maturity dates, at the option of the City, on and after January 15, 2031 either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed, plus accrued interest to the date set for redemption.

For Bonds maturing on and after January 15, 2032, bidders may specify that all of the principal amount of such Bonds in any two or more consecutive years may, in lieu of maturing in each such year, be combined to comprise a maturity of term bonds, and shall be subject to mandatory redemption or mature at par, as described above, in each of the years and in the principal amounts specified in the foregoing maturity schedule (which is subject to change as described herein). Each mandatory redemption shall be allocated to the payment of the term bond maturing in the nearest subsequent year. Bidders may specify no more than three term bonds.

Term bonds, if any, shall be subject to mandatory redemption on January 15 of the year or years immediately prior to the stated maturity of such term bond (the particular Bonds of such maturity to be redeemed to be selected by lot) as indicated in the foregoing maturity schedule (which is subject to change as described herein) at the principal amount thereof plus accrued interest to the redemption date, without premium.

Bidding Parameters

Bidders shall state the rate or rates of interest per annum which the Bonds are to bear in a multiple of 1/20 or 1/8 of one percent, but shall not state (a) more than one interest rate for any Bonds having a like maturity, (b) any interest rate which exceeds the interest rate stated for any other Bonds by more than 3 percent or (c) any coupon rate greater than 5.0%. **No bid of less than par plus a premium of at least $120,000 will be considered.**

As between proposals which comply with this Notice of Sale, the award will be to the bidder who offers to purchase all the Bonds at the lowest net effective interest rate to the City. Such interest rate shall be determined on a true interest cost (TIC) basis, which shall mean that rate which, as of January 25, 2022, discounts semiannually all future payments on account of principal and interest to the price bid, not including interest accrued to date of delivery, which accrued interest shall be paid by the successful bidder. In the event there is more than one proposal specifying the lowest such rate, the Bonds will be awarded to the bidder whose proposal is selected by the City Treasurer by lot among all such proposals.

The current bond structure does not reflect a premium. The City reserves the right to change the aggregate principal amount of the Bonds after the determination of the winning bid by increasing or decreasing the aggregate principal amount and the principal amount of each maturity by such amounts as may be necessary to (i) restructure the amortization of the general purpose bonds on an equal principal basis, essentially mirroring the current structure, and (ii) comply with Massachusetts General Law. IT IS NOTED THAT ANY AND ALL OF THE PRINCIPAL AMOUNTS CURRENTLY SHOWN IN THE MATURITY SCHEDULE IN EXCESS OF $1,000,000 COULD BE DECREASED BELOW $1,000,000 IN THIS PROCESS DEPENDING UPON THE NET PREMIUM TO BE RECEIVED BY THE CITY. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE ANNUAL PRINCIPAL AMOUNTS WITHIN THESE LIMITS. The dollar amount bid for the Bonds by the successful bidder will be adjusted, if applicable, to reflect changes in the dollar amount of the amortization schedule. Any price that is adjusted will reflect changes in the dollar amount of the underwriter's discount and original issue premium, if any, but will not change the per bond underwriter's discount (net of insurance premium, if any) provided in such bid. Nor will it change the interest rate specified for each maturity. Any such adjustments will be communicated to the successful bidder for the Bonds by 4 P.M. Eastern Time on the day of the sale.

Bids must be submitted electronically via Parity in accordance with this Notice of Sale. To the extent any instructions or directions set forth in Parity conflict with this Notice of Sale, the terms of this Notice of Sale shall control. For further information about Parity, potential bidders may contact the Financial Advisor to the City or Ideal at 40 West 23rd Street, 5th Floor, New York, NY 10010 (212) 404-8102.

The award of the Bonds to the winning bidder will not be effective until the bid has been approved by the Treasurer and the Mayor of the City.

The right is reserved to reject any or all proposals and to reject any proposal not complying with this Notice of Sale and, so far as permitted by law, to waive any irregularity with respect to any proposal.

An electronic bid made in accordance with this Notice of Sale shall be deemed an offer to purchase the Bonds in accordance with the terms provided in this Notice of Sale and shall be binding upon the bidder as if made by a signed and sealed written bid delivered to the City.

The City has not contracted for the issuance of any policy of bond insurance for the Bonds. If the Bonds qualify for issuance of any such policy or commitment therefor, any purchase of such insurance or commitment shall be at the sole option and expense of the bidder. Proposals shall not be conditioned upon the issuance of any such policy or commitment. Any failure of the Bonds to be so insured or of any such policy or commitment to be issued shall not in any way relieve the purchaser of its contractual obligations arising from the acceptance of its proposal for the purchase of the Bonds. Should the bidder purchase municipal bond insurance, all expenses associated with such policy or commitment will be borne by the successful bidder, except for the fee paid to S&P Global Ratings for a rating on the Bonds. Such fee paid to S&P Global Ratings will be borne by the City.

It shall be a condition to the obligation of the successful bidder to accept delivery of and pay for the Bonds that, contemporaneously with or before accepting the Bonds and paying therefor, it shall be furnished, without cost, with (a) the approving opinion of the firm of KP Law P.C., Boston, Massachusetts, substantially in the form presented in Appendix B to the Preliminary Official Statement dated January 6, 2022; (b) a certificate in form satisfactory to said firm, dated as of the date of delivery of the Bonds and receipt of payment therefor, to the effect that there is no litigation pending or, to the knowledge of the signer or signers thereof, threatened affecting the validity of the Bonds or the power of the City to levy and collect taxes to pay them, (c) a certificate of the City Treasurer to the effect that, to the best of her knowledge and belief, both the Preliminary Official Statement as of its date and as of the date of sale and the Final Official Statement as of its date and as of the date of delivery of the Bonds do not contain any untrue statement of a material fact and do not omit to state a material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, and (d) a Continuing Disclosure Certificate in the form presented in Appendix C to the Preliminary Official Statement.

Establishment of Issue Price

The successful bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City on the Closing Date an "issue price" or similar certificate, in the applicable form set forth in Exhibit 1 to this Notice of Sale, setting forth the reasonably expected initial offering prices to the public or the sales price of the Bonds together with the supporting pricing wires or equivalent communications, or, if applicable, the amount bid, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the City and Bond Counsel. All actions to be taken by the City under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the City by Hilltop Securities Inc. (the "Financial Advisor") and any notice or report to be provided to the City may be provided to the Financial Advisor.

Competitive Sale Requirements. If the competitive sale requirements ("competitive sale requirements") set forth in Treasury Regulation § 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) have been satisfied, the City will furnish to the successful bidder on the Closing Date a certificate of the Financial Advisor, which will certify each of the following conditions to be true:

1. The City has disseminated this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

2. All bidders had an equal opportunity to bid;

3. The City received bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

4. The City awarded the sale of the Bonds to the bidder who submitted a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid. Unless a bidder notifies the City prior to submitting its bid by telephone to the Financial Advisor (617-619-4400) or in its bid submitted via Parity, that it will not be an "underwriter" (as defined below) of the Bonds, by submitting its bid, each bidder shall be deemed to confirm that it has an established industry reputation for underwriting new issuances of municipal bonds. Unless the bidder has notified the City that it will not be an "underwriter" (as defined below) of the Bonds, in submitting a bid, each bidder is deemed to acknowledge that it is an "underwriter" that intends to reoffer the Bonds to the public.

In the event that the competitive sale requirements are not satisfied, the City shall so advise the successful bidder. In this event, the successful bidder may use either Option A, Option B or Option C as set forth below.

Failure to Meet the Competitive Sale Requirements – Option A – The Successful Bidder Intends to Reoffer the Bonds to the Public and the 10% test to apply. If the competitive sale requirements are not satisfied and the successful bidder intends to reoffer the Bonds to the public, the City will use the first price at which 10% of a maturity of the Bonds (the "10% test") is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis, of the Bonds. The successful bidder shall advise the Financial Advisor if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. If this option is chosen, the City will not require bidders to comply with the "hold-the-offering-price rule" set forth in the applicable Treasury Regulations.

If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds or all of the Bonds are sold to the public, the successful bidder agrees to promptly report to the Financial Advisor the prices at which the unsold Bonds of each maturity have been sold to the public, which reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied for each maturity of the Bonds or until all the Bonds of a maturity have been sold. The successful bidder shall be obligated to report each sale of Bonds to the Financial Advisor until notified in writing by the City or the Financial Advisor that it no longer needs to do so. If the successful bidder chooses Option A, the successful bidder shall provide the City on or before the Closing Date an issue price certificate substantially in the form appearing in the form attached to this Notice of Sale as Exhibit 1 – Option A.

By submitting a bid and if the competitive sale requirements are not met, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the successful bidder and as set forth in the related pricing wires and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

Sales of the Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

1. "Public" means any person other than an underwriter or a related party,

2. "Underwriter" means (A) any person, including the successful bidder, that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public), and

3. A purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

Failure to Meet the Competitive Sale Requirements – Option B – The Successful Bidder Intends to Reoffer the Bonds to the Public and Agrees to Hold the Price of the Maturities of Bonds for Which the 10% Test in Option A Is Not Met as of the Sale Date. The successful bidder may, at its option, notify the Financial Advisor in writing, which may be by email (the "Hold the Price Notice"), not later than 4:00 p.m. on the Sale Date, that it has not sold 10% of the maturities of the Bonds listed in the Hold the Price Notice (the "Unsold Maturities") and that the successful bidder will not offer the Unsold Maturities to any person at a price that is higher than the initial offering price to the public during the period starting on the Sale and ending on either of (i) the close of the fifth business day after the Sale Date or (ii) the date on which the successful bidder has sold at least 10% of the Unsold Maturity to the public at a price that is no higher than the initial offering price to the public. If the successful bidder delivers a Hold the Price Notice to the Financial Advisor, the successful bidder must provide to the Issuer on or before the Closing Date, in addition to the certification described in Option A above, an issue price certificate substantially in the form attached to this Notice of Sale as Exhibit 1 – Option B with evidence that each underwriter of the Bonds, including underwriters in an underwriting syndicate or selling group, has agreed in writing to hold the price of the Unsold Maturities in the manner described in the preceding sentence.

Failure to Meet the Competitive Sale Requirements and/or the Successful Bidder Does Not Intend to Reoffer the Bonds to the Public – Option C. If the successful bidder has purchased the Bonds for its own account and will not distribute or resell the Bonds to the public, then, whether or not the competitive sale requirements were met, the issue price certificate will recite such facts and identify the price or prices at which the purchase of the Bonds was made.

It is anticipated that CUSIP identification numbers will be printed on the Bonds. The City assumes no responsibility for any CUSIP Service Bureau or other charge that may be imposed for the assignment of such numbers.

Additional information concerning the City and the Bonds is contained in the Preliminary Official Statement dated January 6, 2022, to which prospective bidders are directed. The Preliminary Official Statement is provided for informational purposes only and is not a part of this Notice of Sale. Said Preliminary Official Statement is deemed final by the City except for the omission of the reoffering price(s), interest rate(s), and the identity of the underwriter(s), and any other pertinent terms of the Bonds depending on such matters, but is subject to change without notice to completion or amendment in a Final Official Statement. Copies of the Preliminary Official Statement may be obtained from Hilltop Securities Inc., 54 Canal Street, Boston, Massachusetts 02114 (Telephone: 617-619-4400). Within seven (7) business days following the award of the Bonds in accordance herewith, 5 copies of the Final Official Statement will be available from the Hilltop Securities Inc. to the successful bidder for use in reoffering the Bonds. Upon request, additional copies will be provided at the expense of the requester.

The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

In order to assist bidders in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission, the City will undertake to provide annual reports and notices of certain significant events. A description of this undertaking is set forth in the Preliminary Official Statement.

The Bonds in definitive form will be delivered to The Depository Trust Company or the offices of its custodial agent on or about January 25, 2022 for settlement in federal funds.

_____

CITY OF EVERETT, MASSACHUSETTS
/s/ Monica Ford, Treasurer

January 6, 2022

EXHIBIT 1

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Met]

City of Everett, Massachusetts
$15,050,000* General Obligation Municipal Purpose Loan of 2022 Bonds dated January 25, 2022

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the "Successful Bidder"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the City of Everett, Massachusetts (the "Issuer").

1. Reasonably Expected Initial Offering Prices.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Successful Bidder are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Successful Bidder in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by the Successful Bidder to purchase the Bonds.

(b) The Successful Bidder was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Successful Bidder constituted a firm offer to purchase the Bonds.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is January 13, 2022.

(d) *Underwriter* means (i) any person, including the Successful Bidder, that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The Successful Bidder hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the Successful Bidder, before or simultaneously with the Bonds, which certificates, opinions, and other documents are satisfactory to the Successful Bidder.

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Successful Bidders interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by KP Law P.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2022

[NAME OF SUCCESSFUL BIDDER]

By: _____
Name:
Title:

*Preliminary, subject to change.

SCHEDULE A

EXPECTED OFFERING PRICES

(To Be Attached)

SCHEDULE B

COPY OF SUCCESSFUL BIDDER'S BID

(To Be Attached)

EXHIBIT 1 – OPTION A

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the Hold the Price Rule Is Not Used]

City of Everett, Massachusetts
$15,050,000* General Obligation Municipal Purpose Loan of 2022 Bonds dated January 25, 2022

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____, (the "[Successful Bidder][Representative]"), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]] hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds") of the City of Everett, Massachusetts (the "Issuer").

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met or all of the Bonds have not been sold for one or more Maturities of Bonds as of the Closing Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A, as set forth in the Notice of Sale for the Bonds, until at least 10% of each such Maturity of the Bonds is sold to the Public (the "10% test") or all of the Bonds are sold to the Public, the [Successful Bidder][Representative] agrees to promptly report to the Issuer's financial advisor, Hilltop Securities Inc. (the "Financial Advisor") the prices at which the unsold Bonds of each Maturity have been sold to the Public, which reporting obligation shall continue after the date hereof until the 10% test has been satisfied for each Maturity of the Bonds or until all the Bonds of a Maturity have been sold. The [Successful Bidder][Representative] shall continue to report each sale of Bonds to the Financial Advisor until notified by email or in writing by the Issuer or the Financial Advisor that it no longer needs to do so.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The [Successful Bidder][Representative] hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinions, and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the Bonds, which certificates, opinions, and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder][Representative]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by KP Law P.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2022

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____
Name:
Title:

*Preliminary, subject to change.

SCHEDULE A

SALE PRICES
(To be Attached)

EXHIBIT 1 – OPTION B

[Issue Price Certificate for Use If the Competitive Sale Requirements Are Not Met and the Hold the Price Rule Is Used]

City of Everett, Massachusetts
$15,050,000* General Obligation Municipal Purpose Loan of 2022 Bonds dated January 25, 2022

ISSUE PRICE CERTIFICATE AND RECEIPT

The undersigned, on behalf of _____ (the ("[Successful Bidder][Representative]"), on behalf of itself [and [NAMES OF OTHER UNDERWRITERS]]hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds") of the City of Everett, Massachusetts (the "Issuer").

1. Sale of the Bonds. As of the date of this certificate, [except as set forth in following paragraph,] for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Schedule A.

[Only use the next paragraph if the 10% test has not been met as of the Sale Date.]

For each Maturity of the Bonds as to which no price is listed in Schedule A (the "Unsold Maturities"), as set forth in the Notice of Sale for the Bonds, the [Successful Bidder][Representative] and any other Underwriter did not [and will not] reoffer the Unsold Maturities to any person at a price that is higher than the initial offering price to the Public until the earlier of (i) _____, 2022 or (ii) the date on which the [Successful Bidder][Representative] or any other Underwriter sold at least 10% of each Unsold Maturity at a price that is no higher than the initial offering price to the Public.

2. Defined Terms.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Underwriter* means (i) any person, including the [Successful Bidder][Representative], that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

3. Receipt. The [Successful Bidder][Representative] hereby acknowledges receipt of the Bonds and further acknowledges receipt of all certificates, opinion and other documents required to be delivered to the [Successful Bidder][Representative], before or simultaneously with the delivery of the Bonds, which certificates, opinions and other documents are satisfactory to the [Successful Bidder][Representative].

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the [Successful Bidder's][Representative's] interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by KP Law P.C. in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____, 2022

[SUCCESSFUL BIDDER][REPRESENTATIVE]

By: _____
Name:
Title:

*Preliminary, subject to change.

SCHEDULE A

SALE PRICES

(To be Attached)

OFFICIAL STATEMENT

CITY OF EVERETT, MASSACHUSETTS

$13,450,000 GENERAL OBLIGATION MUNICIPAL PURPOSE LOAN OF 2022 BONDS

This Official Statement is provided for the purpose of presenting certain information relating to the City of Everett, Massachusetts (the “City”), in connection with the sale of $13,450,000 aggregate principal amount of its General Obligation Municipal Purpose Loan of 2022 Bonds (the "Bonds"). The information contained herein has been furnished by the City, except information attributed to another governmental agency or official as the source.

THE BONDS

Description of the Bonds

The Bonds will be dated as of their delivery date and will bear interest payable semiannually on January 15 and July 15 of each year until maturity, commencing July 15, 2022. The Bonds shall mature on January 15 of the years and in the principal amounts as set forth on the cover page of this Official Statement.

The Bonds are issuable only in fully registered form, without coupons, and, when issued, will be registered in the name of Cede & Co., as Bondowner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry form, in the denomination of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interests in Bonds purchased. So long as Cede & Co. is the Bondowner, as nominee of DTC, references herein to the Bondowners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as defined herein) of the Bonds. (See "Book-Entry Transfer System" herein.)

Principal of and semiannual interest on the Bonds will be paid by U. S. Bank National Association, Boston, Massachusetts, as Paying Agent. So long as DTC or its nominee, Cede & Co., is the Bondowner, such payments will be made directly to such Bondowner. Disbursements of such payments to the DTC participants are the responsibility of DTC and disbursements of such payments to the beneficial owners are the responsibility of the DTC participants and the indirect participants, as more fully described herein.

Redemption Provisions

Optional Redemption

Bonds maturing on or prior to January 15, 2031 shall not be subject to redemption prior to their stated maturity dates. Bonds maturing on or after January 15, 2032 shall be subject to redemption prior to maturity, at the option of the Town, on or after January 15, 2031, either in whole or in part at any time, and if in part, by lot within a maturity, at the par amount of the Bonds to be redeemed, plus accrued interest to the date set for redemption.

Mandatory Redemption

The Bond maturing January 15, 2042 (the “Term Bond”) is subject to mandatory redemption or maturity on each of the dates and in each of the principal amounts as set forth below (the particular portion of such Term Bond to be redeemed or to mature on the final maturity date to be delivered by lot), at a redemption price of par, plus accrued interest, if any, to the redemption date.

$270,000 Term Bond Maturing January 15, 2042

January 15		Principal Amount
2040		$ 90,000
2041		90,000
2042	*	90,000

*Final maturity.

Notice of Redemption

Notice of any redemption of Bonds, prior to their dates of maturity, specifying the Bonds (or the portions thereof) to be redeemed shall be mailed or sent in other manner acceptable to DTC not more than 60 days nor less than 30 days prior to the redemption date. Any failure on the part of DTC to notify the Direct Participants of the redemption or failure on the part of DTC's Participants, Indirect Participants or of a nominee of a Beneficial Owner having received notice from a DTC Participant or otherwise to notify the Beneficial Owners shall not affect the validity of the redemption.

Record Date

The record date for each payment of interest is the last business day of the month preceding the interest payment date provided that, with respect to overdue interest, the Paying Agent may establish a special record date. The special record date may not be more than twenty (20) days before the date set for payment. The Paying Agent will mail notice of a special record date to the Bondowners at least ten (10) days before the special record date.

Book-Entry Transfer System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued in fully-registered form registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One-fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and each such certificate will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated securities. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com** and **www.dtc.org**.

Purchases of securities deposited with DTC must be made by or through Direct Participants, which will receive a credit for such securities on DTC's records. The ownership interest of each actual purchaser of each security deposited by DTC ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the securities deposited by DTC are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the securities deposited with DTC, except in the event that use of the book-entry system for such securities is discontinued.

To facilitate subsequent transfers, all securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the securities deposited with DTC; DTC's records reflect only the identity of the Direct Participants to whose accounts such securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to securities deposited with DTC unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of such securities or its paying agent as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts such securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on securities deposited with DTC will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the issuer of such securities or its paying agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the issuer of such securities or its paying agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the issuer of such securities or its paying agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the securities deposited with DTC at any time by giving reasonable notice to the issuer of such securities or its paying agent. Under such circumstances, in the event that a successor depository is not obtained, physical certificates are required to be printed and delivered to Beneficial Owners.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, physical certificates will be printed and delivered to Beneficial Owners.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Authorization of the Bonds and Use of Proceeds

The following sets forth the principal amounts of this issue, amounts authorized, dates of City approval, purposes and statutory authority for the current offering of Bonds.

This Issue	Total Amount Authorized	Date Approved	Purpose	Statutory Authority (M.G.L., as amended)	Order Number
$ 800,000	$ 800,000	2/22/2021	Glenwood Cemetery Improvements	Ch. 44, s. 7(1)	C0089-21
1,000,000	1,000,000	4/6/2021	Complete Streets	Ch. 44, s. 7(1)	C0144-21
700,000	700,000	4/6/2021	City Park Tot Lots	Ch. 44, s. 7(1)	C0144-21
3,000,000	3,000,000	7/19/2021	Street & Sidewalk Repairs	Ch. 44, s. 7(1)	C0231-21
1,250,000	1,250,000	7/19/2021	Complete Streets	Ch. 44, s. 7(1)	C0231-21
1,000,000	1,000,000	7/19/2021	Ferry & Elm Improvements	Ch. 44, s. 7(1)	C0231-21
1,000,000	1,000,000	7/19/2021	Commercial Triangle Improvements	Ch. 44, s. 7(1)	C0231-21
500,000	500,000	7/19/2021	Coburn Terrace Improvements	Ch. 44, s. 7(1)	C0231-21
415,000	425,000	7/19/2021	Summer Street Park Design & Construction	Ch. 44, s. 7(1)	C0231-21
485,000	485,000	7/19/2021	Park Ave. & Highland Park Design & Construction	Ch. 44, s. 7(1)	C0231-21
1,000,000	1,000,000	7/19/2021	Waterfront Improvements	Ch. 44, s. 7(1)	C0231-21
1,000,000	1,000,000	7/19/2021	Fuller Street Park Design & Construction	Ch. 44, s. 7(1)	C0231-21
1,300,000	1,300,000	12/14/2021	Raised Crosswalks	Ch. 44, s. 7(1)	C0347-21
$ 13,450,000					

Tax Exemption

In the opinion of KP Law P.C., Bond Counsel to the City ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds will not be included in computing the alternative minimum taxable income of Bondholders who are individuals. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition of, or the accrual or receipt of interest on the Bonds. The Bonds will not be designated as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Code.

The Code imposes various requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. Failure to comply with these requirements may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The City has covenanted to comply with such requirements to ensure that interest on the Bonds will not be included in federal gross income. The opinion of Bond Counsel assumes compliance with these requirements.

Bond Counsel is also of the opinion that, under existing law, interest on the Bonds is exempt from Massachusetts personal income taxes, and the Bonds are exempt from Massachusetts personal property taxes. Bond Counsel has not opined as to other Massachusetts tax consequences arising with respect to the Bonds. Prospective Bondholders should be aware, however, that the Bonds are included in the measure of Massachusetts estate and inheritance taxes, and the Bonds and the interest thereon are included in the measure of certain Massachusetts corporate excise and franchise taxes. Bond Counsel expresses no opinion as to the taxability of the Bonds or the income therefrom or any other tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B hereto.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes. For this purpose, the issue price of a particular maturity of the Bonds is either the reasonably expected initial offering price to the public or the first price at which a substantial amount of such maturity of the Bonds is sold to the public, as applicable. The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the

adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Bondholders should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase such Bonds in the original offering to the public at the reasonably expected initial offering price or, if applicable, the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount greater than the stated principal amount to be paid at maturity of such Bonds, or, in some cases, at the earlier redemption date of such Bonds ("Premium Bonds"), will be treated as having amortizable bond premium for federal income tax purposes and Massachusetts personal income tax purposes. No deduction is allowable for the amortizable bond premium in the case of obligations, such as the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, a Bondholder's basis in a Premium Bond will be reduced by the amount of amortizable bond premium properly allocable to such Bondholder. Holders of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from Massachusetts personal income taxes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may otherwise affect the federal or state tax liability of a Bondholder. Among other possible consequences of ownership or disposition of, or the accrual or receipt of interest on, the Bonds, the Code requires recipients of certain social security and certain railroad retirement benefits to take into account receipts or accruals of interest on the Bonds in determining the portion of such benefits that are included in gross income. The nature and extent of all such other tax consequences will depend upon the particular tax status of the Bondholder or the Bondholder's other items of income, deduction, or exclusion. Bond Counsel expresses no opinion regarding any such other tax consequences, and Bondholders should consult with their own tax advisors with respect to such consequences.

Risk of Future Legislative Changes and/or Court Decisions

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the Massachusetts legislature. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Bonds. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Bonds will not have an adverse effect on the tax status of interest on the Bonds or the market value or marketability of the Bonds. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), or repeal (or reduction in the benefit) of the exclusion of interest on the Bonds from gross income for federal or state income tax purposes for all or certain taxpayers. Additionally, Bondholders should be aware that future legislative actions (including federal income tax reform) may retroactively change the treatment of all or a portion of the interest on the Bonds for federal income tax purposes for all or certain taxpayers. In all such events, the market value of the Bonds may be affected and the ability of Bondholders to sell their Bonds in the secondary market may be reduced. The Bonds are not subject to special mandatory redemption, and the interest rates on the Bonds are not subject to adjustment, in the event of any such change in the tax treatment of interest on the Bonds.

Investors should consult their own financial and tax advisors to analyze the importance of these risks.

Rating

S&P Global Ratings has assigned a rating of AA+ to the Bonds. The rating only reflects the rating agency's views and is subject to revision or withdrawal, which could affect the price and marketability of the Bonds.

Security and Remedies

Full Faith and Credit. General obligation bonds and notes of a Massachusetts city or town constitute a pledge of its full faith and credit. Payment is not limited to a particular fund or revenue source. Except for "qualified bonds" as described below (see "TYPES OF OBLIGATIONS - Serial Bonds and Notes" under "INDEBTEDNESS") and setoffs of state distributions as described below (see "Use of State Distributions to Pay Debt Service" below), no provision is made by the Massachusetts statutes for priorities among bonds and notes and other general obligations, although the use of certain moneys may be restricted.

Tax Levy. The Massachusetts statutes direct the municipal assessors to include annually in the tax levy for the next fiscal year "all debt and interest charges matured and maturing during the next fiscal year and not otherwise provided for [and] all amounts necessary to satisfy final judgments." Specific provision is also made for including in the next tax levy payment of rebate amounts not otherwise provided for and payment of notes in anticipation of federal or state aid if the aid is no longer forthcoming.

The total amount of a tax levy is limited by statute. However, the voters in each municipality may vote to exclude from the limitation any amounts required to pay debt service on indebtedness incurred before November 4, 1980. Local voters may also vote to exempt specific subsequent bond issues from the limitation. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In addition, obligations incurred before November 4, 1980 may be constitutionally entitled to payment from taxes in excess of the statutory limit.

No Lien. Except for taxes on the increased value of certain property in designated development districts which may be pledged for the payment of debt service on bonds issued to finance economic development projects within such districts, no provision is made for a lien on any portion of the tax levy or any other monies of the City to secure particular bonds or notes or bonds and notes generally (or judgments on bonds or notes) in priority to other claims. Provision is made, however, for borrowing to pay judgments, subject to the General Debt Limit. (See "Debt Limits" under “INDEBTEDNESS” below.) Subject to the approval of the State Director of Accounts for judgments above $10,000, judgments may also be paid from available funds without appropriation and included in the next tax levy unless other provision is made.

Court Proceedings. Massachusetts cities and towns are subject to suit on their general obligation bonds and notes and courts of competent jurisdiction have power in appropriate proceedings to order payment of a judgment on the bonds or notes from lawfully available funds or, if necessary, to order the city or town to take lawful action to obtain the required money, including the raising of it in the next annual tax levy, within the limits prescribed by law. (See "Tax Limitations" under "PROPERTY TAXATION" below.) In exercising their discretion as to whether to enter such an order, the courts could take into account all relevant factors including the current operating needs of the city or town and the availability and adequacy of other remedies. The Massachusetts Supreme Judicial Court has stated in the past that a judgment against a municipality can be enforced by the taking and sale of the property of any inhabitant. However, there has been no judicial determination as to whether this remedy is constitutional under current due process and equal protection standards.

Restricted Funds. Massachusetts statutes also provide that certain water, gas and electric, community antenna television system, telecommunications, sewer, parking meter and passenger ferry, community preservation and affordable housing receipts may be used only for water, gas and electric, community antenna television system, telecommunications, sewer, parking, mitigation of ferry service impacts, and community preservation and affordable housing purposes, respectively; accordingly, moneys derived from these sources may be unavailable to pay general obligation bonds and notes issued for other purposes. A city or town that accepts certain other statutory provisions may establish an enterprise fund for a utility, health care, solid waste, recreational or transportation facility and for police or fire services; under those provisions any surplus in the fund is restricted to use for capital expenditures or reduction of user charges. In addition, subject to certain limits, a city or town may annually authorize the establishment of one or more revolving funds in connection with use of certain revenues for programs that produce those revenues; interest earned on a revolving fund is treated as general fund revenue. A city or town may also establish an energy revolving loan fund to provide loans to owners of privately-held property in the city or town for certain energy conservation and renewable energy projects, and may borrow to establish such a fund. The loan repayments and interest earned on the investment of amounts in the fund shall be credited to the fund. Also, the annual allowance for depreciation of a gas and electric plant or a community antenna television and telecommunications system is restricted to use for plant or system renewals and improvements, for nuclear decommissioning costs, and costs of contractual commitments, or, with the approval of the State Department of Telecommunications and Energy, to pay debt incurred for plant or system reconstruction or renewals. Revenue bonds and notes issued in anticipation of them may be secured by a prior lien on specific revenues. Receipts from industrial users in connection with industrial revenue financings are also not available for general municipal purposes.

State Distributions. State grants and distributions may in some circumstances be unavailable to pay general obligation bonds and notes of a city or town in that the State Treasurer is empowered to deduct from such grants and distributions the amount of any debt service paid on “qualified bonds” (See *“Serial Bonds and Notes”* under “INDEBTEDNESS-TYPES OF OBLIGATIONS” below) and any other sums due and payable by the city or town to the Commonwealth or certain other public entities, including any unpaid assessments for costs of any public transportation authority (such as the Massachusetts Bay Transportation Authority (“MBTA”) or a regional transit authority) of which it is a member, for costs of the Massachusetts Water Resources Authority (“MWRA”) if the city or town is within the territory served by the Authority, for any debt service due on obligations issued to the Massachusetts School Building Authority (“MSBA”), or for charges necessary to meet obligations under the Commonwealth’s Clean Water or Drinking Water Revolving Loan Programs, including such charges imposed by another local governmental unit that provides wastewater collection or treatment services or drinking water services to the city or town.

If a city or town is (or is likely to be) unable to pay principal or interest on its bonds or notes when due, it is required to notify the State Commissioner of Revenue. The Commissioner shall in turn, after verifying the inability, certify the inability to the State Treasurer. The State Treasurer shall pay the due or overdue amount to the paying agent for the bonds or notes, in trust, within three days after the certification or one business day prior to the due date (whichever is later). This payment is limited, however, to the estimated amount otherwise distributable by the Commonwealth to the city or town during the remainder of the fiscal year (after the deductions mentioned in the foregoing paragraph). If for any reason any portion of the certified sum has not been paid at the end of the fiscal year, the State Treasurer shall pay it as soon as practicable in the next fiscal year to the extent of the estimated distributions for that fiscal year. The sums so paid shall be charged (with interest and administrative costs) against the distributions to the city or town.

The foregoing does not constitute a pledge of the faith and credit of the Commonwealth. The Commonwealth has not agreed to maintain existing levels of state distributions, and the direction to use estimated distributions to pay debt service may be subject to repeal by future legislation. Moreover, adoption of the annual appropriation act has sometimes been delayed beyond the beginning of the fiscal year and estimated distributions which are subject to appropriation may be unavailable to pay local debt service until they are appropriated.

Bankruptcy. Enforcement of a claim for payment of principal or interest on general obligation bonds or notes would be subject to the applicable provisions of Federal bankruptcy laws and to the provisions of other statutes, if any, hereafter enacted by the Congress or the Massachusetts legislature extending the time for payment or imposing other constraints upon enforcement insofar as the same may be constitutionally applied. Massachusetts municipalities are not generally authorized by the Massachusetts General Laws to file a petition for bankruptcy under Federal bankruptcy laws. In cases involving significant financial difficulties faced by a single city, town or regional school district, the Commonwealth has enacted special legislation to permit the appointment of a fiscal overseer, finance control board or, in the most extreme cases, a state receiver. In a limited number of these situations, however, such special legislation has also authorized the filing of federal bankruptcy proceedings, with the prior approval of the Commonwealth. In each case where such authority was granted, it expired at the termination of the Commonwealth's oversight of the financially distressed city, town or regional school district. To date, no such filings have been approved or made.

Opinion of Bond Counsel

The purchaser will be furnished the legal opinion of the firm of KP Law P.C., Boston, Massachusetts, Bond Counsel. The opinion will be dated the date of original delivery of the Bonds and will speak only as of such date. The opinion will be substantially in the form presented in Appendix B.

Except as to matters expressly set forth in their opinion, the scope of engagement of Bond Counsel does not extend to passing upon or assuming responsibility for the accuracy or adequacy of any statement made in this Official Statement, and they make no representation that they have independently verified the same other than matters expressly set forth as their opinion.

Financial Advisory Services of Hilltop Securities Inc.

Hilltop Securities Inc., Boston, Massachusetts serves as financial advisor to the City of Everett, Massachusetts.

Continuing Disclosure

In order to assist the initial purchaser in complying with Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission (the "Rule"), the City will covenant for the benefit of owners of the Bonds to provide certain financial information and operating data relating to the City by not later than 270 days after the end of each fiscal year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events. Other than the City, there are no obligated persons with respect to the Bonds within the meaning of the Rule. The covenants will be contained in a Continuing Disclosure Certificate, the proposed form of which is provided in Appendix C. The Certificate will be executed by the signers of the Bonds, and incorporated by reference in the Bonds.

Except as provided below, the City believes that, in the past five years, it has complied, in all material respects, with its previous undertakings to provide annual reports and notices of significant events in accordance with the Rule.

The City became obligated to file annual reports with the nationally recognized municipal securities information repository ("NRMSIRs") in an offering that took place in 1996. On December 2, 2019, the City issued two Water Bonds through the Massachusetts Water Resources Authority (MWRA) in the amounts of $1,221,300 and $1,000,000. On June 1, 2020, the City issued a Water Bond through MWRA in the amount of $500,000. Due to an administrative oversight, material event notices were not timely filed within ten business days with Electronic Municipal Market Access ("EMMA"), a service of the MSRB that was designated as the sole NRMSIR effective July 1, 2009. Material event notices were later filed in connection with the incurrence of these financial obligations on March 3, 2020 and July 28, 2020, respectively. The City has since implemented procedures to ensure timely filing of all future significant events, including the additional significant events added to SEC Rule 15c2-12 that became effective on February 27, 2019.

General

The City of Everett is located in Middlesex County. It is bordered on the north by the City of Malden, on the east by the Cities of Revere and Chelsea, on the west by the Cities of Medford and Somerville, and on the south by the Mystic River and the City of Boston. Everett has a population of 41,667 (according to the 2010 Federal Census) and occupies a land area of 3.36 square miles. Incorporated as a town in 1870, and as a city in 1892, Everett is governed by a Mayor-Council form of government.

Principal City Officials

Title	Name	Manner of Selection	Length of Term	Expiration of Term
Mayor	Carlo DeMaria, Jr.	Elected	4 Years	2025
Chief Financial Officer	Eric Demas	Appointed	3 Years	2022
City Auditor	Eric Demas	Appointed	3 Years	2022
City Treasurer/Collector	Monica Ford	Appointed	3 Years	2022
City Clerk	Sergio Cornelio	Appointed	5 Years	2022
City Solicitor	Colleen Mejia	Appointed	3 Years	2022

Municipal Services

The City provides general governmental services for the territory within its boundaries, including police and fire protection, disposal of garbage and rubbish, public education in grades K-12, street maintenance, and parks and recreational facilities. Water and sewer services are provided via connections to the Massachusetts Water Resources Authority. Vocational technical education is provided for at the high school level by the City.

Education

The following table indicates public school matriculation (October) within the City for the years 2017 to 2021.

	Actual				
	2017	2018	2019	2020	2021
Grades Pre K-6	4,232	4,126	3,952	3,837	3,724
Grades 7-8	922	976	1,087	1,106	1,014
Grades 9-12	2,051	2,005	2,018	2,151	2,142
Totals	7,205	7,107	7,057	7,094	6,880

The City currently has 9 schools: one school covering pre-kindergarten, one school covering pre-kindergarten through grade 4, five schools covering kindergarten through grade 8, one high school covering grades 9 through 12, and one school dedicated for special education, covering grades kindergarten through 12.

Industry and Commerce

Everett is a diversified industrial city. The following table lists the recent trends in the major categories of income and employment.

Industry	Calendar Year Average 2016	2017	2018	2019	2020
Construction	1,407	1,085	989	922	776
Manufacturing	968	820	793	837	725
Trade, Transportation & Utilities	3,405	3,367	3,168	3,077	2,824
Information	52	43	44	40	30
Financial Activities	1,534	1,394	1,432	1,289	1,121
Professional and Business Services	746	852	1,037	1,054	882
Education and Health Services	2,479	2,416	2,488	2,554	2,476
Leisure and Hospitality	1,290	1,304	1,343	4,366	4,718
Other Services	384	375	350	350	320
Total Employment	12,265	12,251	11,644	14,489	14,476
Number of Establishments	985	1,008	1,064	1,055	1,079
Average Weekly Wages	$ 1,128	$ 1,141	$ 1,151	$ 1,128	$ 1,122
Total Wages	$ 750,714,309	$ 726,596,676	$ 734,365,310	$ 883,562,023	$ 844,287,857

Source: Massachusetts Department of Education and Training. Data based upon place of employment, not place of residence. Due to reclassification the U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

Largest Employers

Name	Production	Approximate No. of Employees
Wynn MA LLC	Resort Casino	4,000
Mellon Bank	Banking/Financial Institution	1,200
Cambridge Health Alliance	Hospital	800
MBTA	Transportation	600
Boston Coach	Transportation	300
Target	Retail	200
Alliance Detection	Security	200
Everett Nursing and Rehab Center	Health Care/Long Term & Rehabilitation	150
Home Depot	Retail	150
COSTCO	Wholesale	100
Best Buy	Retail	100
Schnitzer Northeaster	Metal Recycling	100
Texas Roadhouse	Restaurant	100
Dunkin Donuts	Coffee/Fast Food	100
Restaurant Depot	Wholesale	90
Honda Cars of Boston	Car Dealership	80
Dunkin Galvanizing	Metal Fabrication	80
Eagle Bank	Banking	80
TGIF Friday's	Restaurant	80

SOURCE: Everett Department of Planning and Development, December 2021.

Transportation and Utilities

Modern transportation facilities are available to residents and commercial enterprises in the City. The City maintains a total of 56 miles of roads. Bus transportation within the City and throughout the local region is provided by the Massachusetts Bay Transportation Authority (MBTA). The MBTA maintains a major repair facility in the City.

Gas, electric, and telephone services are provided by established private utilities.

PLANNING AND ECONOMIC DEVELOPMENT

The City is committed to completing long range planning designed to support a high quality, safe community that supports sustainable housing and economic development initiatives. Through community involvement and strategic neighborhood investments, the City strives to support community improvement projects, and seeks to retain existing and support new, sustainable, safe businesses within the City.

The City's long-range planning and economic development goals include:

1. Ensuring a high-quality, affordable community for people to live, work and recreate;
2. Supporting the creation of new full-time, well-paying jobs;
3. Establishing a sustainable and diversified tax base and land-use mix;
4. Returning vacant buildings and former industrial properties to safe, active use;
5. Encouraging compatible and diversified commercial and industrial districts;
6. Improving the appearance of the City;
7. Stimulating sustained investment in the community.

The City continuously pursues economic development initiatives to achieve economic diversity and success.

Economic Development Programs and Designations

In 2019, the City received $250,000 from the Massachusetts Department of Housing and Community Development for the purposes of creating more senior housing in the community. Working in partnership with a local affordable housing developer, the City will use the funds toward the construction of 77 units of senior housing. As of March 2020, the project is expected to start this summer.

In 2019, the City of Everett in partnership with the City of Chelsea, received $50,000 to advance small business workforce training efforts through the Massachusetts Gaming Commission. Additional partners include Bunker Hill Community College and the regional planning council. The partnership expects to launch the new program in late 2021.

In 2018, the City received $150,000 from the Massachusetts Gaming Commission toward the final design and construction of the extension of the Northern Strand Community Bike Path. The extension would connect the existing path to the City of Somerville along the Newburyport Commuter Rail Line. In addition, the City received funding to implement bike share locations throughout the community.

Mini-Entitlement Designation: The City is a designated "Mini-Entitlement" community. Administered through the State's Department of Housing and Community Development (DHCD), Mini-Entitlement communities are eligible to receive federal Community Development Block Grant (CDBG) funds designed to assist communities with meeting community development needs. Assistance is provided to qualifying cities and towns for housing, community, and economic development projects that assist low and moderate-income residents, or for revitalizing areas of slum or blight.

In fiscal year 2019, the City received $825,000 in Mini-Entitlement funding, which is being used to support numerous initiatives, including a housing rehabilitation program for low to moderate income property owners; a Best Retail Practices seminar with individual consultations to support Everett's small business and retail owners; a park renovation project for the Chelsea Street Playground; and to provide assistance to five public social service agencies that serve low-income residents.

In fiscal years 2015-2018, the City secured approximately $825,000 yearly in Mini-Entitlement funding, which was used to support numerous initiatives, including a housing rehabilitation program for low to moderate income property owners; a Best Retail Practices seminar with individual consultations to support Everett's small business and retail owners; park renovations; and to assist dozens of public social service agencies.

Economic Target Area (ETA) Designation: Since 1993, a portion of the City has been designated as an Economic Target Area (TeleCom City ETA) by the Commonwealth of Massachusetts Economic Assistance Coordinating Council, as administered through the Massachusetts Office of Business Development (MOBD). The ETA designation is a part of the State's Economic Development Incentive Program (EDIP), the purpose of which is to provide additional financial incentives for municipalities to utilize in order to encourage economic development and business/job retention in targeted areas within the community. Through the EDIP, Everett is able to offer tax benefits not available in other areas of the City. The ETA designation is a tool for the City to promote projects that meet the City's economic development goals.

In 2012, the City entered into two tax incentive agreements within the TeleCom City ETA, which included:

- 5-year TIF (Tax Increment Financing) with Cumar Tile
- 4-year STA (Special Tax Assessment) with L.Knife and Sons

Both companies are now taxed at full and fair cash value.

Expedited Local Permitting – Chapter 43D: The City is committed to expediting the local permitting process to the greatest extent possible. Displaying this commitment, the City designated two parcels under the provisions of MGL Chapter 43D, the state's expedited permitting program. These sites include the Rivergreen Business Park (2010) and the former Everett High School (2011). In 2015, the City designated the Encore Boston Harbor gaming site as a Chapter 43D property. This designation provides priority consideration for various state grant programs, places the sites on the State's economic development priorities site list, and ensures an expedited local permitting process for any project proposed at these sites, whereby all local decisions must be rendered on the project within 180 days of application submission.

Regional Projects/Partnerships

Everett/Somerville Pedestrian Footbridge over the Mystic River: Both communities are in the process of advancing the design and permitting to expand the existing MBTA's Assembly Square Station in Somerville and become part of a larger project which will allow a pedestrian connection over Encore Boston Harbor in Everett to a new entrance to DCR's Draw Seven Park in Somerville. The expansion will provide direct access between Assembly Station and the Draw Seven Park, via a weather protected connecting structure outside the paid zone of the station and a new East Headhouse. The project will include two elevators, a stair and an escalator and will be thoughtfully designed to be aesthetically sympathetic to the surrounding context. This expansion would provide a direct link for pedestrians and bicycles from the Assembly Row and Assembly Square station to the proposed DCR riverfront trail to the south and the proposed Crossing Bridge between Somerville and Everett. The bridge would provide direct access from the DCR trail system, Encore Boston Harbor, Public Harborwalk, and Route 99 in Everett through the Draw Seven Park to the proposed head house at Assembly Station. Together these projects improve regional multimodal transportation network and connectivity to the Mystic River Watershed area.

Malden River Visioning Project: In 2017, the Mystic River Watershed Association formed a partnership with the cities of Everett, Malden and Medford, along with the support of the Bike to the Sea, Friends of the Malden River, Lawrence and Lillian Solomon Foundations (A Greener and Greater Boston), Preotle, Lane and Associates, and Encore Boston Harbor. After an extensive public visioning process, the general consensus was to seek opportunities to maintain and create better access to the Malden River. The end result was an implementation plan to maintain and enhance public access to the Malden River.

River's Edge Project: The River's Edge Project is a partnership among the Cities of Everett, Malden and Medford to create a regional mixed-use district designed to support the construction of up to 222 units of housing, 441,000 square feet of commercial space, and a permanent boathouse for Tufts University. Located on former industrial properties along the Malden River, the River's Edge Project has many supporters and partners, including university leaders, local, state and federal government officials and agencies, and private developers. This unique agreement includes a tax sharing component whereby projects completed within the project area are taxed through a blended tax rate, and the revenues are shared by the three partner communities.

Commercial Projects

Encore Boston Harbor Casino: In 2014, the Massachusetts Gaming Commission selected Wynn MA, LLC for the sole Eastern Massachusetts gaming license, one of two resort casinos to be licensed by the Massachusetts Gaming Commission ("MGC"). The casino is located in the Lower Broadway District of Everett on a 35 acre former Brownfields site.

On June 23, 2019, Wynn MA, LLC d/b/a Encore Boston Harbor opened for business after license review and recommendation by the MGC. As part of the PILOT agreement between the City and Encore Boston Harbor, the City will receive $20,000,000 per year that will increase 2.5% per year for the life of the agreement. Encore Boston Harbor shall also pay an annual community impact fee in the sum of $5,000,000 that shall increase 2.5% per year for the life of the agreement. The City has received their annual fees in fiscal 2020 and expects to receive them in fiscal 2021.

Encore Boston Harbor makes excise tax payments as stipulated in the 121A Agreement.

The PILOT and community impact fee agreements are based on the project substantially as originally proposed, containing approximately 1.32 million square feet of building area. If total square footage of the building area should exceed 1.75 million square feet, then the parties shall renegotiate the PILOT and community impact agreements in good faith based on the full amount of additional space above the originally proposed 1.32 million square feet. If Encore Boston Harbor undertakes any substantial new construction on property which is not part of the luxury hotel and destination resort casino site as of the date Encore Boston Harbor commences operations, then the parties shall renegotiate the PILOT and community impact agreements or negotiate a separate real estate tax arrangement in good faith based on such substantial new construction on such New Property.

Furthermore, Encore Boston Harbor will fund $250,000 annually, and shall increase by 2.5% annually, to the Everett Citizen's Foundation, which will support local groups, associations, and programs with important City initiatives.

From June 23, 2019 through February 29, 2020, gross gaming revenue at Encore has exceeded $415M. Estimated total annual taxes to be paid is $242M.

Since the license was awarded in September 2014, the commercial tax base has increased 29%, the industrial tax base has increased 24% and the combined commercial and industrial base has increased 26%.

Over 5,200 construction jobs were created, totaling over 10 million labor hours. Nearly 5,000 permanent jobs at the casino with a total payroll of over $170M per year. Both construction and permanent job hiring exceeded the goals for hiring women, veterans, and minorities established by the state.

Over $100M in annual goods and services have been purchased with $62.5M allocated for local businesses.

The City also saw a large increase in personal property taxes due in part to the infrastructure put in place necessary to service the casino.

On March 14, 2020, the Massachusetts Gaming Commission ordered all gaming licensees in the Commonwealth, including Encore Boston Harbor, to temporarily suspend operations as a result of the coronavirus pandemic. Encore Boston Harbor officially reopened their doors on July 12, 2020 after the resort closed its doors amid the worldwide coronavirus pandemic. As part of Massachusetts' Phase 3 reopening plan, casinos across the state are allowed to reopen, following specific guidelines detailed by the Massachusetts Gaming Commission. The 210,000 square-foot casino floor has been reconfigured to accommodate social distancing, with some machines being turned off. Plexiglas barriers have also been set up at gaming tables. Face coverings are mandatory for all employees and guests, and are provided complimentary, if needed, by the casino. Hundreds of hand sanitizer and disinfecting wipe stations have been placed throughout the resort. Thermal temperature scans are taken at all guest and employee entrances. Anyone showing symptoms of COVID-19 will not be allowed inside. Encore's president, Brian Gullbrants, has stated that the main entrance will be turned off and on based on occupancy to make sure that everybody is safe. Encore's table games, slot machines, electronic table games, video poker, high-limit table games and high-limit slot machines are available to guests. The Massachusetts Gaming Commission will be keeping the public advised of developments at www.massgaming.com/COVID19. For more information, please refer to the disclosure appearing under the caption entitled "CITY OF EVERETT, MASSACHUSETTS – COVID-19".

DPV Transportation: In 2019, DPV Transportation moved its headquarters from East Boston to Second Street in Everett. DPV provides transportation services all over the region. Locally, they are the sole luxury transportation provider for the Encore Boston Harbor Casino.

BearMoose: In 2018, BearMoose Brewing Company opened their doors on Revere Beach Parkway along the newly rezoned Commercial Triangle Economic Development District. BearMoose is the third brewery/distillery to open in the last five years. This added attraction will complement the existing and newer developments in that area such as the Envision Hotel and Pioneer Apartments.

Freightliner: In 2017, Boston Freightliner relocated from Lower Broadway to the Riverfront District. The facility doubled in land area from 2.5 acres to 5 acres. The company, a brand of Daimler Group, is focused on heavy vehicle sales, repairs, retrofits, and interior/exterior customization. The Everett facility has over a dozen truck bays and a large supply and sales floor. Overall, this facility is one of the largest in the region.

AmazonFresh: In 2015, the Planning Board approved site development plans for the construction of a food distribution center on Beacham Street. AmazonFresh now offers grocery items for sale, as well as a subset of items from the main Amazon.com storefront. Items ordered through AmazonFresh are available for home delivery on the same day or the next day. The project was completed in 2016. AmazonFresh hired approximately 60 employees.

EnVision Hotel: In 2015, the Planning Board approved site development plans for the construction of a 101 room hotel (3 star) at the corner of Vine Street and Revere Beach Parkway. EnVision is part of the Choice Hotels brand. The EnVision is now open and has approximately 20 full-time and part-time employees.

Residential Projects:

Pioneer -1760 Revere Beach Pkwy: Opened in 2019, the Pioneer is a mixed-use multi-family residential and 2,100 square feet of retail at the 2.74-acre site in the Business Limited District of the Commercial Triangle Redevelopment Area. The project proposal includes the demolition of the existing one and two-story building to then construct a 6 story building for 284 market rate units with parking and over 2,000 square feet of ground level retail. Common Ground, a local coffee roaster, opened its second location at this new complex.

Saint Therese Church Redevelopment Project: This project has received all local permits and is in the process of starting construction this summer. The developer, Neighborhood Developer's seeks to create a mixed-use building with a wellness center at the ground level and apartments above. Approximately 77 rental units and 6 town-houses are being proposed for the site. These will be affordable units based on 0-80% AMI. The town-houses will be sold below market rate.

371 Main Street Redevelopment Project: This project was completed in 2018. The developer will create 18 market-rate rental units with all parking on-site. 371 Main Street is the location of the former "West Everett Garage," and Sonny's Pizza.

WoodWaste Redevelopment Project: This project was permitted for over 600 rental units with 5% of those units to meet 80% AMI. 13,000 square feet of space will be for commercial use. The site is currently owned by WoodWaste of Boston, a wood and construction debris recycling center. The property owner is actively marketing the site. The property is along the Chelsea line within short walking distance of the new MBTA Silver Line stop next to Market Basket.

Tremont Street Micro-Units: This project is expected to be completed in 2021. The developer will create 48 micro-units (400 sf/unit). All of the units will be at market-rate. The site was an old warehouse for many years in a densely residential neighborhood.

The Batchyard: In 2012, Post Road Construction of Connecticut purchased the remaining two parcels of the Charleston Lofts site and was granted local approvals to continue the construction of the site. The new project includes the renovation of an addition to the 4-story former Charlestown Chew Factory building into a 7-story building, the construction of a new 5-level parking structure, and the construction of two new multi-family buildings on site. The total project includes 329 units of market rate housing, representing a $90 million investment. The project was completed in the winter of 2015, and is fully leased. This development is another example of how the City continues to advance its economic development goals by returning vacant buildings to active uses that provide additional sources of revenue for the City.

Parkside Lofts: In 2012, this former Tillotson Rubber Company site located on Waters Avenue, was granted local permits to construct 190 units of market rate housing. The project was completed in 2016.

Charleston Lofts: Pinnacle Properties Holdings, L.L.C. purchased four multi-story, former mill buildings consisting of 255,000 square feet at 210 Broadway and 7-43 Charlton Street, just a quarter mile north of the Boston city limits along Route 99 near its intersection with Route 16. The largest of the buildings was the former home of the Charleston Chew chocolate factory. This project was permitted for development in three phases totaling an anticipated 250-260 luxury loft style condominiums units. In 2009, Pinnacle Properties Holdings, L.L.C completed construction of 69 loft style residential units. The majority of the units were sold at market rate. Due to collapse in the condo housing market, Pinnacle Properties did not complete phase 2 and 3 as planned (see The Batchyard).

Long-Range Planning and Targeted Redevelopment Sites:

Lower Broadway Master Plan and Development: The City, with assistance from Sasaki Associates and GLC Development Resources, developed a master plan for the Lower Broadway District, completed in 2012. This plan has been adopted by the City to guide the permitting and negotiation process undertaken with the Encore Boston Harbor group for the redevelopment of the Modern Continental Site. Since the creation of the Master Plan and the partnership with Encore Boston Harbor, the City has worked to re-write the zoning within the neighborhood to accommodate the long range land use outlined within the Master Plan and to accommodate the Encore project.

Lower Broadway Urban Renewal Plan: The Lower Broadway District URP proposes to remediate and revitalize a significant portion of the City's Lower Broadway District. The urban renewal area includes 208 parcels on 128 acres. This plan was approved by DHCD.

Everett Square Urban Renewal Plan: This project is currently underway and is expected to be completed this year. BSC Group is the lead consultant. The first public meeting was held last month. At this time, the city is exploring several private commercial parcels in the area for potential acquisition. The intent is to redevelop those parcels for public and private uses. The parcels were previously identified in the Everett Square Streetscape Plan which was completed earlier last year.

Commercial Triangle Master Plan: Another area of focus for the City is the Commercial Triangle, a neighborhood characterized by its former industrial past, and current underutilized commercial parcels located in close proximity to the Revere Beach Parkway. The City utilized Crosby Schlessinger and Smallridge, a planning and design firm from Boston. The Commercial Triangle Master Plan was completed in 2016.

Commercial Triangle Urban Renewal Plan: Following the neighborhood master plan, the city intends to work on an Urban Renewal Plan for this area. The plan will align recommendations in the previous plan. The intent of the Urban Renewal Plan is to target blighted properties for potential acquisition for public and or private redevelopment.

Everett Central Waterfront Municipal Harbor Plan: In order to provide guidance to the community, developers and property owners, the City in association with our consultants developed a regulatory framework that will guide the development of Everett's waterfront in a manner that reflects the City's and community vision for the area, and fulfills the objectives of the state's Waterways Regulations. Progress to date: In 2014, Mass Office of Coastal Zone Management approved the Everett Central Waterfront Municipal Harbor Plan.

MassDOT Transit Study: By itself, Everett's existing demand for public transportation services warranted a review of current MBTA bus services – a legacy route network that has remained largely unchanged for decades. Several recent planning initiatives in and around the community have made a comprehensive analysis of future needs and how best to serve them even more imperative. MassDOT worked with the City to identify, evaluate, and advance near and long-term solutions for improved transit service for the public. The study was completed in 2016. It contains a series of action items (planning, logistical, infrastructure) for the state and city to pursue in the coming years.

Brownfields Revitalization Plan: In 2017, the City of Everett hired Weston and Sampson to create a Brownfields Revitalization Plan consistent with EPA guidelines. The City intends to identify key public and private parcels for remediation assessments. The plan will be part of a long-term strategy to address and support revitalization of our brownfield sites – typically legacy industrial sites.

Housing Production Plan (HPP): The City developed the HPP to preserve existing affordability and increase the housing stock accessible to low- and moderate-income households. The HPP identifies goals and strategies to position Everett to achieve its housing production goals. To further the City's goals of creating affordable housing, the City continues to allocate CDBG and HOME funding to assist low income individuals with housing rehabilitation.

Municipally-Led Development: The City is in the planning or pre-design phase for multiple development projects including a new police headquarters, new community wellness center, and a high school stadium. City Hall renovations and 100% affordable senior and veteran housing complex which will be privately developed via a request for proposal.

Lower Broadway Entertainment District: Home to Encore Boston Harbor and The Batch Yard Apartments, this will be a premier entertainment area in greater Boston. Phase 2 and 3 of the Encore Boston Harbor developments will be concentrated in this area. With potential for additional ground-up developments, including hotels and entertainment/events venues. A footbridge or suspended gondola system will bridge the Mystic River and create district access to Somerville's Assembly Row.

Everett Square: The vibrant, heavily traveled pedestrian and vehicular intersection is the heart of Everett. The area is home to many commercial/retail buildings as well as restaurants, mostly 1 to 3 stories, but 4 stories by-right. The City has a request for proposal underway for the redevelopment of over one acre of land in the heart of downtown.

Commercial Triangle: Over 130 acres of light industrial parcels were up-zoned to encouraged high-density mixed-use development. Home to the enVision Hotel and the Pioneer, a recently opened 285 unity luxury apartment complex, the area has direct access to the Seaport via the Silver Line. There are approximately 1,200 additional units permitted or under review in the Commercial Triangle area.

Rivergreen: The Rivergreen area consists of large swaths of open space with direct access via a new boat launch. It is the future site of a multi-sports complex, community wellness center, and sports stadium. This area abuts 2 breweries, a distillery, The Village neighborhood, Main Street, and an industrial area that includes Sky Zone and Boston Coach. Finally, the 65 Norma Street development was recently permitted for 398 units, which will include small ground floor commercial space.

Building Permits Issued

Because residential areas are highly developed, most investment in housing is in the form of improvements to existing stock rather than new construction. The following table sets forth the trend in the number of building permits issued and the estimated dollar value of new construction and alterations. The estimated dollar values are builders' estimates and are generally considered to be conservative. Permits issued and estimated valuations shown are for both private construction and City projects.

Building Permits Issued

	New Construction				Additions/Alterations					
Calendar	Residential		Non-Residential		Residential		Non-Residential		Total	
Year	No.	Value	No.	Value	No.	Value	No.	Value	No.	Value
2021 (1)	8	$ 13,756,045	12	$ 130,505,587	1,327	$ 16,669,435	145	$ 45,877,970	1,492	$ 206,809,037
2020	9	9,936,548	7	12,256,437	1,146	19,392,563	131	10,198,451	1,293	51,783,999
2019	8	7,051,997	5	8,030,901	1,014	16,831,797	178	35,767,612	1,205	67,682,307
2018	15	2,372,800	33	1,382,473,205	1,330	18,693,572	208	13,447,096	1,586	1,416,986,673 (2)
2017	11	4,164,712	50	24,627,524	1,163	19,563,723	177	33,975,092	1,401	82,331,051

SOURCE: City Building Inspector.
(1) Issued through December 10, 2021.
(2) Reflects Encore Boston Harbor casino project to date.

Labor Force, Employment and Unemployment

According to the Massachusetts Division of Employment and Training preliminary data, in September 2021 the City had a total labor force of 26,622 of which 25,131 were employed and 1,491 or 5.6% were unemployed as compared with 5.3% for the Commonwealth. The following table sets forth the City's average labor force and unemployment rates for calendar years 2016 through 2020 and the unemployment rates for the Commonwealth and the United States as a whole for the same period.

	City of Everett			Unemployment Rates	
				Massachusetts	U.S.
			Unemployment	Unemployment	Unemployment
Year	Labor Force	Employment	Rate	Rate	Rate
2020	26,745	23,860	10.8%	8.9%	8.1%
2019	27,378	26,703	2.5	2.9	3.9
2018	27,060	26,307	2.8	3.3	3.9
2017	26,151	25,313	3.2	3.7	4.4
2016	25,465	24,599	3.4	3.9	4.9

SOURCE: Massachusetts Department of Employment and Training.

Population

	Total	% Change from Previous Census
2010	41,667	9.5 %
2000	38,037	6.5
1995(1)	34,089	(4.5)
1990	35,701	(4.0)
1985(2)	35,773	(3.8)

SOURCE: U.S. Department of Commerce, Bureau of the Census.
(1) Source: Massachusetts Institute for Social & Economic Research.
(2) Massachusetts Department of the State Secretary-Census Division.

Per Capita Income

	Everett		Massachusetts	
	Total	% Change from Previous Census	Total	% Change from Previous Census
2010	$ 23,876	20.3 %	$ 33,966	30.9 %
2000	19,845	39.6	25,952	50.6
1990	14,220	17.9	17,224	19.7

SOURCE: U.S. Department of Commerce, Bureau of the Census.

Median Family Income

	Everett	Massachusetts
2010	$ 59,942	$ 81,165
2000	49,876	61,644
1990	37,397	44,367

SOURCE: U.S. Department of Commerce, Bureau of the Census.

COVID-2019

On March 10, 2020, Governor Charles Baker declared a state of emergency in the Commonwealth to provide the Commonwealth more flexibility to respond to the evolving outbreak in Massachusetts of COVID-19, a strain of coronavirus, which has spread globally, including in the United States of America. Days later, on March 13, 2020, President Donald J. Trump, declared a national state of emergency in the United States of America relative to COVID-19. The Governor has removed the remaining restrictions and the state of emergency in the Commonwealth expired on June 15, 2021.

The continued spread of COVID-19 may adversely impact the economy of the Commonwealth and the City, as well as the United States of America. The City cannot predict at this time the extent or duration of any such impact, however, the City reasonably expects breakeven results for fiscal 2020 based on budget versus actuals through the third quarter.

In response to the COVID-19 pandemic, federal and state legislation was recently signed into law that provides various forms of financial assistance and other relief to state and local governments. For example, the U.S. Congress enacted and the President signed the CARES Act on March 27, 2020 (Pub. Law 116-136) which includes various forms of financial relief. The City was eligible to receive up to $7.3 million from the CARES Act and to date has incurred $5.1 million in COVID expenses. The City has also received an additional $33.3 million from the Coronavirus State and Local Fiscal Recovery Fund. On April 3, 2020, the Massachusetts Legislature enacted and Governor Baker signed into law legislation, becoming Chapter 53 of the Acts of 2020 ("Chapter 53"), which provides municipal governments new tools to combat the pandemic relative to municipal finance and other matters including but not limited to authorizing cities and towns the ability to extend property tax bill due dates and to waive penalty interest on certain late payments of excise, tax, betterment assessment or certain other municipal charges. On April 10, 2020, the Governor signed another piece of relief legislation that would address certain public school and housing related issues arising due to COVID-19 including the process relative to approving regional school district budgets, becoming Chapter 56 of the Acts of 2020. Most recently, U.S. Congress enacted the American Rescue Plan Act of 2021 ("ARPA"). Among other provisions, ARPA provides $350 billion to state and local governments to mitigate the fiscal disruptions created by the pandemic. Such funds may be used to replace revenues lost or reduced as a result of the pandemic and fund COVID-related costs, among other purposes. Although the actual amount allocable to the City has not yet been determined, the City expects to receive approximately $6.9 million in direct ARPA funds. Additional federal and state legislation responsive to the COVID-19 pandemic is currently under consideration and such legislation may include new forms of relief and additional tools responsive to COVID-19 to be made available to public governmental entities. All such legislative initiatives and future laws such should be reviewed and analyzed carefully.

On April 8, 2020, Mayor Carlo DeMaria Jr. exercised the following local options made available pursuant to Chapter 53 pursuant to his Executive Order 2020-05 (the "Order"), which included but was not limited to the following:

1.) Extended the due dates of real and personal property tax bills from May 1, 2020 until June 1, 2020;

2.) Extended the due dates for application for property tax exemptions from May 1, 2020 until June 1, 2020. This extension applied to applications for the exemptions listed in the third paragraph of G.L. c. 59, § 59, including exemptions under clauses 17, 17C, 17C1/2 and 17D (seniors, surviving spouses, minor children of deceased parent); 18 (financial hardship – activated military, age and infirmity); 22, 22A, 22B, 22C, 22D, 22E, 22F and 22H (veterans, surviving spouses and surviving parents); 37 and 37A (blind persons); 41, 41B, 41C and 41C1/2 (seniors); 42 and 43 (surviving spouse and minor children of firefighter/police officer killed in line of duty); 52 (certain eligible seniors); 53 (certain eligible properties with septic systems); 56 (National Guard and reservists on active duty in foreign countries); and 57 (local option tax rebates). This extension also automatically applied to applications for residential exemptions under G.L. c. 59, § 5C, for small commercial exemptions under G.L. c. 59, § 5I and for deferrals under G.L. c. 59, § 5, clauses 41A (seniors) and 18A (poverty or financial hardship due to change to active military); and

3.) Waived interest and other penalties for the late payment of any excise, tax, betterment assessment or apportionment thereof, water rate or annual sewer use or other charges added to a tax for any payments with a due date on or after March 10, 2020 where payment is made late but before June 30, 2020.

The complete text of the Order, as well as an additional executive order effective August 10, 2020 requiring the wearing masks in all public spaces, can be accessed at www.cityofeverett.com/728/COVID-19-Emergency-Resource-Center. The Mayor has not exercised any additional executive orders to date; however the City did utilize the additional continuing appropriation mechanism provided by the Commonwealth allowing for 1/12 continuing appropriations for the maximum 3-month period from July through September, 2020. In September, the City Council voted to approve the traditional annual fiscal 2021 budget.

The pandemic and the resulting actions by national, state and local governments has altered and continues to alter the behavior of businesses and people in a manner that may have negative impacts on global and local economies. There can be no assurances regarding the extent to which COVID-19, or any other national crises or pandemic, will impact the national and state economies and, accordingly, how it will adversely impact municipalities, including the City. These negative impacts could include reduced collections of property taxes and other revenues, including room occupancy taxes and local meals tax revenue, motor vehicle excise taxes and other fees and charges collected by the City. The City may also be affected by any reductions in state aid resulting from reduced revenues at the State level. In addition, stock markets in the United States and globally could see significant instability attributable to the coronavirus pandemic or any other national health crisis or pandemic and such instability could adversely affect the funding status of the City's pension funds and resulting funding schedules. The City cannot quantify these effects at this time.

The City does not expect the COIVD-19 outbreak to impact fiscal 2021 year-end operating results due to the receipt of federal and state grant assistance sufficient to cover all COVID-19 related expenditures incurred. The City also does not expect the COVID-19 outbreak to impact the fiscal 2022 budget or spending plans, as the City is able to carry sufficient federal and state grant assistance received in fiscal 2021 forward into fiscal 2022 to cover such expenditures.

PROPERTY TAXATION

Tax Levy Computation

The principal revenue source of the City is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits, see "Tax Limitations" below. The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. See "Free Cash" herein. Although an allowance is made in the tax levy for abatements (see "Abatements and Overlay" below) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits").

The following table sets forth the trend in tax levy calculations.

	Fiscal 2018	Fiscal 2019 (4)	Fiscal 2020 (4)	Fiscal 2021 (4)	Fiscal 2022 (4)
Gross Amount to be Raised:					
Appropriations	$ 208,905,472	$ 230,828,776	$ 231,074,783	$ 227,143,758	$ 243,739,127
Other Local Expenditures	1,666,886	354,687	221,240	115,490	338,658
State and County Assessments	14,233,182	14,740,648	14,926,599	14,280,296	16,386,815
Overlay Reserve	2,001,145	23,742,602	1,270,186	1,497,889	2,009,827
Total Gross Amount to be Raised(1)	$ 226,806,684	$ 269,666,713	$ 247,492,808	$ 243,037,433	$ 262,474,427
Offsets:					
Estimated Receipts from State(2)	$ 75,566,869	$ 77,513,803	$ 85,141,744	$ 83,492,616	$ 94,729,206
Estimated Receipts - Local	28,041,112	29,964,241	57,446,051	56,711,816	58,685,884
Available Funds Appropriated:					
Free Cash	4,482,363	6,107,145	4,214,450	3,866,346	2,018,513
Other Available Funds(3)	3,650,000	7,014,000	564,625	-	-
Free Cash & Other Revenue Used to Reduce the Tax Rate	12,500,000	16,500,000	7,000,000	7,000,000	7,000,000
Total Estimated Receipts	$ 124,240,344	$ 137,099,189	$ 154,366,870	$ 151,070,778	$ 162,433,603
Net Amount to be Raised (Tax Levy)	$ 102,566,340	$ 132,567,524	$ 93,125,938	$ 91,966,655	$ 100,040,824
Assessed Valuation	$ 5,320,428,070	$ 6,560,521,555	$ 6,592,280,117	$ 6,936,448,552	$ 7,283,018,750
Tax Rate per $1,000 (4):					
Residential	$ 13.78	$ 12.38	$ 10.64	$ 9.87	$ 10.36
Commercial/Industrial/Personal	$ 33.74	$ 35.27	$ 24.72	$ 23.20	$ 24.04

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(1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting of the tax rate.
(2) Estimated by the State Department of Revenue and required by law to be used in setting the tax rate. Actual state aid payments may vary upward or downward from said estimates, and the state may withhold payments pending receipt of state and county assessments.
(3) Primarily includes transfers between existing appropriations.
(4) Reflects increase in local revenues due to Community Host Agreement for Encore Boston Harbor and simultaneous reduction in net tax levy to be raised. See footnote 2 in “Abatements and Overlay” table herein.

Assessed Valuations and Tax Levies

Property is classified for the purpose of taxation according to its use. The legislature has in substance created three classes of taxable property: (1) residential real property, (2) open space land, and (3) all other (commercial, industrial and personal property). Within limits, cities and towns are given the option of determining the share of the annual levy to be borne by each of the three categories. The share required to be borne by residential real property is at least 50 percent of its share of the total taxable valuation; the effective rate for open space must be at least 75 percent of the effective rate for residential real property; and the share of commercial, industrial and personal property must not exceed 175 percent of their share of the total valuation. A city or town may also exempt up to 20 percent of the valuation of residential real property (where used as the taxpayer's principal residence) and up to 10 percent of the valuation of commercial real property (where occupied by certain small businesses). Property may not be classified in a city or town until the State Commissioner of Revenue certifies that all property in the city or town has been assessed at its fair cash value. Such certification must take place every three years, or pursuant to a revised schedule as may be issued by the Commissioner. The City most recently completed a revaluation for fiscal year 2020.

Related statutes provide that certain forest land, agricultural or horticultural land (assessed at the value it has for these purposes) and recreational land (assessed on the basis of its use at a maximum of 25 percent of its fair cash value) are all to be taxed at the rate applicable to commercial property. Land classified as forest land is valued for this purpose at five percent of fair cash value but not less than ten dollars per acre.

Classification of Properties

The following table sets forth the trend in the City's assessed valuations.

For Fiscal Year	Real Property	Personal Property	Total
2022	$ 6,776,943,050	$ 506,075,700	$ 7,283,018,750
2021	6,516,844,452	419,604,100	6,936,448,552
2020 (1)	6,200,687,417	391,592,700	6,592,280,117
2019	6,136,395,655	424,125,900	6,560,521,555
2018	4,911,355,370	409,072,700	5,320,428,070
2017	4,389,175,310	363,009,200	4,752,184,510

(1) Revaluation year.

The following table sets forth the trend in the City's tax rates.

Fiscal Year	Tax Rate Per $1,000 Valuation	
	Residential	Commercial/Industrial
2022	$ 10.36	$ 24.04
2021	9.87	23.20
2020 (1)	10.64	24.72
2019	12.38	35.27
2018	13.78	33.74

(1) Revaluation year.

Local assessed valuations are determined annually as of January 1 and used for the fiscal year beginning on the next July 1.

Largest Taxpayers

The following is a list of the 20 largest taxpayers in the City based upon assessed valuations for fiscal 2021. All taxpayers listed are current in their tax payments except as footnoted below.

Name	Nature of Business	Amount of Tax	Fiscal 2021 Assessed Valuation	% of Total Fiscal 2021 Valuation
Constellation Mystic Power LLC (Exelon)	Power Plant	$ 14,077,670	$ 606,796,117	8.75 %
Distrigas of Massachusetts Corp. (Exelon)	LNG Terminal (Real & Personal)	3,228,542	139,161,300	2.01
DDRC Gateway LLC	Gateway Mall	2,683,936	115,686,900	1.67
NSTAR Electric Company (1)	Utility	2,604,664	112,270,000	1.62
Boston Gas Company	Utility	2,345,880	101,115,500	1.46
Massachusetts Electric Co.	Utility	2,013,832	86,803,100	1.25
Boston Gas Co./DBA National Grid	Utility	1,921,289	82,814,200	1.19
Exxon/Mobil Corporation	Fuel Dist. (Real & Personal)	1,502,910	64,780,600	0.93
MFREVF II - Batch Yard LLC	Class A Apartments	1,242,919	125,929,000	1.82
Pioneer Ownner LLC	Class A Apartments	1,045,367	105,637,300	1.52
GP Portland Investnent	Office Building	837,534	36,100,600	0.52
PS Northeast LLC	Self Storage	785,081	33,839,700	0.49
New England Power Company	Utility	706,793	30,465,200	0.44
DIV BMT LLC	3 Warehouse/Industrial Land	609,661	26,278,500	0.38
Parkside Holdings LLC	Class A Apartments	582,299	58,996,900	0.85
Prolerized New England	Scrap Exporter	552,782	23,826,800	0.34
Every Bear Investments LLC	Cold Storage & Processing	505,333	21,781,600	0.31
68 Tremont Street LLC / Wynn	Parking Lot / Vacant Land	377,153	16,256,600	0.23
201 Rover St LLC / Eastern Salt Company	Road Salt Importing	345,462	15,681,200	0.23
JMDH Real Estate Everett	Wlolesale Restaurant Supply	316,107	12,787,500	0.18
Totals		$ 38,285,214	$ 1,817,008,617	26.20 %

(1) Currently at the Appellate Tax Board with the City; approximately $4,969,741 is owed relating to unpaid personal property taxes from fiscal 2015-2021.

Exelon Generating

Mystic Generating Station, the City's power plant, is currently the City's leading taxpayer. However, in 2018, the plant's operator, citing an uncertain operating environment, filed to close the plant in 2022. The plant has had a tax-increment-financing agreement with the City since 2000 which ended in 2021. While officials expect operations will ultimately continue unabated due to the plant's significance to the region's power grid and energy infrastructure, the City has made financial contingency plans by gradually reducing its budgeted expectations of the plant's tax revenues as well as holding ongoing discussions at the state level regarding funding eligibility of the Regional Greenhouse Gas Initiative (RGGI) Fund, which is specifically dedicated to assist communities in the transition of closing power plants.

State Equalized Valuations

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality as of January 1 of even numbered years. This is known as the "equalized value."

The following table sets forth the trend in equalized valuations of the City.

January 1,	State Equalized Valuation	Percent Change
2020	$ 7,029,819,300	21.9 %
2018	5,767,100,400	25.8
2016	4,584,699,100	20.8
2014	3,794,616,400	3.9
2012	3,653,316,400	(9.0)

Abatements and Overlay

The City is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy. Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. The City may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue. The following table sets forth the amount of the overlay reserve for the following fiscal years and abatements granted through June 30, 2021 against each levy.

Fiscal Year	Net Tax Levy (1)	Overlay Reserve Dollar Amount	Overlay Reserve as a % of Levy	Abatements and Exemptions Granted Through June 30, 2021
2021	$ 90,468,766	$ 1,497,889	1.66 %	$ 181,433
2020	91,855,752	1,270,186	1.38	368,282
2019	108,824,922	23,742,602 (2)	21.82 (2)	22,657,954 (2)
2018	100,565,196	2,001,145	1.99	2,001,145 (3)
2017	94,911,436	1,995,635	2.10	874,246

(1) Tax levy prior to addition of overlay reserve.
(2) Fiscal 2019 included a onetime abatement to Encore Boston Harbor. Per the Massachusetts Department of Revenue's directive, the City was required to book the assessment and the corresponding abatement in order to capture the growth to the City's tax base. The Community Host Agreement determined the tax amount to be paid during the construction phase, so an abatement in the amount of $21,649,699 was issued.
(3) The fiscal year 2018 abatements and exemptions granted include an abatement for $599,435 to two ground lease tenants which in turn was reassessed to the owner of the property for fiscal year 2018 resulting in no revenue loss to the City.

Tax Levies and Collections

Property tax bills are payable quarterly on August 1, November 1, February 1, and March 1 of each fiscal year. Interest accrues on delinquent taxes currently at the rate of 14 percent per annum. (In addition, real property is subject to a lien for certain unpaid municipal charges or fees). Real property (land and buildings) is subject to a lien for the taxes assessed upon it (subject to any paramount federal lien and subject to bankruptcy and insolvency laws). If the property has been transferred, an unenforced lien expires on the fourth December 31 after the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below. The following table compares the City's net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies for the shown fiscal years.

For Fiscal Year End	Tax Rates Res.	Tax Rates Other	Total Tax Levy	Net Tax Levy (1)	Collected During Fiscal Year Payable(2) $	Collected During Fiscal Year Payable(2) % of Net	Collections as of June 30, 2021 $	Collections as of June 30, 2021 % of Net
2021	$ 9.87	$ 23.20	$ 91,966,655	$ 90,468,766	$ 89,959,328	99.4 %	$ 89,959,328	99.4 %
2020	10.64	24.72	93,125,938 (3)	91,855,752	91,787,012	99.9	91,787,012	99.9
2019	12.38	35.27	132,567,524 (3)	108,824,922	108,086,682	99.3	108,177,382	99.4
2018	13.78	33.74	102,566,340	100,565,196	100,569,895	100.0	100,341,467	99.8
2017	14.44	35.69	96,907,071	94,911,436	95,092,690	100.2	95,430,043	100.5

(1) Net after deduction of overlay for abatements.
(2) Actual dollar collections, net of refunds. Does not include abatements or other non-cash credits.
(3) Change reflects treatment of Encore Boston Harbor Community Host Agreement with the City. See footnote 4 of "Tax Levy Computation" and footnote 2 of "Abatements and Overlay" above for more information.

Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for nonpayment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments), it can be foreclosed by petition to the Land Court. Upon foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes. Uncollected real property taxes are not ordinarily written off until they become municipal “tax titles” by purchase at public sale or by taking, at which time the tax is written off in full by reserving the amount of the tax and charging surplus. Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk.

The following table sets forth the amount of tax titles and possessions outstanding at the end of each of the last five fiscal years.

Fiscal Year	Total Tax Titles and Possessions
2021	$ 2,388,400
2020	2,553,812
2019	2,680,274
2018	2,307,210
2017	2,226,933

Taxation to Meet Deficits

Overlay deficits, i.e., tax abatements (or refunds made) in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the next tax levy (at least to the extent not covered by surplus revenue).

Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects, and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g., civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

Cities and towns are authorized to appropriate sums, and thus to levy taxes, to cover deficits arising from other causes, such as "free cash" deficits arising from a failure to collect taxes. This is not generally understood, however, and it has not been the practice to levy taxes to cover free cash deficits. Except to the extent that such deficits have been reduced or eliminated by subsequent collections of uncollected taxes (including sales of tax titles and tax possessions), lapsed appropriations, non-property tax revenues in excess of estimates, other miscellaneous items or funding loans authorized by special act, they remain in existence. See "CITY FINANCES - Free Cash."

Tax Limitations

Chapter 59, Section 21C of the General Laws, also known as Proposition 2½, imposes two separate limits on the annual tax levy of a city or town.

The primary limitation is that the tax levy cannot exceed 2½ percent of the full and fair cash value. If a city or town exceeds the primary limitation, it must reduce its tax levy by at least 15 percent annually until it is in compliance, provided that the reduction can be reduced in any year to not less than 7½ percent by majority vote of the voters, or to less than 7½ percent by two-thirds vote of the voters.

For cities and towns at or below the primary limit, a 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 2½ percent, subject to exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year’s valuation.

This “growth” limit on the tax levy may be exceeded in any year by a majority vote of the voters, but an increase in the secondary or growth limit under this procedure does not permit a tax levy in excess of the primary limitation, since the two limitations apply independently. In addition, if the voters vote to approve taxes in excess of the “growth” limit for the purpose of funding a stabilization fund, such increased amount may only be taken into account for purposes of calculating the maximum levy limit in each subsequent year if the board of selectmen of a town or the city council of a city votes by a two-thirds vote to appropriate such increased amount in such subsequent year to the stabilization fund.

The applicable tax limits may also be reduced in any year by a majority vote of the voters.

The State Commissioner of Revenue may adjust any tax limit “to counterbalance the effects of extraordinary, non-recurring events which occurred during the base year”.

The statute further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

Voters may also exclude from the Proposition 2½ limits the amount required to pay specified capital outlay expenditures or for the city or town’s apportioned share for certain capital outlay expenditures by a regional governmental unit. In addition, the city council of a city, with the approval of the mayor if required, or the board of selectmen or the town council of a town may vote to exclude from the Proposition 2½ limits taxes raised in lieu of sewer or water charges to pay debt service on bonds or notes issued by the municipality (or by an independent authority, commission or district) for water or sewer purposes, provided that the municipality’s sewer or water charges are reduced accordingly.

In addition, Proposition 2½ limits the annual increase in the total assessments on cities and towns by any county, district, authority, the Commonwealth or any other governmental entity (except regional school districts, the MWRA and certain districts for which special legislation provides otherwise) to the sum of (a) 2½ percent of the prior year’s assessments and (b) “any increases in costs, charges or fees for services customarily provided locally or for services subscribed to at local option”. Regional water districts, regional sewerage districts and regional veterans districts may exceed these limitations under statutory procedures requiring a two-thirds vote of the district’s governing body and either approval of the local appropriating authorities (by two-thirds vote in districts with more than two members or by majority vote in two-member districts) or approval of the registered voters in a local election (in the case of two-member districts). Under Proposition 2½ any State law to take effect on or after January 1, 1981 imposing a direct service or cost obligation on a city or town will become effective only if accepted or voluntarily funded by the city or town or if State funding is provided. Similarly, State rules or regulations imposing additional costs on a city or town or laws granting or increasing local tax exemptions are to take effect only if adequate State appropriations are provided. These statutory provisions do not apply to costs resulting from judicial decisions.

Tax Levies and Levy Limits

The following table sets forth the trend in the City's tax levies and levy limits under Proposition 2 ½.

Fiscal Year		Estimated Full Valuation (1)	Primary Levy Limit	Maximum Levy Limit	Actual Tax Levy	Under(Over) Primary Levy Limit (1)	Under(Over) Maximum Levy Limit
2021		$ 6,936,448,552	$ 173,411,214	$ 150,181,831	$ 91,966,655	$ 81,444,559	$ 58,215,176
2020	(2)	6,592,280,117	164,807,003	144,152,596	93,125,938	71,681,065	51,026,658
2019		6,560,521,555	164,013,039	136,743,488	132,567,524	31,445,515	4,175,964
2018		5,320,428,070	133,010,702	110,457,822	102,566,340	30,444,362	7,891,482
2017		4,752,184,510	118,804,613	104,642,418	96,907,071	21,897,542	7,735,347

(1) Local assessed valuations. Valuations are believed to be artificially deflated due to a 20-year tax agreement with Constellation Mystic Power LLC, the City’s largest taxpayer (see “Largest Taxpayers” above), which valuation is now assessed at full value since the expiration of the agreement in fiscal 2020.

(2) Reflects treatment of Encore Boston Harbor Community Host Agreement with the City. See footnote 4 of “Tax Levy Computation” and footnote 2 of “Abatements and Overlay” above for more information.

Sale of Tax Receivables

Cities and towns are authorized to sell delinquent property tax receivables by public sale or auction, either individually or in bulk.

Pledged Taxes

Taxes on certain property in designated development districts may be pledged for the payment of costs of economic development projects within such districts and may therefore be unavailable for other municipal purposes. (See "Tax Increment Financing for Development Districts" below).

Community Preservation Act

The Massachusetts Community Preservation Act (the "CPA") permits cities and towns that accept its provisions to levy a surcharge on its real property tax levy, dedicate revenue (other than state or federal funds), and to receive state matching funds for (i) the acquisition, creation, preservation, rehabilitation and restoration of land for recreational use, open space, and affordable housing and (ii) the acquisition, preservation, rehabilitation and restoration of historic resources. The provisions of the CPA must be accepted by the voters of the city or town at an election after such provisions have first been accepted by either a vote of the legislative body of the city or town or an initiative petition signed by 5% of its registered voters.

The City has not adopted the Community Preservation Act.

CITY FINANCES

Budget and Appropriation Process

In the City of Everett, within 170 days after the annual organization of the city government (which is ordinarily in early January), the Mayor is required to submit a budget of proposed expenditures for the fiscal year beginning on the next July 1. The city council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the Mayor, the council may not make any appropriation for a purpose not included in the proposed budget, except by a 2/3 vote in the case of a failure of the Mayor to recommend an appropriation for such purpose within seven days after request from the city council. The council may not increase any item without the recommendation of the Mayor (except as provided by legislation, subject to local acceptance, under which the school budget or regional school district assessment can be increased upon recommendation of the school committee or regional district school committee and by two-thirds vote of the council, provided that such increase does not cause the total annual budget to exceed property tax limitations). If the council fails to act on any item of the proposed budget within 45 days, that item takes effect.

City department heads are generally required to submit their budget requests to the Mayor between December 1 and January 15. This does not apply to the school department, which must submit its requests in time for the Mayor to include them in his submission to the council.

If the Mayor does not make a timely budget submission, provision is made for preparation of a budget by the council. Provision is also made for supplementary appropriations upon recommendation of the Mayor. Under certain circumstances and subject to certain limits and requirements, the city council of a city, upon the recommendation of the mayor, may transfer amounts appropriated for the use of one department (except for a municipal light department or a school department) to another appropriation for the same department or for the use of any other department. Water and sewer department expenditures are included in the budget adopted by the city council. Under certain legislation any city or town which accepts the legislation may provide that the appropriations for the operating costs of any department may be offset, in whole or in part, by estimated receipts from fees charged for services provided by the department. It is assumed that this general provision does not alter the pre-existing power of an electric or gas department to appropriate its own receipts. The school budget is limited to the total amount appropriated by the city council, but the school committee retains full power to allocate the funds appropriated. The Education Reform Act of 1993 as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. The City of Everett has had to increase its local contribution to educational spending to meet the requirements of the Act; however, state aid for education has increased more rapidly.

State and county assessments, abatements in excess of overlays, principal and interest not otherwise provided for, and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy.

Budget Trends

The following table sets forth the trend in general fund budgets as approved for the current and past four fiscal years. The budgets summarized below exclude expenditures for "non-operating" or extraordinary items.

Budget Comparison

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
General Government	$ 7,013,839	$ 7,283,662	$ 8,177,770	$ 7,962,018	$ 8,888,419
Public Safety	32,126,331	33,404,990	31,849,060	31,401,328	33,876,009
Public Works	11,963,047	12,970,914	13,746,423	14,478,783	13,766,669
Human Services	3,825,173	3,710,394	1,119,949	3,304,768	3,254,267
Education	74,685,290	81,380,955	89,851,821	88,299,966	98,862,378
Culture & Recreation	2,008,419	1,930,452	1,808,322	1,295,854	2,152,537
Regional Assessments and Unclassified (1)	18,574,937	19,633,976	24,009,317	21,859,180	23,851,780
Health Insurance	20,453,473	21,712,777	21,133,200	22,113,200	21,883,872
Debt Service	12,660,488	14,399,802	16,329,703	11,548,502	12,431,991
Total	$ 183,310,997	$ 196,427,922	$ 208,025,565	$ 202,263,599	$ 218,967,922

(1) Includes pension, property and liability insurance, workers' compensation and unemployment compensation.

State Aid

In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

In the fall of 1986, both the State Legislature (by statute repealed as of July 1, 1999) and the voters (by initiative petition) placed limits on the growth of state tax revenues. Although somewhat different in detail, each measure essentially limited the annual growth in state tax revenues to an average rate of growth in wages and salaries in the Commonwealth over the three previous calendar years. If not amended, the remaining law could restrict the amount of state revenues available for state aid to local communities.

State School Building Assistance Program

Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds. Approved projects costs included the interest expense incurred on debt issued by a municipality to finance the school project. In recent years, demand for school building assistance grants far exceeded available funds. As of July 1, 2004, a total of 425 school projects for which completed grant applications had been submitted were still on the Department of Education's project priority list awaiting approval of a grant.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program. Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects.

Projects on the priority waiting list as of July 1, 2004 are also entitled to receive grant payments from the Authority based on eligible project costs and reimbursement rates applicable under the prior law. With limited exceptions, the Authority is required to fund the grants for such projects in the order in which they appear on the waiting list. Grants for any such projects that have been completed or substantially completed have been paid and are expected to continue to be paid by the Authority in lump sum payments, thereby eliminating the need for the Authority to reimburse interest expenses that would otherwise be incurred by the municipalities to permanently finance the Authority's share of such project costs. Interest on debt issued by municipalities prior to July 1, 2004 to finance such project costs, and interest on temporary debt until receipt of the grant, shall be included in the approved costs of such projects. Grants for any such projects that have not yet commenced or that are underway, have been and are expected to continue to be paid by the Authority as project costs are incurred by the municipality pursuant to a project funding agreement between the Authority and the municipality. In most cases, the receipt of these progress payments from the Authority eliminates the need for the municipality to borrow even on a temporary basis to finance the Authority's share of the project costs.

The maximum of reimbursement rate for new project grant applications submitted to the Authority on or after July 1, 2007 is 80% of approved project costs. The Authority recently promulgated new regulations with respect to the application and approval process for new projects. The Authority expects to pay grants for such projects as project costs are incurred pursuant to project funding agreements between the Authority and the municipalities. None of the interest expense incurred on debt issued by municipalities to finance their portion of the costs of new projects will be included in the approved project costs eligible for reimbursement.

Local Option Meals Tax

On August 26, 2009, the City adopted the local meals excise tax to be effective October 1, 2009. The local meals excise tax is a 0.75% tax on the gross receipts of a vendor from the sale of restaurant meals. The tax is paid by the vendor to the State Commissioner of Revenue, who in turn pays the tax to the municipality in which the meal was sold. Revenues from this tax totaled $607,621, $1,090,679, and $669,333 in fiscal 2019, 2020, and 2021, respectively.

Motor Vehicle Excise

An excise is imposed on the registration of motor vehicles (subject to exemptions) at a uniform rate of $25 per $1,000 of valuation. The excise is collected by and at the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 percent per annum. Provision is also made, after notice to the owner, for the suspension of the owner's operating license or registration by the registrar of motor vehicles. Revenues from this tax totaled $4,441,258, $2,967,591, and $3,148,763 in fiscal 2019, 2020, and 2021, respectively.

Investment of City Funds

Investments of funds of cities and towns, except for trust funds, are generally restricted by Section 55 of the General Laws. That statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole trustee, and the funds are managed under contract by an investment firm under the supervision of the State Treasurer's office. According to the State Treasurer the Trust's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. Government obligations and highly-rated corporate securities with maturities of one year or less.

Trust funds, unless otherwise provided by the donor, may be invested in accordance with Section 54 of the General Laws, which permits a broader range of investments than Section 55 of said Chapter, including any bonds or notes that are legal investments for savings banks in the Commonwealth. The restrictions imposed by Chapter 44, Sections 54 and 55 of the General Laws do not apply to city and town retirement systems.

A breakdown of such investments may be obtained from the City Treasurer.

Basis of Accounting

(See the City's audited financial statements attached hereto as Appendix A).

Annual Audits

The City's most recent annual audits have been performed by Powers and Sullivan. The City's most recent audit was completed for fiscal 2020, a copy of which is attached hereto as Appendix A. Copies of previous years' audits are available upon request. A similar audit for the fiscal year ended June 30, 2021 is currently underway and is expected to be complete by January 31, 2022.

The attached report speaks only as of its date and only to the matters expressly set forth therein. The auditors have not been engaged to review this Official Statement or to perform audit procedures regarding the post-audit period, nor have the auditors been requested to give their consent to the inclusion of their report in Appendix A. Except as stated in their report, the auditors have not been engaged to verify the financial information set out in Appendix A and are not passing upon and do not assume responsibility for the sufficiency, accuracy or completeness of the financial information presented in Appendix A.

Financial Statements

Set forth on the following pages are Governmental Funds Balance Sheets for the fiscal years ended June 30, 2021 (draft), June 30, 2020, June 30, 2019 and June 30, 2018, and Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances for the years ended June 30, 2020, June 30, 2019, June 30, 2018, June 30, 2017 and June 30, 2016. Such statements have been extracted from the City's audited financial statements with the exception of fiscal 2021 financials which have been extracted from the City's draft audited financial statements and are preliminary, subject to revision and change.

CITY OF EVERETT, MASSACHUSETTS

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2021 (1)

	General	City Federal & State Grants	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 51,746,496	$ 36,307,315	$ 25,701,101	$ 13,701,315	$ 127,456,227
Investments	1,603,552	-	-	544,394	2,147,946
Receivables, net of uncollectibles:					
Real estate and personal property taxes	6,287,353	-	-	-	6,287,353
Tax liens	2,388,400	-	-	-	2,388,400
Motor vehicle and other excise taxes	1,203,045	-	-	-	1,203,045
Departmental and other	1,256,283	-	-	2,191,276	3,447,559
Intergovernmental	5,258	1,502,245	-	2,319,058	3,826,561
Due from other funds	1,255,313	-	-	-	1,255,313
Prepaid expenditure	17,599,547	-	-	-	17,599,547
	$ 83,345,247	$ 37,809,560	$ 25,701,101	$ 18,756,043	$ 165,611,951
LIABILITIES					
Warrants payable	$5,248,014	$149,581	$940,542	$726,832	$7,064,969
Accrued payroll	10,073,843	-	-	-	10,073,843
Tax refunds payable	4,707,795	-	-	-	4,707,795
Due to other funds	-	-	-	1,255,313	1,255,313
Other liabilities	496,262	-	-	354,483	850,745
Unearned revenue	8,026,794	35,398,319	-	-	43,425,113
Notes payable	-	-	10,500,000	-	10,500,000
TOTAL LIABILITIES	28,552,708	35,547,900	11,440,542	2,336,628	77,877,778
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	8,771,370	-	-	705,337	9,476,707
TOTAL DEFERRED INFLOWS OF RESOURCES	8,771,370	-	-	705,337	9,476,707
FUND BALANCES					
Nonspendable	-	-	-	1,048,926	1,048,926
Restricted	-	2,261,660	14,260,559	14,665,152	31,187,371
Committed	952,573	-	-	-	952,573
Assigned	12,008,455	-	-	-	12,008,455
Unassigned	33,060,141	-	-	-	33,060,141
TOTAL FUND BALANCES	46,021,169	2,261,660	14,260,559	15,714,078	78,257,466
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 83,345,247	$ 37,809,560	$ 25,701,101	$ 18,756,043	$ 165,611,951

(1) Extracted from the City's draft audited financial statements, preliminary and subject to revision and change.

CITY OF EVERETT, MASSACHUSETTS

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2020 (1)

	General	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 45,135,898	$ 27,115,864	$ 16,374,953	$ 88,626,715
Investments	1,358,902	-	461,338	1,820,240
Receivables, net of uncollectibles:				
Real estate and personal property taxes	5,919,620	-	-	5,919,620
Tax liens	2,553,812	-	-	2,553,812
Motor vehicle and other excise taxes	1,507,426	-	-	1,507,426
Departmental and other	10,016,686	-	-	10,016,686
Intergovernmental	358,231	-	2,587,700	2,945,931
Due from other funds	1,083,639	-	-	1,083,639
	$ 67,934,214	$ 27,115,864	$ 19,423,991	$ 114,474,069
LIABILITIES				
Warrants payable	$3,433,370	$1,260,748	$878,437	$5,572,555
Accrued payroll	9,581,141	-	-	9,581,141
Tax refunds payable	5,300,000	-	-	5,300,000
Due to other funds	-	-	58,728	58,728
Other liabilities	539,712	-	-	539,712
Unearned revenue	-	-	399,118	399,118
Notes payable	-	19,917,000	450,000	20,367,000
TOTAL LIABILITIES	18,854,223	21,177,748	1,786,283	41,818,254
DEFERRED INFLOWS OF RESOURCES				
Taxes paid in advance	907,795	-	-	907,795
Unavailable revenue	8,778,951	-	771,749	9,550,700
TOTAL DEFERRED INFLOWS OF RESOURCES	9,686,746	0	771,749	10,458,495
FUND BALANCES				
Nonspendable	-	-	1,049,074	1,049,074
Restricted	-	5,938,116	15,816,885	21,755,001
Committed	1,282,728	-	-	1,282,728
Assigned	9,790,334	-	-	9,790,334
Unassigned	28,320,183	-	-	28,320,183
TOTAL FUND BALANCES	39,393,245	5,938,116	16,865,959	62,197,320
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 67,934,214	$ 27,115,864	$ 19,423,991	$ 114,474,069

(1) Extracted from the City's audited financial statements.

CITY OF EVERETT, MASSACHUSETTS

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2019 (1)

	General	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 43,105,901	$ 30,627,227	$ 14,295,995	$ 88,029,123
Investments	1,453,858	-	493,575	1,947,433
Receivables, net of uncollectibles:				
Real estate and personal property taxes	5,294,430	-	-	5,294,430
Tax liens	2,211,999	-	-	2,211,999
Motor vehicle and other excise taxes	1,069,071	-	-	1,069,071
Departmental and other	1,371,284	-	290	1,371,574
Intergovernmental	6,803,265	-	4,598,016	11,401,281
Due from other funds	1,169,437	-	-	1,169,437
	$ 62,479,245	$ 30,627,227	$ 19,387,876	$ 112,494,348
LIABILITIES				
Warrants payable	$2,871,000	$1,702,988	$1,077,626	$5,651,614
Accrued payroll	8,255,785	-	-	8,255,785
Tax refunds payable	4,387,956	-	-	4,387,956
Due to other funds	-	-	326,951	326,951
Other liabilities	528,114	-	-	528,114
TOTAL LIABILITIES	16,042,855	1,702,988	1,404,577	19,150,420
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	10,391,909	-	1,026,618	11,418,527
FUND BALANCES				
Nonspendable	-	-	1,048,919	1,048,919
Restricted	-	28,924,239	15,907,762	44,832,001
Committed	1,299,067	-	-	1,299,067
Assigned	8,416,361	-	-	8,416,361
Unassigned	26,329,053	-	-	26,329,053
TOTAL FUND BALANCES	36,044,481	28,924,239	16,956,681	81,925,401
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 62,479,245	$ 30,627,227	$ 19,387,876	$ 112,494,348

(1) Extracted from the City's audited financial statements.

CITY OF EVERETT, MASSACHUSETTS

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2018 (1)

	General	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 53,650,576	$ 19,860,030	$ 11,337,665	$ 84,848,271
Investments	1,274,495	-	432,682	1,707,177
Receivables, net of uncollectibles:				
Real estate and personal property taxes	3,318,159	-	-	3,318,159
Tax liens	2,307,210	-	-	2,307,210
Motor vehicle and other excise taxes	990,054	-	-	990,054
Departmental and other	821,180	-	1,126	822,306
Intergovernmental	3,386,672	-	5,096,304	8,482,976
Due from other funds	841,703	1,096,400	-	1,938,103
	$ 66,590,049	$ 20,956,430	$ 16,867,777	$ 104,414,256
LIABILITIES				
Warrants payable	$2,399,558	$1,143,800	$1,724,947	$5,268,305
Accrued payroll	8,866,247	-	269	8,866,516
Tax refunds payable	573,000	-	-	573,000
Due to other funds	-	-	381,502	381,502
Other liabilities	529,561	-	-	529,561
TOTAL LIABILITIES	12,368,366	1,143,800	2,106,718	15,618,884
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	9,325,606	0	2,112,292	11,437,898
FUND BALANCES				
Nonspendable	-	-	1,048,919	1,048,919
Restricted	-	19,812,630	11,599,848	31,412,478
Committed	1,506,076	-	-	1,506,076
Assigned	6,103,838	-	-	6,103,838
Unassigned	37,286,163	-	-	37,286,163
TOTAL FUND BALANCES	44,896,077	19,812,630	12,648,767	77,357,474
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 66,590,049	$ 20,956,430	$ 16,867,777	$ 104,414,256

(1) Extracted from the City's audited financial statements.

CITY OF EVERETT, MASSACHUSETTS

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Fiscal Year Ended June 30, 2020 (1)

	General Fund	City Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Real estate and personal property taxes, net of tax refunds	$91,230,752	$ -	$ -	$ 91,230,752
Tax liens	446,224	-	-	446,224
Motor vehicle excise taxes	4,248,629	-	-	4,248,629
Chapter 121A excise payments in lieu of taxes	20,000,000	-	-	20,000,000
Community impact fee	5,000,000	-	-	5,000,000
Hotel/motel tax	3,295,972	-	-	3,295,972
Meals tax	1,090,679	-	-	1,090,679
Charges for services	-	-	465,192	465,192
Penalties and interest on taxes	367,259	-	-	367,259
Payments in lieu of taxes	14,112	-	-	14,112
Licenses and permits	1,866,483	-	-	1,866,483
Fines and forfeitures	1,211,590	-	-	1,211,590
Intergovernmental - state aid	83,653,373	-	-	83,653,373
Intergovernmental - School Building Authority	1,730,060	-	-	1,730,060
Intergovernmental - Teachers Retirement	21,543,559	-	-	21,543,559
Intergovernmental	-	-	16,130,731	16,130,731
Intergovernmental - COVID-19 relief	-	-	1,203,874	1,203,874
Departmental and other	3,892,050	-	1,408,291	5,300,341
Contributions and donations	-	-	928,383	928,383
Investment income	688,463	-	17,153	705,616
Total Revenues	$ 240,279,205	$ -	$ 20,153,624	$ 260,432,829
Expenditures:				
Current:				
General government	7,718,691	-	289,763	8,008,454
Public safety	30,050,456	2,272,505	1,821,383	34,144,344
Education	86,399,165	-	11,334,866	97,734,031
City services and facilities	12,749,997	16,563,521	1,605,627	30,919,145
Community development	-	3,744,974	554,857	4,299,831
Human services	3,737,674	145,675	348,809	4,232,158
Libraries and recreation	1,330,010	259,448	386,338	1,975,796
COVID-19	-	-	1,203,874	1,203,874
Pension benefits	15,970,286	-	-	15,970,286
Pension benefits - Teachers Retirement	21,543,559	-	-	21,543,559
Property and liability insurance	2,948,925	-	-	2,948,925
Employee benefits	23,993,817	-	-	23,993,817
State and county charges	14,214,449	-	-	14,214,449
Debt service				
Principal	13,185,415	-	-	13,185,415
Interest	3,087,997	-	-	3,087,997
Total Expenditures	236,930,441	22,986,123	17,545,517	277,462,081
Excess (deficiency) of revenues over expenditures	3,348,764	(22,986,123)	2,608,107	(17,029,252)
Other Financing Sources (Uses):				
Premium from issuance of bonds	-	-	92,466	92,466
Capital transfers out	-	-	(1,758,572)	(1,758,572)
Total Other Financing Sources (Uses)	-	-	(1,666,106)	(1,666,106)
Net Change in Fund Balances	3,348,764	(22,986,123)	942,001	(18,695,358)
Fund Balances at Beginning of Year	36,044,481	28,924,239	15,923,958	80,892,678
Fund Balances at End of Year	$ 39,393,245	$ 5,938,116	$ 16,865,959	$ 62,197,320

(1) Extracted from the City's audited financial statements.

CITY OF EVERETT, MASSACHUSETTS

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Fiscal Year Ended June 30, 2019 (1)

	General Fund	City Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Real estate and personal property taxes, net of tax refunds	$103,363,901	$ -	$ -	$ 103,363,901
Tax liens	315,595	-	-	315,595
Motor vehicle excise taxes	4,441,258	-	-	4,441,258
Meals tax	949,185	-	-	949,185
Charges for services	-	-	1,477,614	1,477,614
Penalties and interest on taxes	410,658	-	-	410,658
Payments in lieu of taxes	14,112	-	-	14,112
Licenses and permits	1,810,445	-	-	1,810,445
Fines and forfeitures	1,472,863	-	-	1,472,863
Intergovernmental - School Building Authority	1,730,061	-	-	1,730,061
Intergovernmental - Teachers Retirement	18,024,254	-	-	18,024,254
Intergovernmental	77,575,738	-	18,635,230	96,210,968
Departmental and other	6,544,756	-	1,540,834	8,085,590
Contributions and donations	-	-	1,136,571	1,136,571
Investment income	860,343	-	30,211	890,554
Total Revenues	$ 217,513,169	$ -	$ 22,820,460	$ 240,333,629
Expenditures:				
Current:				
General government	7,770,690	79,915	988,507	8,839,112
Public safety	32,277,008	2,428,890	1,285,836	35,991,734
Education	80,204,849	-	13,541,442	93,746,291
City services and facilities	11,947,279	5,067,739	2,034,926	19,049,944
Community development	-	1,384,599	815,730	2,200,329
Human services	3,101,439	-	528,341	3,629,780
Libraries and recreation	1,606,478	243,248	367,764	2,217,490
Pension benefits	15,182,573	-	-	15,182,573
Pension benefits - Teachers Retirement	18,024,254	-	-	18,024,254
Property and liability insurance	2,990,592	-	-	2,990,592
Employee benefits	23,714,096	-	-	23,714,096
State and county charges	15,170,707	-	-	15,170,707
Debt service				
Principal	11,618,866	-	-	11,618,866
Interest	2,755,934	-	-	2,755,934
Total Expenditures	226,364,765	9,204,391	19,562,546	255,131,702
Excess (deficiency) of revenues over expenditures	(8,851,596)	(9,204,391)	3,257,914	(14,798,073)
Other Financing Sources (Uses):				
Issuance of bonds	-	16,651,250	961,750	17,613,000
Premium from issuance of bonds	-	1,664,750	88,250	1,753,000
Total Other Financing Sources (Uses)	-	18,316,000	1,050,000	19,366,000
Net Change in Fund Balances	(8,851,596)	9,111,609	4,307,914	4,567,927
Fund Balances at Beginning of Year	44,896,077	19,812,630	12,648,767	77,357,474
Fund Balances at End of Year	$ 36,044,481	$ 28,924,239	$ 16,956,681	$ 81,925,401

(1) Extracted from the City's audited financial statements.

CITY OF EVERETT, MASSACHUSETTS

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Fiscal Year Ended June 30, 2018 (1)

	General Fund	City Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Real estate and personal property taxes, net of tax refunds	$102,010,368	$ -	$ -	$ 102,010,368
Tax liens	533,003	-	-	533,003
Motor vehicle excise taxes	4,529,689	-	-	4,529,689
Meals tax	622,963	-	-	622,963
Charges for services	-	-	983,777	983,777
Penalties and interest on taxes	389,436	-	-	389,436
Payments in lieu of taxes	14,112	-	-	14,112
Licenses and permits	1,897,721	-	-	1,897,721
Fines and forfeitures	1,412,090	-	-	1,412,090
Intergovernmental - Teachers Retirement	17,471,774	-	-	17,471,774
Intergovernmental	77,287,150	256,337	16,472,425	94,015,912
Departmental and other	4,066,542	-	1,261,202	5,327,744
Contributions and donations	-	-	1,542,796	1,542,796
Investment income	353,508	-	5,417	358,925
Miscellaneous	-	-	213,605	213,605
Total Revenues	$ 210,588,356	$ 256,337	$ 20,479,222	$ 231,323,915
Expenditures:				
Current:				
General government	7,568,703	-	828,841	8,397,544
Public safety	30,641,525	2,782,119	1,292,748	34,716,392
Education	81,742,964	38,585	15,481,366	97,262,915
City services and facilities	11,510,446	3,550,805	846,604	15,907,855
Community development	-	-	1,343,347	1,343,347
Human services	3,500,253	289,069	533,731	4,323,053
Libraries and recreation	1,774,926	4,022,333	652,251	6,449,510
Pension benefits	14,407,132	-	-	14,407,132
Pension benefits - Teachers Retirement	17,471,774	-	-	17,471,774
Property and liability insurance	2,331,885	-	-	2,331,885
Employee benefits	23,146,974	-	-	23,146,974
Claims and judgments	14,465	-	-	14,465
State and county charges	14,222,816	-	-	14,222,816
Debt service				
Principal	10,062,416	-	-	10,062,416
Interest	2,491,194	-	-	2,491,194
Total Expenditures	220,887,473	10,682,911	20,978,888	252,549,272
Excess (deficiency) of revenues over expenditures	(10,299,117)	(10,426,574)	(499,666)	(21,225,357)
Other Financing Sources (Uses):				
Is Issuance of bonds	-	12,969,500	555,950	13,525,450
Premium from issuance of bonds	-	1,096,400	44,050	1,140,450
Transfers in	665,208	825,932	214,673	1,705,813
Transfers out	(825,932)	(214,673)	-	(1,040,605)
Total Other Financing Sources (Uses)	(160,724)	14,677,159	814,673	15,331,108
Net Change in Fund Balances Before Special Item	(10,459,841)	4,250,585	315,007	(5,894,249)
Special Item				
Host agreement revenue	12,500,000	-	-	12,500,000
Net Change in Fund Balances	2,040,159	4,250,585	315,007	6,605,751
Fund Balances at Beginning of Year	42,855,918	15,562,045	12,333,760	70,751,723
Fund Balances at End of Year	$ 44,896,077	$ 19,812,630	$ 12,648,767	$ 77,357,474

(1) Extracted from the City's audited financial statements.

CITY OF EVERETT, MASSACHUSETTS

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Fiscal Year Ended June 30, 2017 (1)

	General Fund	City Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Real estate and personal property taxes, net of tax refunds	$94,687,299	$ -	$ -	$ 94,687,299
Tax liens	329,151	-	-	329,151
Motor vehicle excise taxes	4,352,191	-	-	4,352,191
Local options meals tax	545,969	-	-	545,969
Charges for services	-	-	1,079,426	1,079,426
Penalties and interest on taxes	351,992	-	-	351,992
Payments in lieu of taxes	14,112	-	-	14,112
Licenses and permits	1,337,627	-	-	1,337,627
Fines and forfeitures	1,697,985	-	-	1,697,985
Intergovernmental	95,162,516	-	16,274,250	111,436,766
Departmental and other	3,207,803	-	1,609,775	4,817,578
Contributions	-	146,312	1,064,954	1,211,266
Investment income	207,605	-	9,607	217,212
Miscellaneous	-	-	159,460	159,460
Total Revenues	$ 201,894,250	$ 146,312	$ 20,197,472	$ 222,238,034
Expenditures:				
Current:				
General government	6,252,282	-	993,395	7,245,677
Public safety	28,313,238	220,004	1,297,780	29,831,022
Education	75,716,039	-	16,971,108	92,687,147
City services and facilities	10,017,147	2,788,368	1,365,077	14,170,592
Community development	-	-	619,302	619,302
Human services	2,820,822	-	245,264	3,066,086
Libraries and recreation	1,794,078	3,104,224	540,139	5,438,441
Pension benefits	31,555,542	-	-	31,555,542
Property and liability insurance	2,176,093	-	-	2,176,093
Employee benefits	22,630,843	-	-	22,630,843
Claims and judgments	251,692	-	-	251,692
State and county charges	13,511,625	-	-	13,511,625
Debt service				
Principal	8,544,416	-	-	8,544,416
Interest	2,285,758	-	-	2,285,758
Total Expenditures	205,869,575	6,112,596	22,032,065	234,014,236
Excess (deficiency) of revenues over expenditures	(3,975,325)	(5,966,284)	(1,834,593)	(11,776,202)
Other Financing Sources (Uses):				
Issuance of debt	-	8,317,000	4,100,000	12,417,000
Premium from issuance of debt	-	1,072,664	-	1,072,664
Transfers in	611,279	881,761	-	1,493,040
Transfers out	(450,000)	-	(431,761)	(881,761)
Total Other Financing Sources (Uses)	161,279	10,271,425	3,668,239	14,100,943
Net Change in Fund Balances Before Special Item	(3,814,046)	4,305,141	1,833,646	2,324,741
Special Item				
Host agreement revenue	12,500,000	-	-	12,500,000
Net Change in Fund Balances	8,685,954	4,305,141	1,833,646	14,824,741
Fund Balances at Beginning of Year	34,169,964	11,256,904	10,500,114	55,926,982
Fund Balances at End of Year	$ 42,855,918	$ 15,562,045	$ 12,333,760	$ 70,751,723

(1) Extracted from the City's audited financial statements.

CITY OF EVERETT, MASSACHUSETTS

Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balances

Fiscal Year Ended June 30, 2016 (1)

	General Fund	City Capital Projects Funds	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Real estate and personal property taxes, net of tax refunds	$ 92,604,668	$ -	$ -	$ 92,604,668
Tax liens	670,234	-	-	670,234
Motor vehicle excise taxes	4,013,283	-	-	4,013,283
Local options meals tax	550,625	-	-	550,625
Charges for services	-	-	1,106,605	1,106,605
Penalties and interest on taxes	513,731	-	-	513,731
Payments in lieu of taxes	14,112	-	-	14,112
Licenses and permits	1,212,658	-	-	1,212,658
Fines and forfeitures	1,666,292	-	-	1,666,292
Intergovernmental	87,137,262	299,650	15,731,731	103,168,643
Departmental and other	1,904,473	-	1,015,055	2,919,528
Contributions	-	-	856,519	856,519
Investment income	195,677	6,690	28,637	231,004
Miscellaneous	-	-	33,727	33,727
Total Revenues	$ 190,483,015	$ 306,340	$ 18,772,274	$ 209,561,629
Expenditures:				
Current:				
General government	5,864,460	-	923,260	6,787,720
Public safety	26,174,860	30,892	1,229,632	27,435,384
Education	74,774,720	-	15,679,066	90,453,786
City services and facilities	9,416,437	5,550,518	129,313	15,096,268
Community development	-	-	888,658	888,658
Human services	2,943,399	-	296,659	3,240,058
Libraries and recreation	1,350,831	1,383,648	412,763	3,147,242
Pension benefits	25,272,172	-	-	25,272,172
Property and liability insurance	1,924,506	-	-	1,924,506
Employee benefits	21,218,548	-	-	21,218,548
State and county charges	11,599,413	-	-	11,599,413
Debt service				
Principal	7,159,415	-	-	7,159,415
Principal - current refunding	14,623,490	-	-	14,623,490
Interest	1,736,113	-	-	1,736,113
Total Expenditures	204,058,364	6,965,058	19,559,351	230,582,773
Excess (deficiency) of revenues over expenditures	(13,575,349)	(6,658,718)	(787,077)	(21,021,144)
Other Financing Sources (Uses):				
Issuance of debt	-	13,607,000	4,250,000	17,857,000
Issuance of refunding bonds	13,805,000	-	-	13,805,000
Premium from issuance of debt	1,719,490	-	-	1,719,490
Premium from issuance of refunding bonds	938,681	-	-	938,681
Transfers in	1,065,246	193,242	-	1,258,488
Transfers out	(251,566)	-	(488,534)	(740,100)
Total Other Financing Sources (Uses)	17,276,851	13,800,242	3,761,466	34,838,559
Net Change in Fund Balances Before Special Item	3,701,502	7,141,524	2,974,389	13,817,415
Special Item				
Host agreement revenue	5,000,000	-	-	5,000,000
Fund Balances at Beginning of Year	25,468,462	4,115,380	7,525,725	37,109,567
Fund Balances at End of Year	$ 34,169,964	$ 11,256,904	$ 10,500,114	$ 55,926,982

(1) Extracted from the City's audited financial statements.

Free Cash and Unassigned General Fund Balances

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy.

Under the Uniform Municipal Accounting System (UMAS) prescribed by The Commonwealth of Massachusetts Department of Revenue, subject to certain adjustments free cash is surplus revenue less uncollected overdue property taxes from earlier years. Uncollected property taxes are fully reserved under UMAS.

The following table sets forth the trend in free cash as certified by the Bureau of Accounts and compares it with General Fund Equity and Unassigned General Fund Balance under GAAP.

	GAAP		UMAS
Fiscal Year	General Fund Equity	Unassigned General Fund Balance (1)	Free Cash (2) (July 1)
2021	$ 46,021,169 (3)	$ 33,060,141 (3)	$ 10,500,000 (est.)
2020	39,393,245	28,320,183	10,637,026
2019	36,044,481	26,329,053	14,312,691
2018	44,896,077	37,286,163	9,995,301
2017	42,855,918	36,217,508	6,576,560
2016	34,169,964	29,069,013	6,705,227

(1) Source: Extracted from audited financials, except as noted.
(2) Subject to certain adjustments, free cash is surplus revenue less uncollected and overdue property taxes from the year just ended and prior fiscal years. Surplus revenue and free cash are calculated without regard to any overlay deficit (from tax abatements in excess of the overlay) or revenue deficit (generally a result of non-property tax receipts being less than estimates), both of which are added to the next tax levy.
(3) Source: Extracted from draft audited financials, preliminary and subject to revision and change.

Stabilization Fund

Funded by appropriations from the General Fund, the Stabilization Fund, plus interest income, may be accumulated (within certain legal restrictions) and subsequently appropriated for any municipal purpose by a 2/3 majority vote of the City Council. It is accounted for as an “Expendable Trust Fund” within the City’s Fiduciary Funds. The following table sets forth the aggregate stabilization fund balances for the last five fiscal years.

June 30	Stabilization Fund Balances	
2021	$ 10,908,236	
2020	9,570,397	
2019	7,145,138	(1)
2018	17,585,661	
2017	21,185,739	

(1) Decrease attributable to appropriation of $12.5 million balance in the Community Enhancement Fee Stabilization account to reduce the 2019 tax rate.

Tax Increment Financing for Development Districts

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town’s development program for the district. This includes pledging such “tax increments” for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see “Property Tax Limitation” under “PROPERTY TAXATION” above.)

The City has not established any development districts.

INDEBTEDNESS

Authorization Procedure and Limitations

Serial bonds and notes are authorized by vote of two-thirds of all the members of the city council, on the recommendation of the mayor. Provision is made for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the city council. Borrowings for some purposes require State administrative approval. When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary loans in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be made by the treasurer with the approval of the Mayor.

Debt Limits

General Debt Limits. The General Debt Limit of the City consists of a Normal Debt Limit and a Double Debt Limit. The Normal Debt Limit is 5 percent of the valuation of taxable property as last equalized by the State Department of Revenue. The City can authorize debt up to this amount without state approval. It can authorize debt up to twice this amount (the Double Debt Limit) with the approval of the State Municipal Finance Oversight Board consisting of the Attorney General, the State Treasurer, the State Auditor, and the Director of Accounts.

There are many categories of general obligation debt which are exempt from and do not count against the General Debt Limit. Among others, these exempt categories include revenue anticipation notes and grant anticipation notes, emergency loans, loans exempted by special laws, certain school bonds, sewer bonds, bonds for water, gas, electric and telecommunication systems, solid waste disposal facility bonds and economic development bonds supported by tax increment financing, and subject to special debt limits, bonds for housing, urban renewal, and economic development (subject to various debt limits). Revenue bonds are not subject to these debt limits. The General Debt Limit and the special debt limit for water bonds apply at the time debt is authorized. The other special debt limits generally apply at the time debt is incurred.

Revenue Anticipation Notes. The amount borrowed in each fiscal year by the issue of revenue anticipation notes is limited to the tax levy of the prior fiscal year, together with the net receipts in the prior fiscal year from the motor vehicle excise and certain payments made by the Commonwealth in lieu of taxes. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "Taxation to Meet Deficits" under "PROPERTY TAX" above.) In any event, the period from an original borrowing to its final maturity cannot exceed one year.

Types of Obligations

General Obligations. Massachusetts cities and towns are authorized to issue general obligation indebtedness of these types:

Serial Bonds and Notes. These are generally required to be payable in annual principal amounts beginning no later than the end of the next fiscal year commencing after the date of issue and ending within the terms permitted by law. A level debt service schedule, or a schedule that provides for a more rapid amortization of principal than level debt service, is permitted. The principal amounts of certain economic development bonds supported by tax increment financing may be payable in equal, diminishing or increasing amounts beginning within 5 years after the date of issue. The maximum terms of serial bonds and notes vary from one year to 40 years, depending on the purpose of the issue. The maximum terms permitted are set forth in the statutes. In addition, for many projects, the maximum term may be determined in accordance with useful life guidelines promulgated by the State Department of Revenue (“DOR”). Serial bonds and notes may be issued for the purposes set forth in the statutes. In addition, serial bonds and notes may be issued for any other public work improvement or asset not specifically listed in the Statutes that has a useful life of at least 5 years. Bonds or notes may be made callable and redeemed prior to their maturity, and a redemption premium may be paid. Refunding bonds or notes may be issued subject to the maximum applicable term measured from the date of the original bonds or notes and must produce present value savings over the debt service of the refunded bonds. Generally, the first required annual payment of principal of the refunding bonds cannot be later than the first principal payment of any of the bonds or notes being refunded thereby, however, principal payments made before the first principal payment of any of the bonds or notes being refunded thereby may be in any amount.

Serial bonds may be issued as “qualified bonds” with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt

service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

Tax Credit Bonds or Notes. Subject to certain provisions and conditions, the officers authorized to issue bonds or notes may designate any duly authorized issue of bonds or notes as "tax credit bonds" to the extent such bonds and notes are otherwise permitted to be issued with federal tax credits or other similar subsidies for all or a portion of the borrowing costs. Tax credit bonds may be made payable without regard to the annual installments required by any other law, and a sinking fund may be established for the payment of such bonds. Any investment that is part of such a sinking fund may mature not later than the date fixed for payment or redemption of the applicable bonds.

Bond Anticipation Notes. These generally must mature within two years of their original dates of issuance but may be refunded from time to time for a period not to exceed ten years from their original dates of issuance, provided that for each year that the notes are refunded beyond the second year they must be paid in part from revenue funds in an amount at least equal to the minimum annual payment that would have been required if the bonds had been issued at the end of the second year. For certain school projects, however, notes may be refunded from time to time for a period not to exceed seven years without having to pay any portion of the principal of the notes from revenue funds. The maximum term of bonds issued to refund bond anticipation notes is measured (except for certain school projects) from the date of the original issue of the notes.

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year but, if payable in less than one year, may be refunded from time to time up to one year from the original date of issue.

Grant Anticipation Notes. These are issued for temporary financing in anticipation of federal grants and state and county reimbursements. Generally, they must mature within two years but may be refunded from time to time as long as the municipality remains entitled to the grant or reimbursement.

Revenue Bonds. Cities and towns may issue revenue bonds for solid waste disposal facilities, for projects financed under the Commonwealth Clean Water Revolving Loan Programs and for certain economic development projects supported by tax increment financing. In addition to general obligation bonds and notes, cities and towns having electric departments may issue revenue bonds, and notes in anticipation of such bonds, subject to the approval of the State Department of Telecommunications and Energy.

Direct Debt Summary
As of June 30, 2021 (1)

General Obligation Bonds:		
Schools (2)	$ 17,997,984	
Sewer	1,465,000	
Water (3)	2,140,000	
MWRA Water (3)	8,290,300	
MWRA Sewer	815,850	
Water/Sewer Departmental Equipment	130,000	
MCWT (4)	2,981,538	
General (5)	60,188,000	
Total Long-Term Debt Outstanding		$ 94,008,672
Bonds to be dated January 25, 2022		
Tax Exempt - This Issue		13,450,000
Taxable		10,455,000
Temporary Loans:		
Bond Anticipation Notes (6)	10,500,000	
Less:		
To Be Retired with Pending Issue of Taxable Bonds	(10,500,000)	
Total Short-Term Debt Outstanding		-
Total Direct Debt		$ 117,913,672

(1) Principal amounts only. Excludes lease and installment purchase obligations, overlapping debt unfunded pension liability and other unfunded post-employment benefits liability.
(2) $5,392,983 is not subject to the City's debt limit.
(3) Not subject to the City's debt limit, subject to a separate water debt limit.
(4) Massachusetts Clean Water Trust; the City expects to receive total subsidies from the trust in the amount of $16,280 for the payment of principal and interest. Fully supported by user fees.
(5) $653,000 is not subject to the City's debt limit.
(6) Payable February 11, 2022.

Debt Service Requirements

The following table sets forth the required principal and interest payments on outstanding general obligation bonds of the City of Everett as of June 30, 2021.

General Obligation Debt
Debt Service Requirements as of June 30, 2021

Fiscal Year	Outstanding Principal	Outstanding Interest	Total Principal and Interest	MCWT Subsidy	Net Debt Service
2022	$ 11,039,683	$ 3,294,109	$ 14,333,792	$ (3,394)	$ 14,330,399
2023	10,625,215	2,735,588	13,360,804	(2,995)	13,357,809
2024	9,393,341	2,340,610	11,733,951	(2,088)	11,731,863
2025	7,712,908	2,001,320	9,714,227	-	9,714,227
2026	7,511,572	1,725,888	9,237,460	-	9,237,460
2027	6,676,338	1,469,293	8,145,631	-	8,145,631
2028	6,437,682	1,234,471	7,672,153	-	7,672,153
2029	6,049,557	1,028,573	7,078,130	-	7,078,130
2030	5,519,638	830,823	6,350,461	-	6,350,461
2031	4,897,892	656,029	5,553,921	-	5,553,921
2032	3,763,570	501,966	4,265,536	-	4,265,536
2033	3,538,659	384,214	3,922,874	-	3,922,874
2034	2,712,962	277,999	2,990,961	-	2,990,961
2035	2,279,439	207,218	2,486,657	-	2,486,657
2036	1,859,784	150,848	2,010,632	-	2,010,632
2037	1,405,431	102,759	1,508,190	-	1,508,190
2038	1,040,000	61,656	1,101,656	-	1,101,656
2039	755,000	32,438	787,438	-	787,438
2040	395,000	12,591	407,591	-	407,591
2041	395,000	4,197	399,197	-	399,197
Total	$ 94,008,672	$ 19,052,589	$ 113,061,262	$ (8,477)	$ 113,052,785

Principal Payments by Purpose

The following table sets forth the projected principal payments by purpose on outstanding general obligation bonds of the City of Everett as of June 30, 2021.

General Obligation Debt
Debt Service Requirements as of June 30, 2021 (1)

Fiscal Year	Schools (2)	Sewer	Water (3)	Water/Sewer Departmental Equipment	MWRA Water (3)	MWRA Sewer	MCWT (4)	General (5)	Total
2022	$ 1,963,415	$ 109,000	$ 530,000	$ 65,000	$ 1,157,306	$ 95,795	$ 227,167	$ 6,892,000	$ 11,039,683
2023	1,850,415	109,000	510,000	65,000	1,134,464	95,795	236,541	6,624,000	10,625,215
2024	1,791,415	109,000	400,000	-	969,120	95,795	241,011	5,787,000	9,393,341
2025	1,792,415	109,000	140,000	-	969,120	95,795	215,577	4,391,000	7,712,908
2026	1,783,415	109,000	140,000	-	869,120	95,795	220,242	4,294,000	7,511,572
2027	1,104,415	79,000	140,000	-	869,120	95,795	225,008	4,163,000	6,676,338
2028	1,092,415	78,000	140,000	-	769,120	60,270	229,876	4,068,000	6,437,682
2029	1,082,415	78,000	140,000	-	675,020	60,270	234,851	3,779,000	6,049,557
2030	1,077,415	78,000	-	-	575,020	60,270	239,933	3,489,000	5,519,638
2031	989,415	78,000	-	-	302,890	60,270	240,317	3,227,000	4,897,892
2032	935,415	78,000	-	-	-	-	234,155	2,516,000	3,763,570
2033	888,415	78,000	-	-	-	-	239,244	2,333,000	3,538,659
2034	440,000	77,000	-	-	-	-	67,962	2,128,000	2,712,962
2035	422,000	77,000	-	-	-	-	69,439	1,711,000	2,279,439
2036	372,000	77,000	-	-	-	-	29,784	1,381,000	1,859,784
2037	228,000	77,000	-	-	-	-	30,431	1,070,000	1,405,431
2038	80,000	65,000	-	-	-	-	-	895,000	1,040,000
2039	65,000	-	-	-	-	-	-	690,000	755,000
2040	20,000	-	-	-	-	-		375,000	395,000
2041	20,000	-	-	-	-	-		375,000	395,000
Total	$ 17,997,984	$ 1,465,000	$ 2,140,000	$ 130,000	$ 8,290,300	$ 815,850	$ 63,169,538	$ 60,188,000	$ 94,008,672

(1) Principal amounts only. Excludes lease and installment purchase obligations, overlapping debt unfunded pension liability and other unfunded post-employment benefits liability.
(2) $5,392,983 is not subject to the City's debt limit.
(3) Not subject to the City's debt limit, subject to a separate water debt limit.
(4) Massachusetts Clean Water Trust; the City expects to receive total subsidies from the trust in the amount of $16,280 for the payment of principal and interest. Fully supported by user fees.
(5) $653,000 is not subject to the City's debt limit.

Authorized Unissued Debt and Prospective Financing

Following delivery of the Bonds, the City will have approximately $10.3 million authorized unissued debt for various municipal projects.

Debt Ratios

The following table sets forth the ratio of debt to equalized valuation and per capita debt ratios at the end of the five most recent fiscal years. The table considers the principal amount of general obligation bonds of the City of Everett only. The table does not deduct anticipated state grant payments applicable to the principal amount of outstanding bonds or debt that may be supported in whole, or part, by non-tax revenues. (See "Direct Debt Summary.")

Fiscal Year End	General Obligation Bonds Outstanding	Population (1)	Equalized Valuation (2)	Per Capita Debt	Ratio Debt To Equalized Valuation
2021	$ 94,008,672	41,667	$ 7,029,819,300	$ 2,256	1.34 %
2020	82,434,994	41,667	5,767,100,400	1,978	1.43
2019	94,643,442	41,667	5,767,100,400	2,271	1.64
2018	89,004,236	41,667	4,584,699,100	2,136	1.94
2017	85,856,303	41,667	4,584,699,100	2,061	1.87

(1) Based on a population of 41,667 (2010 Census).
(2) 2016 equalized valuation is used for fiscal years 2017 and 2018; 2018 equalized valuation is used for fiscal years 2019 and 2020; 2020 equalized valuation is used for fiscal year 2021.

Overlapping Debt

The City of Everett is located in Middlesex County and is a member of the Massachusetts Water Resources Authority (MWRA), the Massachusetts Bay Transportation Authority (MBTA), and the Boston Metropolitan District. The following table sets forth the outstanding bonded debt, exclusive of temporary loans in anticipation of bonds or current revenue, of the MWRA and the MBTA and the City of Everett's gross share of such debt and the fiscal 2022 dollar assessment for each.

Overlapping Entity (1)	Outstanding Debt	Everett Estimated Share of Debt	Fiscal 2022 Dollar Assessment (Debt & Operating Expenses)
Massachusetts Water Resources Authority (2):			
Water	$1,960,227,000	2.142%	$ 3,664,040
Sewer	3,153,683,000	1.895%	6,296,772
Massachusetts Bay Transportation Authority (3)	5,149,356,000	1.795%	3,156,100

(1) Excludes debt of the Commonwealth.
(2) Source: Massachusetts Water Resources Authority ("MWRA"). Debt is as of June 30, 2021. The MWRA was established to succeed to the waterworks and sewer operations of the Metropolitan District Commission (the "MDC"). The MDC formerly administered the affairs of the Metropolitan Sewerage District, the Metropolitan Water District and the Metropolitan Parks District, each district consisting of the City of Boston and other cities and towns in the Boston area. The MWRA commenced operations on July 1, 1985. Under its enabling legislation, as amended, the aggregate amount of all bonds issued by the MWRA for its corporate purposes may not exceed $6.1 billion outstanding at any time. Its obligations are secured by revenues of the MWRA. The MWRA assesses member cities and towns, which continue to provide direct retail water and sewer services to users. The cities and towns collect fees from the users to pay all or part of the assessments; some municipalities levy property taxes to pay part of the amounts assessed upon them.
(3) Source: Massachusetts Bay Transportation Authority. Debt is as of June 30, 2021. The MBTA was created in 1964 to finance and operate mass transportation facilities within the greater Boston metropolitan area. Under its enabling act, the MBTA is authorized to issue bonds for capital purposes, other than refunding bonds, and for certain specified purposes to an outstanding amount, which does not exceed the aggregate principal amount of $3,556,300,000. In addition, pursuant to certain of the Commonwealth's transportation bond bills, the MBTA is authorized to issue additional bonds for particular capital projects. The MBTA also is authorized to issue bonds of the purpose of refunding bonds. Under the MBTA's enabling act as recently amended, debt service, as well as other operating expenses of the MBTA, are to be financed by a dedicated revenue stream consisting of the amounts assessed on the cities and towns of the MBTA and a dedicated portion of the statewide sales tax. The amount assessed to each city and town is based on its weighted percentage of the total population of the cities and towns in the MBTA as provided in the enabling act. The aggregate amount of such assessments is not permitted to increase by more than 2.5 percent per year.

Contractual Obligations

Municipal contracts are generally limited to currently available appropriations. A city or town generally has authority to enter into contracts for the exercise of any of its corporate powers for any period of time deemed to serve its best interests, but generally only when funds are available for the first fiscal year; obligations for succeeding fiscal years generally are expressly subject to availability and appropriation of funds. Municipalities have specific authority in relatively few cases to enter long term contractual obligations not subject to annual appropriation, including contracts for refuse disposal and sewage treatment and disposal. Municipalities may also enter into long-term contracts in aid of housing and renewal projects. There may be implied authority to make other long-term contracts required to carry out authorized municipal functions, such as contracts to purchase water from private water companies.

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities. Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

Pursuant to the Home Rule Amendment to the Massachusetts Constitution, cities and towns may also be empowered to make other contracts and leases.

The City has an agreement with Capital Waste Services, Inc. for refuse disposal and recyclables collection that expires June 30, 2025. The following table sets forth current and recent costs under the contract.

Fiscal Year		Cost
2022	(budgeted)	$ 2,040,000
2021		1,874,695
2020		1,910,843
2019		1,835,060
2018		1,784,000
2017		1,649,244

RETIREMENT PLAN

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

The obligations of a city or town, whether direct or through a county system, are contractual legal obligations and are required to be included in the annual tax levy. If a city or town, or the county system of which it is a member, has not established a retirement system funding schedule as described below, the city or town is required to provide for the payment of the portion of its current pension obligations which is not otherwise covered by employee contributions and investment income. "Excess earnings," or earnings on individual employees' retirement accounts in excess of a predetermined rate, are required to be set aside in a pension reserve fund for future, not current, pension liabilities. Cities and towns may voluntarily appropriate to their system's pension reserve fund in any given year up to five percent of the preceding year's tax levy. The aggregate amount in the fund may not exceed ten percent of the equalized valuation of the city or town.

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the

state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule, thus providing for a shorter schedule rather than reduced payments.

City, town and county systems may choose to participate in the Pension Reserves Investment Trust Fund (the "PRIT Fund"), which receives additional state funds to offset future pension costs of participating state and local systems. If a local system participates in the PRIT Fund, it must transfer ownership and control of all assets of its system to the Pension Reserves Investment Management Board, which manages the investment and reinvestment of the PRIT Fund. Cities and towns with systems participating in the PRIT Fund continue to be obligated to fund their pension obligations in the manner described above. The additional state appropriations to offset future pension liabilities of state and local systems participating in the PRIT Fund are required to total at least 1.3 percent of state payroll. Such additional state appropriations are deposited in the PRIT Fund and shared by all participating systems in proportion to their interests in the assets of the PRIT Fund as of July 1 for each fiscal year.

Cost-of-living increases for each local retirement system may be granted and funded only by the local system, and only if it has established a funding schedule. Those statutory provisions are subject to acceptance by the local retirement board and approval by the local legislative body, which acceptance may not be revoked.

The City contributes to the City of Everett Contributory Retirement System, established under Chapter 32 of the Massachusetts General Laws. Benefits paid under the plan include an annuity portion funded from amounts contributed by the participants, and a pension portion funded by the City. The participants contribute a percentage of their compensation annually (between 5%-11%), determined by their date of employment and annual compensation. The City pays the entire retirement allowance of certain retirees who are eligible for non-contributory benefits.

There are approximately 541 retired persons or surviving beneficiaries currently receiving pensions under the contributory and non-contributory plans, respectively. The following table lists the annual required contribution of the City to each retirement system for each of the fiscal years shown:

Year Ending	Contributory	Non-Contributory
June 30, 2022 (budgeted)	$17,599,547	$49,100
June 30, 2021	16,694,223	49,100
June 30, 2020	15,970,286	49,100
June 30, 2019	15,970,286	49,100
June 30, 2018	15,182,738	25,152
June 30, 2017	13,703,004	35,000

The estimated unfunded actuarial liability of the contributory retirement systems on January 1, 2020 was approximately $105,031,673 assuming an actuarial value of assets of $177,706,713 and a 7.375% investment rate of return. The City expects to fully fund this liability by 2030 as shown in the schedule below.

The foregoing data does not include the retirement system costs or liabilities of any larger entity, such as the county, of which the municipality is a constituent part and for which the municipality is assessed a share of expenses. Additional information regarding the Everett Contributory Retirement System can be found on: http://www.mass.gov/perac.

Current Funding Schedule

Fiscal Year	Normal Cost	Net 3(8)(c)	Amort. of UAL	Amort. of 2002 ERIP	Amort. of 2003 ERIP	Amort. of 2010 ERIP	Total Cost	Unfunded Act. Liab.	Total Cost % Increase
2021	4,578,410	140,000	12,059,854	77,274	252,404	168,620	17,276,562	108,904,716	
2022	4,784,438	140,000	12,704,545	80,751	263,763	168,620	18,142,118	103,452,123	5.01%
2023	4,999,738	140,000	13,382,662	84,385	275,632	168,620	19,051,038	96,889,233	5.01%
2024	5,224,726	140,000	14,264,551	88,183	288,035		20,005,495	89,097,556	5.01%
2025	5,459,839	140,000	15,014,784	92,151	300,997		21,007,770	79,947,975	5.01%
2026	5,705,531	140,000	15,803,889	96,298	314,542		22,060,259	69,299,872	5.01%
2027	5,962,280	140,000	16,633,871	100,631	328,696		23,165,478	57,000,173	5.01%
2028	6,230,583	140,000	17,955,486				24,326,069	42,882,327	5.01%
2029	6,510,959	140,000	18,893,846				25,544,805	26,765,196	5.01%
2030	6,803,952	140,000	8,451,862				15,395,815	8,451,862	-39.73%
2031	7,110,130	140,000					7,250,130	0	-52.91%

All amounts assume payments will be made July 1 of each fiscal year.
Total appropriation assumed to increase 5.01% each year until FY29, with a final amortization payment in FY30.
FY21 normal cost includes assumed expenses of $850,000 and is assumed to increase 4.5% per year.
FY21 appropriation was maintained at the same level as the prior schedule.

SOURCE: January 1, 2020 Everett Contributory Retirement System Actuarial Valuation, PERAC.

Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The recent trend in the City's annual contributions for its other post-employment benefits is as follows:

Fiscal Year Ended June 30,		Pay-As-You-Go Cost
2022	(Budgeted)	$ 8,780,853
2021		8,364,989
2020		8,490,326
2019		7,977,564
2018		7,401,157
2017		7,065,440

The Governmental Accounting Standards Board ("GASB") Statement Nos. 43 and 45 require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payment of these costs as the liability for such costs accrues, but the basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if the cost of such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims. In addition, cities and towns may establish a trust fund for the purpose of pre-funding other post-employment benefits liability in the same manner as traditional pension benefits.

The City performs actuarial valuations of its non-pension, post-employment benefits liability in accordance with GASB reporting requirements. As of June 30, 2021, the total OPEB liability for benefits was $355,113,853 and the plan fiduciary net position was $9,355,524, resulting in a net OPEB liability of $345,778,329, assuming a discount rate of 3.25%. The actuarial determined contribution (ADC) is an amount determined by the actuary pursuant to GASB Statement No. 74/75 which represents a level of funding that, if paid on an ongoing basis, is projected to cover the service cost each year and amortize any unfunded actuarial liabilities. For the fiscal year ending June 30, 2021, the ADC was $25,254,962. The City established another post-employment benefits (OPEB) trust fund in 2014. The balance of the OPEB trust fund as of June 30, 2021 was $8,097,708. The City expects to transfer approximately $800,000 to the fund in fiscal 2022.

EMPLOYEE RELATIONS

The City employs approximately 1,262 workers, 801 of whom are employed by the education department, 282 are employed by public safety departments, 59 are employed by public works departments, and the balance of persons by various other departments of the City. City and school employees (other than managerial and confidential employees) are entitled to join unions and to bargain collectively on questions of wages, hours and other terms and conditions of employment.

Approximately 63 percent of City employees belong to unions or other collective bargaining groups. The City has a total of 14 collective bargaining units, 6 of which relate to the School Department, with which the Mayor and his administration negotiate. These units represent the following collective bargaining groups:

Contract Expiration Dates (1)	Bargaining Union	Union
6/30/2022	Police - Patrolmen	New England Police Benevolent Association Local 94
6/30/2022	Police - Superior Officers	New England Police Benevolent Association Local 95
6/30/2022	Fire Fighters	International Association of Fire Fighters Local 143
6/30/2022	Library	Everett Library Staff Association, MLSA, Local 4928, AFT MA, AFL-CIO
6/30/2022	Civilian Parking Enforcement	Service Employees International Union Local 888
6/30/2023	City Services	Teamsters Local 25
6/30/2022	Clerical	Teamsters Local 25
6/30/2022	E-911	Teamsters Local 24
6/30/2022	School Custodians	SEIU Local 888 Custodians
6/30/2023	School Nurses	Nurses
8/14/2021	School Teachers	Everett Teachers Association
6/30/2021	School Administrators	Administrators Association
6/30/2018	School Paraprofessionals	Paraprofessional Association

(1) Successor agreements for expired contracts are currently in negotiations.

LITIGATION

At present there are a number of lawsuits pending in various courts throughout the Commonwealth where the City is a defendant. In the opinion of the City Solicitor, there is no litigation, either pending or threatened, which is considered likely to result, either individually or in the aggregate, in final judgments against the City that would materially adversely affect its financial position.

CITY OF EVERETT, MASSACHUSETTS
/s/ Monica Ford, Treasurer

January 13, 2022

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APPENDIX A

CITY OF EVERETT

MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

Carlo DeMaria, Jr., Mayor
Eric J. Demas, Chief Financial Officer/City Auditor

Prepared by the City of Everett Finance Department

On the Cover – Everett Square

CITY OF EVERETT, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2020

Prepared by the Finance Department

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CITY OF EVERETT, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2020

TABLE OF CONTENTS

Introductory Section **A-1**

Letter of Transmittal A-3

Organizational Chart A-9

Principal Executive Officers A-10

Certificate of Achievement for Excellence in Financial Reporting A-11

Distinguished Budget Presentation Award A-12

Financial Section **A-13**

Independent Auditor's Report A-15

Management's Discussion and Analysis A-17

Basic Financial Statements A-27

Statement of net position A-29

Statement of activities A-30

Governmental funds – balance sheet A-32

Reconciliation of the governmental funds balance sheet total fund balances to the statement of net position A-33

Governmental funds – statement of revenues, expenditures and changes in fund balances A-34

Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities A-35

Proprietary funds – statement of net position A-36

Proprietary funds – statement of revenues, expenses and changes in net position A-37

Proprietary funds – statement of cash flows A-38

Fiduciary funds – statement of fiduciary net position A-39

Fiduciary funds – statement of changes in fiduciary net position A-40

Notes to basic financial statements A-41

Required Supplementary Information A-81

General fund budgetary comparison schedule A-82

General fund schedule of revenues, expenditures and changes in fund balance – budget and actual A-83

Pension plan schedules – Retirement System A-88

Schedule of changes in the net pension liability and related ratios A-89

Schedule of contributions A-90

Schedule of investment returns A-91

Pension plan schedules - City A-92

Schedule of the City's proportionate share of the net pension liability A-93

Schedule of the City's contributions A-94
Schedule of the special funding amounts of the net pension liability A-95
Other postemployment benefit plan schedules A-96
Schedule of changes in the City's net OPEB liability and related ratios A-97
Schedule of the City's contributions A-98
Schedule of investment returns A-99
Notes to required supplementary information A-100
Combining and Individual Fund Statements A-104
Nonmajor governmental funds A-105
Nonmajor governmental funds – combining balance sheet A-106
Nonmajor governmental funds – combining statement of revenues, expenditures, and changes in fund balances A-108
Internal service funds A-111
Internal service funds – combining statement of net position A-112
Internal service funds – combining statement of revenues, expenses and changes in net position A-113
Internal service funds – combining statement of cash flows A-114
Agency fund A-115
Agency fund – statement of changes in assets and liabilities A-116
Statistical Section A-117
Net position by component – last ten years A-118
Changes in net position – last ten years A-119
Fund balances, governmental funds – last ten years A-121
Changes in fund balances, governmental funds – last ten years A-122
Assessed value and actual value of taxable property by classification and tax rates – last ten years A-124
Principal taxpayers – current year and nine years ago A-125
Property tax levies and collections – last ten years A-126
Ratios of outstanding debt by type – last ten years A-127
Ratios of outstanding debt and general bonded debt – last ten years A-128
Direct and overlapping governmental activities debt – as of June 30, 2020 ..... A-129
Computation of legal debt margin – last ten years A-130
Demographic and economic statistics – last ten years A-131
Principal employers (excluding City) – current year and nine years ago A-132
Full-time equivalent City employees by function – last ten years A-133
Operating indicators by function/program – last ten years A-134
Capital asset statistics by function/program – last ten years A-135
Free cash and stabilization account balances – last ten years A-136

Introductory Section

Gazebo at Glenwood

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Introductory Section

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City of Everett, Massachusetts

Finance Department
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Everett, MA 02149
Ph. (617) 394-2210
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Eric.Demas@ci.everett.ma.us

Letter of Transmittal

January 15, 2021

To the Honorable Mayor, Members of the City Council and Citizens of the City of Everett, Massachusetts:

At the close of each year, state law requires the City of Everett to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Everett, Massachusetts, for the year ending June 30, 2020 for your review.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the year ended June 30, 2020, are fairly presented in conformity with GAAP.

The City of Everett's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended June 30, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended June 30, 2020 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City 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 Everett's separately issued Single Audit Report.

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's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of Everett is located in Middlesex County. It is bordered on the north by the City of Malden, on the east by the Cities of Revere and Chelsea, on the west by the Cities of Medford and Somerville, and on the south by the Mystic River and the City of Boston. Everett has a population of 41,667 (according to the 2010 Federal Census) and occupies a land area of 3.36 square miles. Modern transportation facilities are available to residents and commercial enterprises in the City of Everett. The City maintains a total of 56 miles of roads. Bus transportation within the City and throughout the local region is provided by the Massachusetts Bay Transportation Authority (MBTA). The MBTA maintains a major repair facility in the City.

Incorporated as a town in 1870, and as a city in 1892, Everett had been governed by a Mayor-Council-Alderman form of government, with a two year Mayor, seven aldermen (elected at large), and eighteen councilors (3 elected from each ward). However, on January 1, 2014, the City's Council/Aldermen form of government converted to an elected 11 member City Council, and the Mayor's term converted to 4 years.

The Mayor is elected for four years in November of odd-numbered years. The Mayor is the administrative head of the City. The Mayor acts with the City Council to carry out City business. The Mayor appoints his office staff, the City Solicitor, and the Assistant City Solicitor without City Council confirmation. The appointments of most City department heads, and members of the various boards and commissions, however, require City Council confirmation. The Mayor has the right to veto any order, resolution, or ordinance passed by the Council. However, a veto may be overturned by a two-thirds vote of all councilors. After reviewing and revising estimates prepared by department heads, the Mayor submits the budget to the City Council for final action. The Mayor approves all municipal payrolls, vouchers, contracts and instruments; and recommends bond issues, legislations and orders to the City Council; and represents the City with other levels of government. As the general administrator of all City departments, the Mayor is consulted by department heads pertaining to the City's welfare.

The City Council is primarily the legislative branch of the City government. As the legislative body, the Council confirms appointments made by the Mayor and appropriates all monies necessary for City operation. It can approve, disapprove, or reduce the amount of appropriations, but not add to the appropriation. The Council receives orders of recommendation by the Mayor and petitions from the public, and acts on them after committee study. The City Council also has the power to enact the ordinances and other regulations. A majority of the City Council constitutes a quorum, and the affirmative vote of a majority of all the members of the Council is necessary for the adoption of any motion resolution, or ordinance. In some instances, adoption by a two-thirds vote of the members is required by statute.

The City provides general governmental services for the territory within its boundaries, including police and fire protection, disposal of garbage and rubbish, public education in grades K-12, street maintenance, and parks and recreational facilities. Water and sewer services are provided via connections to the Massachusetts Water Resources Authority. Vocational technical education is provided at the high school level by the City. The entire area of the City is served by the municipal water and sewer system.

The Everett Housing Authority is responsible for managing 671 units of State aided elderly and family housing units for the City. Of the 671 units, 279 are for elderly and 392 are designated for families. These units are owned and operated by the Authority. The Everett Housing Authority does not meet the criteria to be considered a component unit of the City.

In the City of Everett, within 170 days after the annual organization of the city government (which is ordinarily in early January), the Mayor is required to submit a budget of proposed expenditures for the year beginning on the next July 1st. The City Council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the Mayor, the council may not make any appropriation for a purpose not included in the proposed budget, except by a 2/3 vote in the case of a failure of the Mayor to recommend an appropriation for such purpose within seven days after request from the City Council. If the council fails to act on any item of the proposed budget within 45 days, that item takes effect.

The amount raised on the tax recapitulation sheet approved by the Department of Revenue for 2020 totaled approximately $247.5 million, which includes real and personal property tax revenues, State revenues, Massachusetts School Building Authority (MSBA) revenue, local revenues, indirect costs from the water and sewer enterprise fund and the use of $7.0 million of free cash to reduce the tax. These revenues cover general fund and enterprise fund budgeted expenses and a prior year snow and ice deficit. The 2020 tax recapitulation also included the use of $3.9 million of free cash that was used to fund 2019 appropriations.

The City includes the Everett Retirement System (the System) as a fiduciary component unit in its financial reporting since the City represents approximately 97% of the Systems' membership. The System was established to provide retirement benefits to its members, including employees and beneficiaries of the City of Everett and the Everett Housing Authority.

Factors Affecting Economic Condition

According to the Massachusetts Department of Unemployment Assistance, as of June 30, 2020, the City had a total labor force of 28,467 of which 21,913 were employed and 6,554 or 23.0% were unemployed as compared with 17.8% for the Commonwealth. Everett is a diverse City, a blue-collar community with many of its residents working in the trade, transportation, and utility fields. Closely behind are residents working in the education and health services industry.

Power Plant

The City of Everett is home to a power plant containing a multi-unit gas-fueled 1,968 megawatt (MW) steam turbine, electric power generating station. The site was originally developed by Boston Edison Company in the early 1940's with three coal-fired steam generators. The power plant increased development in the 1950's and 1960's; which lead to the construction of three additional units that were eventually converted to oil. A 578 MW unit was added in 1975 and an 8.6 WM jet-turbine generator was added in 1969 and upgraded in 1990 that was used as a "peaking" unit.

As a result of the Massachusetts Electric Utility Restructuring Act of 1997, Boston Edison sold Mystic Station along with its other generating assets for a reported $536 million to Sithe Energies. Exelon Generation Company, LLC acquired Sithe New England in 2002. In 2003, Exelon completed the addition of two new Raytheon built combined-cycle generators to the site, with a generating capacity of 1,400 MG.

Currently, the plant's primary fuel source is a liquefied natural gas (LNG) terminal adjacent to the facility along the Mystic River, currently owned by Distrigas of Massachusetts, who relies on offshore supplies of LNG. The site also contains a substation, switchyards and transformers for supplying power to the electricity grid.

The City of Everett entered into a tax increment financing (TIF) agreement allowed under G.L. Chapter 40 Section 59. The TIF is for a twenty (20) year period from 2001 through 2020. The total TIF payment for this period is $329 million dollars, paid in annual installments of $17.9 million per year during years 2001 - 2010 and $15 million per year during years 2011 - 2020.

For 2020, the power plant's payment of $15 million represented 16.1% of the total tax levy of $93.1 million.

Wynn Everett

On September 15, 2014, the Massachusetts state gaming commission formally voted to award the eastern Massachusetts casino license to Wynn Resorts for its plan in Everett. Prior to the license being awarded to Wynn, the City and Wynn entered into a host agreement, which memorialized the economic and social commitments to the City of Everett. In summary, the City received $30 million of advance payments for a Community Enhancement Fund that was paid during the construction period. Also, once the resort opened for business, which occurred on June 23, 2019, the City began receiving an additional $25 million per year, which increases 2.5% per year for the life of the agreement. Furthermore, Wynn agreed to fund $250,000 annually, increasing by 2.5% per year, to the Everett Citizens Foundation, which will support local groups, associations, and programs with important City initiatives.

These sum specific payments, as well as the conservatively estimated $2.5 million per year in hotel and restaurant taxes paid by Wynn customers, will benefit the City and its residents for decades.

Financial Planning and Forecasting

As part of the City's budget process, the City has included a Five-Year Financial Forecast in its budget document. This is the fifth year that such a forecast has been completed. This forecast acts as a useful tool to the Mayor and Council to better identify "budget busters" on the expenditure side and to also determine whether forecasted revenue growth is adequate for future expenses. Also included in the budget was the City's Five-Year Capital Improvement Plan (CIP) for the purpose of planning and maintaining the City's capital and infrastructure. The CIP includes policies on debt service and capital improvement budgeting.

As part of the 2020 CIP, the City Council approved $21.7 million in capital expenditures, of which $20.2 million will be funded through the issuance of general obligation bonds. The remainder will be funded by federal and state grants totaling $929,000, and $534,000 was appropriated within the operating budget.

Financial Policy

The City has set a goal to fund the stabilization account in the amount of 10% of the City's current operating budget, or $22.2 million. As of June 30, 2020, the balance in the City's stabilization account is $4.9 million. The stabilization account shall be funded by appropriations from free cash (available funds), operating budget appropriations when available, and other one-time non-recurring revenues that become available for appropriation per Massachusetts General Law.

In 2014, the City established a second stabilization account (capital improvement stabilization account) for the funding of capital items proposed as part of the comprehensive five-year Capital Improvement Program. The City has set a goal to fund the capital improvement stabilization account in the amount of 20% of any free cash available after funding a prior year drawdown of the stabilization account. As of June 30, 2020, the balance in the City's capital improvement stabilization account is $4.7 million.

Also, in 2014, the City established a third stabilization account (employee leave buyback stabilization account) for the funding of retirement buyouts as well as other buybacks of accrued sick and vacation time as allowed by collective bargaining agreements. During FY16, the City experienced a number of unanticipated retirements and used the majority of this fund to meet the retirement obligations. The goal of the employee leave buyback stabilization account is to pay for any unanticipated retirements and buyouts from this fund instead of using general fund appropriations. This will allow the departments to backfill vacancies and pay attendance bonuses in a timely manner without having to request a supplemental appropriation by the Council.

In 2013, the City adopted Massachusetts General Law Chapter 32B, Section 20, establishing the "Other Postemployment Benefits (OPEB) Liability Trust Fund" as a local option. This fund gives communities a mechanism to reduce the unfunded actuarial liability of health care and other postemployment benefits. The City currently has $7.4 million in the fund. Future appropriations will be made to this fund in accordance with financial policies of the Finance Department of the City.

As defined by the Massachusetts budgetary basis of accounting, free cash is the remaining unrestricted funds from operations of the previous year including unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax rate recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the balance sheet as of June 30th, which is submitted by the community's auditor, accountant, or comptroller. Free cash is not available for appropriation until certified by the Massachusetts Director of Accounts. Free cash is the term used for a community's funds that are available for appropriation. Once free cash is certified, it is available for appropriation by City Council. The June 30, 2020 balance for free cash was certified in the amount of $10.6 million which is available for use in 2021.

Free cash may be used for any lawful municipal purpose and provides communities with flexibility to fund additional appropriations after the tax rate has been set. Free cash balances do not carry forward to the next year (July 1st). The certification expires on June 30th at the end of the year.

The City's policy is to use free cash for reserves, capital, and special uses in accordance with the policies set forth by the Mayor and Chief Financial Officer. Once free cash is certified by the Director of Accounts, any drawdown of the stabilization account from the prior year shall be replenished from the certified free cash if the free cash exceeds such drawdown. Once any drawdown of stabilization accounts are replenished, allocation of the remaining free cash shall be as follows:

- 15% of any free cash available after funding a prior year drawdown will also be allocated from free cash to the stabilization account up to the goal of the stabilization account equaling 10% of the current operating budget of the City.
- 20% of any free cash available after funding a prior year drawdown of the stabilization account will also be allocated to the capital improvement fund for funding capital.
- 15% of any free cash available after funding any drawdown will be allocated to the OPEB Liability Trust Fund.

Any free cash available after funding the above may be used to augment trust funds related to fringe benefits and unfunded liabilities related to employee benefits, including Workers' Compensation Fund, Unemployment Fund, and any health benefits payable through Police and Fire operating budgets (111f settlements). Free cash available may also be used to augment general fund appropriations for expenses that increased due to extraordinary and/or unforeseen events as detailed by the department head of the affected budget.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Everett, Massachusetts for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the sixth year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

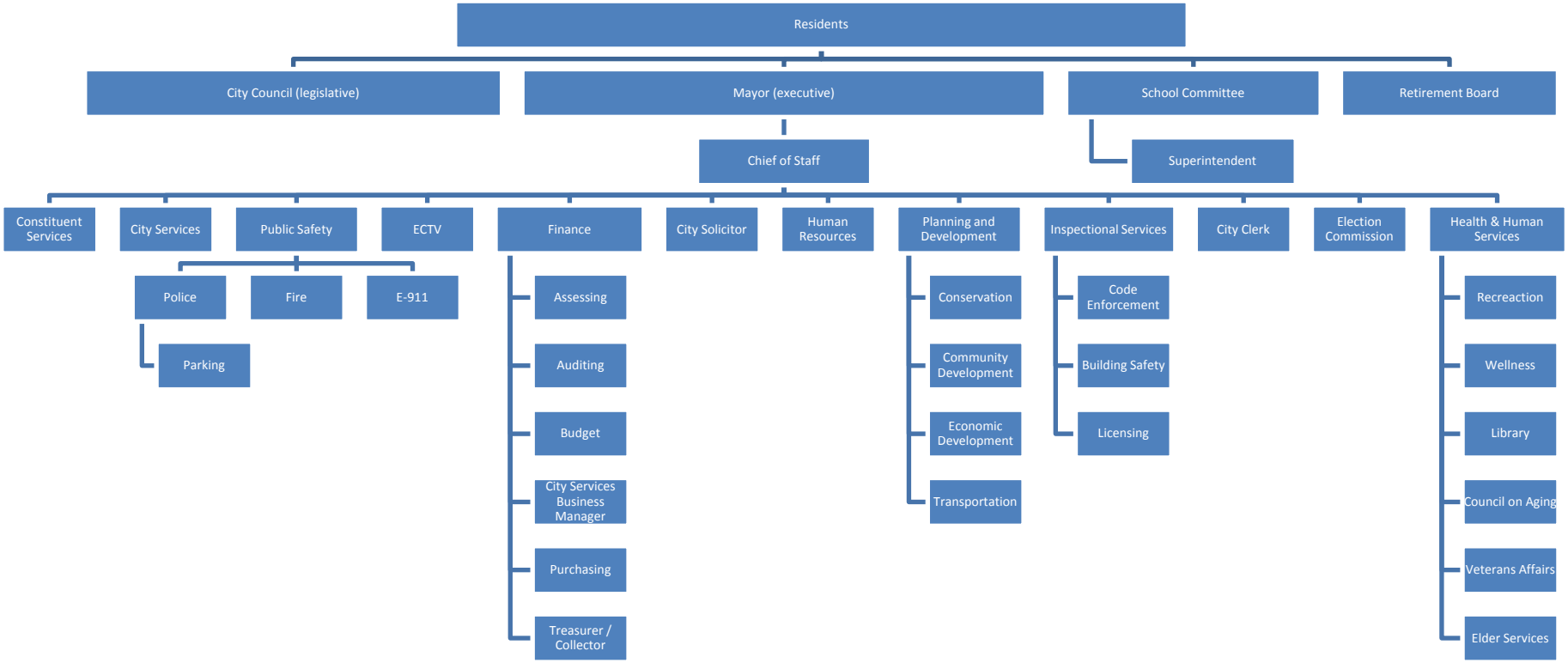
The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2019. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Everett, Massachusetts' finances.

Respectfully submitted,

Eric J. Demas, CFE
Chief Financial Officer / City Auditor

Organizational Chart



Principal Executive Officers

TITLE	NAME	MANNER OF SELECTION	TERM EXPIRES
Mayor	Carlo DeMaria, Jr.	Elected	2022
Ward One, City Councilor	Fred Capone	Elected	2022
Ward Two, City Councilor	Stephanie Martins	Elected	2022
Ward Three, City Councilor	Anthony DiPierro	Elected	2022
Ward Four, City Councilor	Jimmy Tri Le	Elected	2022
Ward Five, City Councilor	Rosa DiFlorio	Elected	2022
Ward Six, City Councilor	Michael J. McLaughlin	Elected	2022
President, Councilor At Large	Peter A. Napolitano	Elected	2022
Councilor At Large	Gerly Adrien	Elected	2022
Councilor At Large	Michael Marchese	Elected	2022
Councilor At Large	Wayne A. Matewsky	Elected	2022
Councilor At Large	John F. Hanlon	Elected	2022
Chief Financial Officer/City Auditor	Eric J. Demas	Appointed	2022
Treasurer/Collector	Rocco Pesce	Appointed	2022
City Solicitor	Colleen Mejia	Appointed	2022
City Clerk	Sergio Cornelio	Appointed	2022

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Everett
Massachusetts

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

City of Everett

Massachusetts

For the Fiscal Year Beginning

July 1, 2019

Christopher P. Morrill

Executive Director

Financial Section

Grace Food Pantry

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Financial Section

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Independent Auditor's Report

To the Honorable City Council
City of Everett, 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 Everett, Massachusetts, as of and for the year ended June 30, 2020 (except for the Everett Contributory Retirement System which is as of and for the year ended December 31, 2019), and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 involves 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 of Everett, Massachusetts, as of June 30, 2020 (except for the Everett Contributory Retirement System which is as of December 31, 2019), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Everett, Massachusetts' basic financial statements. The introductory section, combining and individual fund 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 fund statements, as listed in the table of contents, are the responsibility of management and were derived from and relates 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 fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2021, on our consideration of the City of Everett, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and 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* in considering the City of Everett, Massachusetts' internal control over financial reporting and compliance.

January 15, 2021

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Everett (City), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2020. The City complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB).

The GASB is the authoritative standard setting body that provides guidance on how to prepare financial statements in conformity with generally accepted accounting principles (GAAP). Users of these financial statements (such as investors and rating agencies) rely on the GASB to establish consistent reporting standards for all governments in the United States. This consistent application is the only way users (including citizens, the media, legislators and others) can assess the financial condition of one government compared to others.

Financial Highlights

- The City has maintained its bond rating of AA+ by Standard & Poor's Investors Service.
- The City's liabilities and deferred inflows exceeded its assets and deferred outflows of resources at the close of the most recent year by $150.1 million (net position).
- At the close of the current year, the City's general fund reported an ending fund balance of $39.4 million, an increase of $3.3 million in comparison with the prior year. Total fund balance represents 17% of total general fund expenditures.
- The City transferred $1.1 million to the general stabilization account in 2020. At year-end, the general stabilization account balance totaled $4.9 million.
- The City transferred $1.5 million to the capital improvement stabilization account and appropriated $215,000 for general fund capital items. At year-end, the capital improvement stabilization account totaled $4.7 million.
- The employee leave buy-back stabilization account did not have any activity in 2020 and the account balance totaled $7,900 at year-end.
- The City appropriated $7 million in free cash to reduce the 2020 tax rate.
- The City transferred $1.1 million to the other postemployment benefits (OPEB) trust fund in 2020. At year-end, the net position of the OPEB trust fund totaled $7.4 million.
- The net OPEB liability increased by $10.8 million during the current year and the year-end balance totaled $282.6 million.
- The net pension liability decreased by $12 million during the current year and the year-end balance totaled $94.3 million.
- In 2020, the City incurred $1.2 million of expenses related to the COVID-19 Pandemic, which were funded by Federal and State grants (see note 17).
- On July 1, 2019, the City Council voted to establish the Everett Community Television (ECTV) Enterprise fund as of July 1, 2019, as such, beginning net position/fund balance has been restated to reflect the change from a governmental fund (see note 18).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Everett's basic financial statements. These basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements focus on both the City as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the City as a whole. The fund financial statements focus on the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements. Both presentations (government-wide and fund) allow the user to address relevant questions, broaden the basis of comparison and enhance the City's accountability. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all assets, deferred outflows or resources 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 is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows.* Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities).* The governmental activities include general government, public safety, education, city services and facilities, community development, human services, libraries and recreation, COVID-19 and interest. The business-type activities include the activities of the water and sewer fund and the Everett community television 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. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. The City maintains two types of propriety funds.

Enterprise funds are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water and sewer activities and its community television activities.

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to employees' health insurance, workers compensation insurance and other insurance.

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 propriety funds. A legally separate public employee retirement system for which the City of Everett is financially accountable is a *component unit* and reported separately within the fiduciary fund statements. The City established the Other Postemployment Trust fund that is reported as a fiduciary fund.

Notes to the basic 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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by $150.1 million at the close of 2020 (net position), an increase of $1.9 million from the prior year.

Net position of $149.4 million reflects its net investment in capital assets (e.g., land, land improvements, buildings and building improvements, machinery and equipment, vehicles and infrastructure); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the governmental net position, $8.2 million, represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position* has a year-end deficit of $307.8 million. The primary reason for this deficit balance is the recognition of the net other postemployment benefits liability and the net pension liability totaling $282.6 million and $94.3 million, respectively.

On July 1, 2019, by order of the City Council, the Everett community television enterprise fund was established. Accordingly, beginning net position of the governmental activities, the business-type activities and the enterprise fund were restated to reflect the reclassification of the ECTV net position, including the applicable share of the net pension liability and the net OPEB liability. The nonmajor governmental funds were also restated to reflect the reclassification of the ECTV fund balance to the enterprise fund (see note 18).

Governmental Activities

The City's liabilities and deferred inflows exceeded assets and deferred outflows or resources for governmental activities by $199.7 million at the close of 2020.

	2020	2019 (as restated)
Assets:		
Current assets	$ 128,977,690	$ 124,709,271
Capital assets, nondepreciable	9,556,588	9,556,588
Capital assets, net of accumulated depreciation	162,987,765	147,553,636
Total assets	**301,522,043**	**281,819,495**
Deferred outflows of resources	**28,886,289**	**37,649,177**
Liabilities:		
Current liabilities (excluding debt)	29,699,467	26,698,881
Noncurrent liabilities (excluding debt)	379,712,586	381,095,570
Current debt	29,740,871	14,099,375
Noncurrent debt	64,642,249	74,016,120
Total liabilities	**503,795,173**	**495,909,946**
Deferred inflows of resources	**26,325,415**	**24,895,220**
Net position:		
Net investment in capital assets	105,053,162	106,096,350
Restricted	8,208,875	6,609,591
Unrestricted	(312,974,293)	(314,042,435)
Total net position	$ **(199,712,256)**	$ **(201,336,494)**
Program Revenues:		
Charges for services	$ 7,104,522	$ 11,048,387
Operating grants and contributions	114,586,310	106,337,634
Capital grants and contributions	1,764,974	2,494,563
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable	90,680,955	105,329,207
Tax liens	788,037	220,384
Motor vehicle excise taxes	4,686,984	4,520,275
Chapter 121A excise payments in lieu of taxes	20,000,000	438,356
Community impact fee	5,000,000	109,589
Hotel/motel tax	3,295,972	237,109
Meals tax	1,090,679	712,076
Penalties and interest on taxes	367,259	410,658
Payments in lieu of taxes	14,112	14,112
Grants and contributions not restricted to specific programs	8,479,582	7,551,355
Unrestricted investment income	806,559	1,072,733
Total revenues	**258,665,945**	**240,496,438**

	2020	2019 (as restated)
Expenses:		
General government	15,084,350	15,445,120
Public safety	48,490,141	54,265,497
Education	157,602,324	149,917,677
City services and facilities	20,342,165	19,869,772
Community development	593,893	1,313,332
Human services	5,952,381	5,470,779
Libraries and recreation	3,859,677	3,696,343
COVID-19	1,203,874	-
Interest	2,154,330	1,918,885
Total expenses	**255,283,135**	**251,897,405**
Excess (Deficiency) before transfers	**3,382,810**	**(11,400,967)**
Capital transfers	**(1,758,572)**	**-**
Change in net position	**1,624,238**	**(11,400,967)**
Net position, beginning of year, as restated	**(201,336,494)**	**(189,935,527)**
Net position, end of year	$ **(199,712,256)**	$ **(201,336,494)**

The governmental expenses totaled $255.3 million of which $123.5 million (48%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled $135.2 million, primarily coming from property taxes, Chapter 121A excise payments in lieu taxes and non-restricted state aid.

The governmental net position increased by $1.6 million during the current year. The primarily elements of this increase include the recognition of $1.8 million in capital grants, a $3.5 million increase from the net change in the net pension liability and related deferred outflows and inflows of resources, a general fund operating surplus of $3.3 million related to better than anticipated budgetary results, $2.3 million from the excess of debt principal payments raised on the tax rate and depreciation expense which is unbudgeted, a $1.0 million increase in the health insurance internal service fund and a $942,000 increase in the nonmajor governmental funds that is due to expected timing differences between the receipt and expenditure of gifts, grants and other funds. These increases were offset by an $11.5 million decrease from the net change in the net OPEB liability and related deferred outflows and inflows of resources

Public safety reflects the largest decrease in expenses of $5.8 million from the prior year as the inspectional costs within the general fund declined. During fiscal year 2019, the City's expenses were more significant than the current year as Wynn Resorts was building the resort casino, as further discussed in Note 10, and the process involved a substantial amount of inspections. As the Casino was operational for fiscal year 2020, the department did not incur additional expenses.

Business-type Activities

For the City's business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $49.6 million at the close of 2020.

	2020	2019 (as restated)
Assets:		
Current assets	$ 13,904,229	$ 11,939,579
Capital assets, net of accumulated depreciation	54,056,245	55,054,358
Total assets	**67,960,474**	**66,993,937**
Deferred outflows of resources	**424,203**	**557,977**
Liabilities:		
Current liabilities (excluding debt)	246,409	772,864
Noncurrent liabilities (excluding debt)	5,203,632	5,191,713
Current debt	2,028,282	1,757,954
Noncurrent debt	10,919,231	10,231,861
Total liabilities	**18,397,554**	**17,954,392**
Deferred inflows of resources	**405,261**	**325,264**
Net position:		
Net investment in capital assets	44,363,296	44,519,111
Unrestricted	5,218,566	4,753,147
Total net position	$ **49,581,862**	$ **49,272,258**
Program Revenues:		
Charges for services	$ 18,969,543	$ 17,199,879
Operating grants and contributions	56,884	185,033
Total revenues	**19,026,427**	**17,384,912**
Expenses:		
Water and sewer	19,995,720	18,264,477
Everett community television	479,675	-
Total expenses	**20,475,395**	**18,264,477**
Excess (Deficiency) before capital contributions	**(1,448,968)**	**(879,565)**
Capital contributions	**1,758,572**	**-**
Change in net position	**309,604**	**(879,565)**
Net position, beginning of year, as restated	**49,272,258**	**50,151,823**
Net position, end of year	$ **49,581,862**	$ **49,272,258**

Business-type net position of $44.4 million (89%) represents the net investment in capital assets while $5.2 million (11%) is unrestricted. The City's business-type activities net position increased by $310,000 in the current year.

The $189,000 increase in water and sewer net position is primarily due to a $1.8 million capital transfer from the governmental funds for future infrastructure improvements. This increase was offset by $136,000 of capital project expenditures that did not meet the capitalization criteria, an $811,000 increase in depreciation expense from current and previous year additions that were placed in service, and a $248,000 decrease from accruals such as the net pension and net OPEB liabilities, net of the related deferred outflows and deferred inflows of resources.

The $121,000 increase in the ECTV net position is due to an operating surplus which is primarily due to unexpended appropriations.

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 financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported combined ending fund balances of $62.2 million; of which, $39.4 million is for the general fund, $5.9 million is for the City capital projects fund and $16.9 million is for the nonmajor governmental funds. Cumulatively there was a decrease of $18.7 million in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was $28.3 million, while total fund balance was $39.4 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represents 12% of the total general fund expenditures, while total fund balance represents 17% of that same amount. Fund balance of $1.3 million is committed for continuing appropriations and $9.8 million of fund balance is assigned for encumbrances to be carried forward to the next year.

In 2020, the City's general fund increased by $3.3 million. This increase is primarily due to a $2.5 million budgetary basis operating surplus and a $2.4 million increase in the stabilization funds which are reported as a component of the general fund on the GAAP basis financial statements. These increases were offset by a $912,000 increase in the tax refunds payable liability and a $976,000 increase in accrued payroll.

The City capital projects fund is used to account for the City's capital projects as identified in the City's capital plan, which includes yearly expenditures for infrastructure and other project activities. At the end of the current year, the fund had a positive balance totaling $5.9 million, a decrease of $23.0 million from the prior year. The decrease is due to timing differences between the receipt and expenditure of proceeds from capital contributions and long-term term borrowings.

The internal service fund experienced an increase of $1.0 million that is primarily due to better than anticipated claims experience.

COVID-19. In 2020, the Federal Government approved the Coronavirus Aid, Relief, and Economic Security (CARES) Act which provides federal funding to assist communities in paying costs incurred between March 1, 2020, and December 30, 2020, that are directly related to the COVID-19 pandemic. The Commonwealth of Massachusetts was awarded $2.7 billion which is to be allocated among local governments based on population. The State has made a portion of these funds available as of June 30, 2020. During 2020, the City incurred $1.2 million of COVID related expenditures. The City plans to submit reimbursements to the Federal Emergency Management Agency (FEMA), apply for funding from the CARES Act, and use other local grant receipts to cover these costs (See Note 17 for further information).

General Fund Budgetary Highlights

During 2020, the City Council approved supplemental appropriations from free cash of $4.2 million for police salaries, contributions to the OPEB trust fund, and contributions to the capital improvement and general stabilization funds.

Actual revenues exceeded budgeted revenues by $5.2 million, while actual expenditures, including carry forwards, were less than budgeted amounts by $6.1 million. The most significant turn backs related to public safety and City services and facilities.

Capital Asset and Debt Administration

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

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to $226.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, machinery and equipment, and infrastructure.

The total additions to the governmental activities investment in capital assets for the current year were $26.3 million. Major capital asset events during the current year included roadway improvements, purchase of the Pope John property and the Central Fire Station project.

The $1.2 million in additions to the business-type activities is attributable to water and sewer main improvements and inflow infiltration projects.

Debt Administration. The City's bond rating was maintained at AA+ by Standard & Poor's Investors Service. The City continues to maintain strong market access for both note and bond sales.

Outstanding long-term debt for governmental activities, as of June 30, 2020, totaled $74 million, of which $19.7 million relates to the schools, $8.8 million relates to municipal buildings, $5.4 million relates to equipment, $4.5 million relates to unamortized debt premiums and $35.6 million relates to other municipal purposes.

The City received its final reimbursement of $1.7 million from the Massachusetts School Building Authority (MSBA) for approved school construction assistance related to the Lafayette, Madeline English and New Hamilton elementary schools. The assistance program which is administered by the MSBA provides resources for future debt service of general obligation school bonds outstanding.

At year end, the water and sewer enterprise fund had $12.9 million of outstanding long-term debt, which funded various water and sewer infrastructure projects and is fully supported by rates and does not rely on a general fund

subsidy. The enterprise fund issued $2.7 million of long-term debt in 2020 through the Massachusetts Water Resource Authority.

Please refer to notes 4, 7, and 8 to the basic financial statements for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the City of Everett's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer/City Auditor, City Hall, 484 Broadway, Everett, Massachusetts, 02149.

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents	$ 98,424,868	$ 11,838,995	$ 110,263,863
Investments	4,326,036	-	4,326,036
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes	5,919,620	-	5,919,620
Tax liens	2,553,812	-	2,553,812
Motor vehicle excise taxes	1,507,426	-	1,507,426
User charges	-	2,065,234	2,065,234
Departmental and other	10,016,686	-	10,016,686
Intergovernmental	2,945,931	-	2,945,931
Due from agency fund	1,024,911	-	1,024,911
Working capital deposit	2,258,400	-	2,258,400
Total current assets	128,977,690	13,904,229	142,881,919
NONCURRENT:			
Capital assets, nondepreciable	9,556,588	-	9,556,588
Capital assets, net of accumulated depreciation	162,987,765	54,056,245	217,044,010
Total noncurrent assets	172,544,353	54,056,245	226,600,598
TOTAL ASSETS	301,522,043	67,960,474	369,482,517
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt	173,069	-	173,069
Deferred outflows related to pensions	9,529,000	249,000	9,778,000
Deferred outflows related to other postemployment benefits	19,184,220	175,203	19,359,423
TOTAL DEFERRED OUTFLOWS OF RESOURCES	28,886,289	424,203	29,310,492
LIABILITIES			
CURRENT:			
Warrants payable	5,572,808	87,518	5,660,326
Accrued payroll	9,581,141	23,201	9,604,342
Health claims payable	2,250,000	-	2,250,000
Tax refunds payable	5,300,000	-	5,300,000
Accrued interest	775,376	58,934	834,310
Other liabilities	539,712	-	539,712
Unearned revenue	399,118	-	399,118
Compensated absences	5,223,412	52,356	5,275,768
Workers' compensation	57,900	24,400	82,300
Notes payable	20,367,000	-	20,367,000
Bonds payable	9,373,871	2,028,282	11,402,153
Total current liabilities	59,440,338	2,274,691	61,715,029
NONCURRENT:			
Compensated absences	7,301,956	23,450	7,325,406
Workers' compensation	521,100	219,100	740,200
Net pension liability	91,891,000	2,404,000	94,295,000
Net other postemployment benefits liability	279,998,530	2,557,082	282,555,612
Bonds payable	64,642,249	10,919,231	75,561,480
Total noncurrent liabilities	444,354,835	16,122,863	460,477,698
TOTAL LIABILITIES	503,795,173	18,397,554	522,192,727
DEFERRED INFLOWS OF RESOURCES			
Taxes paid in advance	907,795	-	907,795
Deferred inflows related to pensions	10,169,000	266,000	10,435,000
Deferred inflows related to other postemployment benefits	15,248,620	139,261	15,387,881
TOTAL DEFERRED INFLOWS OF RESOURCES	26,325,415	405,261	26,730,676
NET POSITION			
Net investment in capital assets	105,053,162	44,363,296	149,416,458
Restricted for:			
Permanent funds:			
Expendable	312,951	-	312,951
Nonexpendable	1,048,919	-	1,048,919
Gifts and grants	6,847,005	-	6,847,005
Unrestricted	(312,974,293)	5,218,566	(307,755,727)
TOTAL NET POSITION	$ (199,712,256)	$ 49,581,862	$ (150,130,394)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
Governmental Activities:					
General government	$ 15,084,350	$ 747,805	$ 219,315	$ -	$ (14,117,230)
Public safety	48,490,141	4,679,811	1,913,275	-	(41,897,055)
Education	157,602,324	953,862	109,576,987	-	(47,071,475)
City services and facilities	20,342,165	136,609	-	1,278,505	(18,927,051)
Community development	593,893	-	1,059,863	-	465,970
Human services	5,952,381	198,569	95,894	486,469	(5,171,449)
Libraries and recreation	3,859,677	387,866	473,426	-	(2,998,385)
COVID-19	1,203,874	-	1,203,874	-	-
Interest	2,154,330	-	43,676	-	(2,110,654)
Total Governmental Activities	255,283,135	7,104,522	114,586,310	1,764,974	**(131,827,329)**
Business-Type Activities:					
Water and sewer	19,995,720	18,369,190	56,884	-	(1,569,646)
Everett community television	479,675	600,353	-	-	120,678
Total Business-Type Activities	20,475,395	18,969,543	56,884	-	**(1,448,968)**
Total Primary Government	$ 275,758,530	$ 26,074,065	$ 114,643,194	$ 1,764,974	$ **(133,276,297)**

(Continued)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page	$ **(131,827,329)**	$ **(1,448,968)**	$ **(133,276,297)**
General revenues:			
Real estate and personal property taxes, net of tax refunds payable	90,680,955	-	90,680,955
Tax liens	788,037	-	788,037
Motor vehicle excise taxes	4,686,984	-	4,686,984
Chapter 121A excise payments in lieu of taxes	20,000,000	-	20,000,000
Community impact fee	5,000,000	-	5,000,000
Hotel/motel tax	3,295,972	-	3,295,972
Meals tax	1,090,679	-	1,090,679
Penalties and interest on taxes	367,259	-	367,259
Payments in lieu of taxes	14,112	-	14,112
Grants and contributions not restricted to specific programs	8,479,582	-	8,479,582
Unrestricted investment income	806,559	-	806,559
Capital transfers, net	(1,758,572)	1,758,572	-
Total general revenues	133,451,567	1,758,572	135,210,139
Change in net position	1,624,238	309,604	1,933,842
Net position:			
Beginning of year, as restated	(201,336,494)	49,272,258	(152,064,236)
End of year	$ (199,712,256)	$ 49,581,862	$ (150,130,394)

(Concluded)

See notes to basic financial statements.

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2020

	General	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 45,135,898	$ 27,115,864	$ 16,374,953	$ 88,626,715
Investments	1,358,902	-	461,338	1,820,240
Receivables, net of uncollectibles:				
Real estate and personal property taxes	5,919,620	-	-	5,919,620
Tax liens	2,553,812	-	-	2,553,812
Motor vehicle excise taxes	1,507,426	-	-	1,507,426
Departmental and other	10,016,686	-	-	10,016,686
Intergovernmental	358,231	-	2,587,700	2,945,931
Due from other funds	1,083,639	-	-	1,083,639
TOTAL ASSETS	$ 67,934,214	$ 27,115,864	$ 19,423,991	$ 114,474,069
LIABILITIES				
Warrants payable	$ 3,433,370	$ 1,260,748	$ 878,437	$ 5,572,555
Accrued payroll	9,581,141	-	-	9,581,141
Tax refunds payable	5,300,000	-	-	5,300,000
Due to other funds	-	-	58,728	58,728
Other liabilities	539,712	-	-	539,712
Unearned revenue	-	-	399,118	399,118
Notes payable	-	19,917,000	450,000	20,367,000
TOTAL LIABILITIES	18,854,223	21,177,748	1,786,283	41,818,254
DEFERRED INFLOWS OF RESOURCES				
Taxes paid in advance	907,795	-	-	907,795
Unavailable revenue	8,778,951	-	771,749	9,550,700
TOTAL DEFERRED INFLOWS OF RESOURCES	9,686,746	-	771,749	10,458,495
FUND BALANCES				
Nonspendable	-	-	1,049,074	1,049,074
Restricted	-	5,938,116	15,816,885	21,755,001
Committed	1,282,728	-	-	1,282,728
Assigned	9,790,334	-	-	9,790,334
Unassigned	28,320,183	-	-	28,320,183
TOTAL FUND BALANCES	39,393,245	5,938,116	16,865,959	62,197,320
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 67,934,214	$ 27,115,864	$ 19,423,991	$ 114,474,069

See notes to basic financial statements.

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

JUNE 30, 2020

Total governmental fund balances		$ 62,197,320
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds		172,544,353
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds		9,550,700
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred		3,468,669
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position		12,312,096
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due		(775,376)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable	(74,016,120)	
Net pension liability	(91,891,000)	
Net other postemployment benefits liability	(279,998,530)	
Workers' compensation	(579,000)	
Compensated absences	(12,525,368)	
Net effect of reporting long-term liabilities		(459,010,018)
Net position of governmental activities		$ (199,712,256)

See notes to basic financial statements.

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2020

	General	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds	$ 91,230,752	$ -	$ -	$ 91,230,752
Tax liens	446,224	-	-	446,224
Motor vehicle excise taxes	4,248,629	-	-	4,248,629
Chapter 121A excise payments in lieu of taxes	20,000,000	-	-	20,000,000
Community impact fee	5,000,000	-	-	5,000,000
Hotel/motel tax	3,295,972	-	-	3,295,972
Meals tax	1,090,679	-	-	1,090,679
Charges for services	-	-	465,192	465,192
Penalties and interest on taxes	367,259	-	-	367,259
Payments in lieu of taxes	14,112	-	-	14,112
Licenses and permits	1,866,483	-	-	1,866,483
Fines and forfeitures	1,211,590	-	-	1,211,590
Intergovernmental - state aid	83,653,373	-	-	83,653,373
Intergovernmental - School Building Authority	1,730,060	-	-	1,730,060
Intergovernmental - Teachers Retirement	21,543,559	-	-	21,543,559
Intergovernmental	-	-	16,130,731	16,130,731
Intergovernmental - COVID-19 relief	-	-	1,203,874	1,203,874
Departmental and other	3,892,050	-	1,408,291	5,300,341
Contributions and donations	-	-	928,383	928,383
Investment income	688,463	-	17,153	705,616
TOTAL REVENUES	240,279,205	-	20,153,624	260,432,829
EXPENDITURES:				
Current:				
General government	7,718,691	-	289,763	8,008,454
Public safety	30,050,456	2,272,505	1,821,383	34,144,344
Education	86,399,165	-	11,334,866	97,734,031
City services and facilities	12,749,997	16,563,521	1,605,627	30,919,145
Community development	-	3,744,974	554,857	4,299,831
Human services	3,737,674	145,675	348,809	4,232,158
Libraries and recreation	1,330,010	259,448	386,338	1,975,796
COVID-19	-	-	1,203,874	1,203,874
Pension benefits	15,970,286	-	-	15,970,286
Pension benefits - Teachers Retirement	21,543,559	-	-	21,543,559
Property and liability insurance	2,948,925	-	-	2,948,925
Employee benefits	23,993,817	-	-	23,993,817
State and county charges	14,214,449	-	-	14,214,449
Debt service:				
Principal	13,185,415	-	-	13,185,415
Interest	3,087,997	-	-	3,087,997
TOTAL EXPENDITURES	236,930,441	22,986,123	17,545,517	277,462,081
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,348,764	(22,986,123)	2,608,107	(17,029,252)
OTHER FINANCING SOURCES (USES):				
Premium from issuance of notes	-	-	92,466	92,466
Capital transfers out	-	-	(1,758,572)	(1,758,572)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	(1,666,106)	(1,666,106)
NET CHANGE IN FUND BALANCES	3,348,764	(22,986,123)	942,001	(18,695,358)
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	36,044,481	28,924,239	15,923,958	80,892,678
FUND BALANCES AT END OF YEAR	$ 39,393,245	$ 5,938,116	$ 16,865,959	$ 62,197,320

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds		$ (18,695,358)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	26,296,454	
Depreciation expense	(10,862,325)	
Net effect of reporting capital assets		15,434,129
Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue		(1,867,827)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.		
Premium from issuance of notes	(92,466)	
Net amortization of premium from issuance of bonds	1,006,426	
Net change in deferred charge on refunding	(71,696)	
Debt service principal payments	13,185,415	
Net effect of reporting long-term debt		14,027,679
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Net change in compensated absences accrual	(635,900)	
Net change in accrued interest on long-term debt	(1,063)	
Net change in deferred outflow/(inflow) of resources related to pensions	(8,324,000)	
Net change in net pension liability	11,820,000	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits	(889,592)	
Net change in net other postemployment benefits liability	(10,654,178)	
Net change in workers' compensation liability	392,849	
Net effect of recording long-term liabilities		(8,291,884)
The net activity of internal service funds is reported with Governmental Activities		1,017,499
Change in net position of governmental activities		$ 1,624,238

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2020

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Everett Community Television	Total	Governmental Activities - Internal Service Fund
ASSETS				
CURRENT:				
Cash and cash equivalents	$ 10,683,621	$ 1,155,374	$ 11,838,995	$ 9,798,153
Investments	-	-	-	2,505,796
Receivables, net of allowance for uncollectibles:				
User charges	2,065,234	-	2,065,234	-
Working capital deposit	-	-	-	2,258,400
Total current assets	12,748,855	1,155,374	13,904,229	14,562,349
NONCURRENT:				
Capital assets, net of accumulated depreciation	54,056,245	-	54,056,245	-
TOTAL ASSETS	66,805,100	1,155,374	67,960,474	14,562,349
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	174,000	75,000	249,000	-
Deferred outflows related to other postemployment benefits	141,324	33,879	175,203	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	315,324	108,879	424,203	-
LIABILITIES				
CURRENT:				
Warrants payable	84,458	3,060	87,518	253
Accrued payroll	23,201	-	23,201	-
Health claims payable	-	-	-	2,250,000
Accrued interest	58,934	-	58,934	-
Compensated absences	52,356	-	52,356	-
Workers' compensation	24,400	-	24,400	-
Bonds payable	2,028,282	-	2,028,282	-
Total current liabilities	2,271,631	3,060	2,274,691	2,250,253
NONCURRENT:				
Compensated absences	23,450	-	23,450	-
Workers' compensation	219,100	-	219,100	-
Net pension liability	1,678,000	726,000	2,404,000	-
Net other postemployment benefits liability	2,062,589	494,493	2,557,082	-
Bonds payable	10,919,231	-	10,919,231	-
Total noncurrent liabilities	14,902,370	1,220,493	16,122,863	-
TOTAL LIABILITIES	17,174,001	1,223,553	18,397,554	2,250,253
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	186,000	80,000	266,000	-
Deferred inflows related to other postemployment benefits	112,332	26,929	139,261	-
TOTAL DEFERRED INFLOWS OF RESOURCES	298,332	106,929	405,261	-
NET POSITION				
Net investment in capital assets	44,363,296	-	44,363,296	-
Unrestricted	5,284,795	(66,229)	5,218,566	12,312,096
TOTAL NET POSITION	$ 49,648,091	$ (66,229)	$ 49,581,862	$ 12,312,096

See notes to basic financial statements.

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Everett Community Television	Total	Governmental Activities - Internal Service Fund
OPERATING REVENUES:				
Employee contributions	$ -	$ -	$ -	$ 4,536,112
Employer contributions	-	-	-	21,667,685
Charges for services - water	5,210,190	-	5,210,190	-
Charges for services - sewer	12,142,337	-	12,142,337	-
Charges for services - ECTV	-	600,353	600,353	-
Liens - charges for services	1,017,013	-	1,017,013	-
TOTAL OPERATING REVENUES	18,369,540	600,353	18,969,893	26,203,797
OPERATING EXPENSES:				
Cost of services and administration	2,825,595	479,675	3,305,270	-
MWRA assessment - water	5,543,676	-	5,543,676	-
MWRA assessment - sewer	9,293,792	-	9,293,792	-
Depreciation	2,148,918	-	2,148,918	-
Employee benefits	-	-	-	25,287,241
TOTAL OPERATING EXPENSES	19,811,981	479,675	20,291,656	25,287,241
OPERATING INCOME (LOSS)	(1,442,441)	120,678	(1,321,763)	916,556
NONOPERATING REVENUES (EXPENSES):				
Investment income (loss)	56,534	-	56,534	100,943
Interest expense	(183,739)	-	(183,739)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(127,205)	-	(127,205)	100,943
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(1,569,646)	120,678	(1,448,968)	1,017,499
CAPITAL CONTRIBUTIONS	1,758,572	-	1,758,572	-
CHANGE IN NET POSITION	188,926	120,678	309,604	1,017,499
NET POSITION AT BEGINNING OF YEAR, AS RESTATED	49,459,165	(186,907)	49,272,258	11,294,597
NET POSITION AT END OF YEAR	$ 49,648,091	$ (66,229)	$ 49,581,862	$ 12,312,096

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds			
	Water and Sewer	Everett Community Television	Total	Governmental Activities - Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users	$ 20,387,395	$ 600,353	$ 20,987,748	$ -
Receipts from interfund services provided	-	-	-	26,075,797
Payments to vendors	(16,526,898)	(103,733)	(16,630,631)	-
Payments to employees	(906,849)	(373,969)	(1,280,818)	-
Payments for interfund services used	-	-	-	(25,316,988)
NET CASH FROM OPERATING ACTIVITIES	2,953,648	122,651	3,076,299	758,809
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the issuance of bonds	2,721,300	-	2,721,300	-
Capital contributions	1,758,572	-	1,758,572	-
Acquisition and construction of capital assets	(1,677,836)	-	(1,677,836)	-
Principal payments on bonds and notes	(1,744,333)	-	(1,744,333)	-
Interest expense	(208,031)	-	(208,031)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	849,672	-	849,672	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Sales and (purchases) of investments, net	-	-	-	175,096
Investment income (loss)	56,534	-	56,534	100,943
NET CASH FROM INVESTING ACTIVITIES	56,534	-	56,534	276,039
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,859,854	122,651	3,982,505	1,034,848
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,823,767	1,032,723	7,856,490	8,763,305
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 10,683,621	$ 1,155,374	$ 11,838,995	$ 9,798,153
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:				
Operating income (loss)	$ (1,442,441)	$ 120,678	$ (1,321,763)	$ 916,556
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation	2,148,918	-	2,148,918	-
Deferred (outflows)/inflows related to pensions	141,000	65,000	206,000	-
Deferred (outflows)/inflows related to other postemployment benefits	6,300	1,471	7,771	-
Changes in assets and liabilities:				
User charges	2,017,855	-	2,017,855	-
Working capital deposit	-	-	-	(128,000)
Warrants payable	(29,980)	3,060	(26,920)	253
Accrued payroll	11,119	-	11,119	-
Health claims payable	-	-	-	(30,000)
Compensated absences	16,256	-	16,256	-
Workers' compensation	46,062	-	46,062	-
Net pension liability	(54,000)	(92,000)	(146,000)	-
Net other postemployment benefits liability	92,559	24,442	117,001	-
Total adjustments	4,396,089	1,973	4,398,062	(157,747)
NET CASH FROM OPERATING ACTIVITIES	$ 2,953,648	$ 122,651	$ 3,076,299	$ 758,809
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Acquisition of capital assets on account	$ 527,031	$ -	$ 527,031	$ -

See notes to basic financial statements.

FIDUCIARY FUNDS

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

	Pension and Other Employee Benefit Trust Funds (1)	Agency Funds
ASSETS		
Cash and cash equivalents	$ 1,852,122	$ -
Investments:		
Investments in Pension Reserve Investment Trust	184,997,067	-
Government sponsored enterprises	722,966	-
Corporate bonds	622,158	-
U.S. Government securities	465,449	-
Equity securities	3,720,466	-
Bond mutual funds	676,983	-
Receivables, net of allowance for uncollectibles:		
Departmental and other	138,757	1,846,839
TOTAL ASSETS	193,195,968	1,846,839
LIABILITIES		
Warrants payable	226,242	2,400
Liabilities due depositors	-	819,528
Due to other funds	-	1,024,911
TOTAL LIABILITIES	226,242	1,846,839
NET POSITION		
Restricted for pensions	185,587,206	-
Restricted for other postemployment benefits	7,382,520	-
TOTAL NET POSITION	$ 192,969,726	$ -

(1) The Pension Trust Fund is as of December 31, 2019.

See notes to basic financial statements.

FIDUCIARY FUNDS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2020

	Pension and Other Employee Benefit Trust Funds (1)
ADDITIONS:	
Contributions:	
Employer contributions	$ 17,549,206
Employer contributions for other postemployment benefit payments	8,490,326
Member contributions	4,870,135
Transfers from other systems	149,587
Retirement benefits - 3(8)c contributions from other systems	356,451
Interest not refunded	1,161
Retirement benefits - Intergovernmental	225,135
Total contributions	31,642,001
Net investment income:	
Investment income	26,263,778
Less: investment expense	(876,407)
Net investment income	25,387,371
TOTAL ADDITIONS	57,029,372
DEDUCTIONS:	
Administration	283,407
Transfers to other systems	468,664
Retirement benefits - 3(8)c transfer to other systems	531,834
Retirement benefits and refunds	14,587,352
Other postemployment benefit payments	8,490,326
TOTAL DEDUCTIONS	24,361,583
NET INCREASE (DECREASE) IN NET POSITION	32,667,789
NET POSITION AT BEGINNING OF YEAR	160,301,937
NET POSITION AT END OF YEAR	$ 192,969,726

(1) The Pension Trust Fund is as of December 31, 2019.

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the City of Everett, Massachusetts (the City) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

A. Reporting Entity

The City is a municipal corporation that is governed by an elected Mayor and an elected City Council.

For financial reporting purposes, the City has included all funds, organizations, agencies, boards, commissions and institutions. The City has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the City (the primary government) and its component units. One entity has been included as a component unit in the reporting entity, because of the significance of its operational and/or financial relationship.

Component Unit Presented as a Fiduciary Fund – The following component unit is presented as a Fiduciary Fund of the primary government due to the nature and significance of the relationship between the City and the component unit.

The Everett Contributory Retirement System (System) was established to provide retirement benefits to City employees, the City Housing Authority employees, and their beneficiaries. The System is governed by a five-member board comprised of the City Auditor (ex-officio), two members elected by the System's participants, one member appointed by the Mayor and one member appointed by the Board members. The System is presented using the accrual basis of accounting and is reported as a pension and other employee benefit trust fund in the fiduciary fund financial statements.

The System did not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 484 Broadway, Everett, MA 02149.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

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

Major Fund Criteria

Major funds must be reported if the following criteria are met:

- If total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets and deferred outflows of resources, liabilities and deferred inflows or resources, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 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.

Internal service funds and fiduciary funds are reported by fund type.

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

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of activities demonstrates the degree to which the direct expenses of a particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.

- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.

- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

Taxes and other items not identifiable as program revenues are reported as general revenues.

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions are charges between the general fund and enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

Real estate and personal property tax revenues are considered available if they are collected within 60 days after year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *City capital projects fund* is used to account for financial activities associated with City capital acquisitions and improvements that have been authorized and approved by City Council. These projects will be funded through the issuance of long-term bonds and notes, state grants and other available funds.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements.

The following describes the general use of these fund types:

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the

proprietary funds principle ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

The *water and sewer enterprise fund* is used to account for water and sewer activities.

The *Everett community television enterprise fund* is used to account for the community television operations.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to employees' health insurance, workers' compensation claims, and property and liability insurance.

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

The following fiduciary fund types are reported:

The *pension and other postemployment benefit trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries and to accumulate resources to provide funding for future OPEB liabilities.

The *agency fund* is used to account for assets held in a purely custodial capacity. Agency funds apply the accrual basis of accounting but do not have a measurement focus. The City's agency fund is used to account for off-duty work details, student activity accounts, and contractor bid deposits.

D. Cash and Investments

Government-Wide and Fund Financial Statements

Cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with an original maturity of three months or less from the date of acquisition. Investments are carried at fair value.

E. Fair Value Measurements

The City reports required types of financial instruments in accordance with the fair value standards. These standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or valuation techniques) to determine fair value. Fair value standards also require the City to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Quoted prices are available in active markets for identical instruments as of the reporting date. Instruments, which are generally included in this category, include actively traded equity and debt securities, U.S. government obligations, and mutual funds with quoted market prices in active markets.

Level 2 – Pricing inputs are other than quoted in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Certain fixed income securities, primarily corporate bonds, are classified as Level 2 because fair values are estimated using pricing models, matrix pricing, or discounted cash flows.

Level 3 – Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in these financial statements. For more information on the fair value of the City's financial instruments, see Note 2 – Cash and Investments.

F. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes and Tax Liens

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

Real estate tax liens are processed during the fourth quarter of every year on delinquent properties and are recorded as receivables in the year they are processed.

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

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

Motor Vehicle Excise Taxes

Motor vehicle excise taxes are assessed annually for each vehicle registered and are recorded as receivables in the year of the levy. The Commonwealth is responsible for reporting the number of vehicles registered and the fair values of those vehicles. The tax calculation is the fair value of the vehicle multiplied by $25 per $1,000 of value.

The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Water and Sewer User Charges

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

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

Departmental and Other

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

Intergovernmental

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

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

G. Inventories

Government-Wide and Fund Financial Statements

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

All purchases and construction costs in excess of $25,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

Capital Asset Type	Estimated Useful Life (in years)
Buildings and improvements……	5 - 40
Machinery and equipment……	5 - 10
Infrastructure……	10 - 40

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide Financial Statements (Net Position)

In addition to assets, the statement of net 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 reported deferred charges on refunding and deferred outflows of resources related to pensions and OPEB in this category.

In addition to liabilities, the statement of net 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 reported taxes paid in advance and deferred inflows of resources related to pensions and OPEB in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents assets that have been recorded in the governmental fund financial statements, but the revenue is not available and so will *not* be recognized as an inflow of resources (revenue) until it becomes available. The City has reported taxes paid in advance and unavailable revenue as deferred inflows of resources in the governmental funds balance sheet.

J. Interfund Receivables and Payables

During the course of its operations, transactions occur between and within individual funds that may result in amounts owed between funds.

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of net position as "internal balances."

Fund Financial Statements

Transactions of a buyer/seller nature between and within funds are *not* eliminated from the individual fund statements. Receivables and payables resulting from these transactions are classified as "Due from other funds" or "Due to other funds" on the balance sheet.

K. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds. These transactions are reported as transfers in and transfers out.

Government-Wide Financial Statements

Transfers between and within governmental funds and internal service funds are eliminated from the governmental activities in the statement of net position. Any residual balances outstanding between the governmental activities and business-type activities are reported in the statement of activities as "Transfers, net."

Fund Financial Statements

Transfers between and within funds are *not* eliminated from the individual fund statements and are reported as transfers in and transfers out.

L. Unavailable Revenue

Unavailable revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting, i.e. receivables that are not considered to be available to liquidate liabilities of the current period. Unavailable revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

M. Net Position and Fund Equity

Government-Wide Financial Statements (Net Position)

Net position is reported as restricted when amounts are not available for appropriation or are legally restricted by outside parties for a specific future use.

Net position has been "restricted for" the following:

"Permanent funds - expendable" represents the amount of realized and unrealized investment earnings on donor restricted trusts. The restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings.

"Permanent funds - nonexpendable" represents the endowment portion of donor restricted trusts that support governmental programs.

"Gifts and grants" represents assets that have restrictions placed on them from outside parties.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Financial Statements (Fund Balances)

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

"Nonspendable" fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

"Restricted" fund balance includes amounts subject to constraints placed on the use of resources that is either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

"Committed" fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision-making authority. The passage of a City Council Order is the highest level of decision-making authority that can commit funds for a specific purpose. Once passed, the limitation imposed by the order remains in place until the funds are used for their intended purpose or a Council Order is passed to rescind the commitment.

"Assigned" fund balance includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor committed. The City Council has by resolution authorized the City Auditor to assign fund balance. Funds are assigned when the City has an obligation to purchase goods or services from the current years' appropriation. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

"Unassigned" fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount.

Sometimes the City will fund outlays for a particular purpose from different components of fund balance. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balances in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. When different components of fund balance can be used for the same purpose, it is the City's policy to consider restricted fund balance to have been depleted first, followed by committed fund balance, and assigned fund balance. Unassigned fund balance is applied last.

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Everett Contributory Retirement System and the Massachusetts Teachers Retirement System and additions

to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

Governmental Fund Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

P. Investment Income

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the general fund unless otherwise directed by Massachusetts General Law (MGL). Investment income earned by proprietary funds is retained by those funds.

Q. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies.

Government-Wide and Proprietary Fund Financial Statements

Vested or accumulated vacation and sick leave are reported as liabilities and expensed as incurred.

Governmental Fund Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities only if they have matured.

R. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

S. Total Column

Government-Wide Financial Statements

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

Fund Financial Statements

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

NOTE 2 - CASH AND INVESTMENTS

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

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

The City Treasurer is the custodian of funds held in the OPEB trust fund. As of June 30, 2020, $7,382,520 from the OPEB trust fund is included within the City's cash and investments balances in the following disclosures.

The System participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board (PRIM), which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy allows unlimited deposits in bank accounts or CD's (up to one-year maturity) that are fully collateralized through a third-party agreement and up to the coverage limit for insured accounts. For unsecured bank deposits and CD's, these deposits are limited to no more than 25% of the City's cash. This percentage may be increased for not more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the entity in the near future. Their credit worthiness will be tracked by Veribanc, or other bank credit worthiness reporting systems. They will be diversified as much as possible. The City's policy also allows unlimited investments in money market mutual funds that are registered with the Securities and Exchange Commission that have received the highest possible rating from at least one nationally recognized statistical rating organization and as otherwise referenced in the Massachusetts General Law Chapter 44, Section 55.

At year-end, the carrying amount of deposits totaled $105,790,681 and the bank balance totaled $110,367,382. Of the bank balance, $1,750,000 was covered by Federal Depository Insurance, $50,124,793 was covered by the Depository Insurance Fund, $12,499,607 was collateralized, and $45,992,982 was uncollateralized.

At December 31, 2019, the carrying amount of deposits for the System totaled $677,624 and the bank balance of $746,042 was covered by Federal Depository Insurance. The System does not have a deposit policy for custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City will manage interest rate risk by managing the duration in the account. The System follows PRIM policies for interest rate risk.

The City participates in MMDT, which maintains a cash portfolio with a weighted average maturity of 52 days.

As of June 30, 2020, the City had the following investments:

		Maturities		
Investment Type	**Fair value**	**Under 1 Year**	**1-5 Years**	**6-10 Years**
Debt securities:				
U.S. Government securities	$ 1,332,086	$ 436,014	$ 793,550	$ 102,522
Government sponsored enterprises	1,235,526	50,408	1,131,302	53,816
Corporate bonds	2,848,221	645,708	2,089,956	112,557
Bond mutual funds	676,983	-	467,462	209,521
Total debt securities	6,092,816	$ 1,132,130	$ 4,482,270	$ 478,416
Other investments:				
Equity securities	4,441,242			
Money market mutual funds	186,975			
Total other investments	4,628,217			
Investments measured at amortized cost:				
MMDT - Cash portfolio	5,460,705			
Total investments	$ 16,181,738			

The System participates in PRIT. The effective weighted duration rate for PRIT investments ranged from 0.14 to 16.03 years. As of December 31, 2019, the Retirement System had investments in PRIT totaling $184,997,067.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the City will not be able to recover the value of its investments or collateral security that are in possession of an outside party. The City will review the financial institution's financial statements and the background of the Advisor. The intent of this qualification is to limit the City's exposure to only those institutions with a proven financial strength, Capital adequacy of the firm, and overall affirmative reputation in the municipal industry. Further, all securities not held directly by the City, will be held in the City's name and tax identification number by a third-party custodian

approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

Of the City's investments, $1,332,086 of U.S. government securities, $1,235,526 of government sponsored enterprises, $2,848,221 of corporate bonds and $4,441,242 of equity securities are subject to custodial credit; however, the custodial credit risk has been minimized through the City's investment policy as previously stated.

At December 31, 2019, the System did not have investments that were subject to custodial credit risk. The System follows PRIM policies for custodial credit risk.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. The City will manage credit risk several ways. There will be no limit to the amount of United States Treasury and United States Government Agency obligations. In regard to other investments, the City will only purchase investment grade securities with a high concentration in securities rated A or better. The City may invest in the Massachusetts Municipal Depository Trust (MMDT) with no limit to the amount of funds placed in the fund. The City's investments are rated as follows by Standard & Poor's Investors Service:

Quality Rating	Government Sponsored Enterprises	Corporate Bonds	Bond Mutual Funds
AA+	$ 1,235,526	$ -	$ -
AA		257,784	119,857
A+	-	328,359	
A	-	468,065	-
A-	-	252,864	-
BBB+	-	764,685	-
BBB	-	500,919	193,383
BB	-	275,545	89,664
B	-	-	274,079
Total	$ 1,235,526	$ 2,848,221	$ 676,983

The City's investments of $5,460,705 of in MMDT were unrated.

The System's investments of $184,997,067 in PRIT shares were also unrated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The City did not have any investments in anyone issuer exceeding 5 percent of the total investments.

The System follows PRIM policies for concentration of credit risk. The System did not have any investments that were subject to concentration of credit risk.

Fair Value of Investments

The City holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the City's mission, the City determines that the disclosures related to these investments only need to be disaggregated by major type. The City chooses a tabular format for disclosing the levels within the fair value hierarchy.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2020:

		Fair Value Measurements Using		
Investment Type	June 30, 2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
Debt securities:				
U.S. Government securities	$ 1,332,086	$ 1,332,086	$ -	$ -
Government sponsored enterprises	1,235,526	1,235,526	-	-
Corporate Bonds	2,848,221	-	2,848,221	-
Bond mutual funds	676,983	676,983	-	-
Total debt securities	6,092,816	3,244,595	2,848,221	-
Other investments:				
Equity securities	4,441,242	4,441,242	-	-
Money market mutual funds	186,975	186,975	-	-
Total other investments	4,628,217	4,628,217	-	-
Total investments measured at fair value	10,721,033	$ 7,872,812	$ 2,848,221	$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio	5,460,705			
Total investments	$ 16,181,738			

U.S. government securities, government sponsored enterprises, bond mutual funds, equity securities and money market mutual funds classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a

matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

MMDT investments are valued at amortized cost. Under the amortized cost method, an investment is valued initially at its cost and adjusted for the amount of interest income accrued each day over the term of the investment to account for any difference between the initial cost and the amount payable at its maturity. If amortized cost is determined not to approximate fair value, the value of the portfolio securities will be determined under procedures established by the Advisor.

At December 31, 2019, the System's investments in PRIT totaled $184,997,067. PRIT investments are valued using the net asset value (NAV) method. This investment pool was established by the Treasurer of the Commonwealth of Massachusetts, who serves as Trustee. PRIT is administered by the Pension Reserves Investment Management Board (PRIM). The fair values of the positions in each investment Pool are the same as the value of each Pool's shares. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

NOTE 3 - RECEIVABLES

At June 30, 2020, receivables for the individual major and non-major governmental funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
Receivables:			
Real estate and personal property taxes	$ 6,605,620	$ (686,000)	$ 5,919,620
Tax liens	2,553,812	-	2,553,812
Motor vehicle excise taxes	3,085,426	(1,578,000)	1,507,426
Departmental and other	16,686	-	16,686
Departmental and other - Host agreement	10,000,000	-	10,000,000
Intergovernmental	2,945,931	-	2,945,931
Total	$ 25,207,475	$ (2,264,000)	$ 22,943,475

At June 30, 2020, the water and sewer enterprise fund reported $2,065,234 of user charges receivable.

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

	General Fund	Other Governmental Funds	Total
Receivables:			
Real estate and personal property taxes	$ 4,701,027	$ -	$ 4,701,027
Tax liens	2,553,812	-	2,553,812
Motor vehicle excise taxes	1,507,426	-	1,507,426
Departmental and other	16,686	-	16,686
Intergovernmental - highway improvements	-	771,749	771,749
Total	$ 8,778,951	$ 771,749	$ 9,550,700

NOTE 4 - CAPITAL ASSETS

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

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 9,556,588	$ -	$ -	$ 9,556,588
Capital assets being depreciated:				
Buildings and improvements	137,502,616	12,829,950	(363,001)	149,969,565
Machinery and equipment	22,967,143	4,244,889	(1,938,534)	25,273,498
Infrastructure	101,060,293	9,221,615	-	110,281,908
Total capital assets being depreciated	261,530,052	26,296,454	(2,301,535)	285,524,971
Less accumulated depreciation for:				
Buildings and improvements	(65,819,416)	(4,585,883)	363,001	(70,042,298)
Machinery and equipment	(12,880,075)	(2,907,142)	1,938,534	(13,848,683)
Infrastructure	(35,276,925)	(3,369,300)	-	(38,646,225)
Total accumulated depreciation	(113,976,416)	(10,862,325)	2,301,535	(122,537,206)
Total capital assets being depreciated, net	147,553,636	15,434,129	-	162,987,765
Total governmental activities capital assets, net	$ 157,110,224	$ 15,434,129	$ -	$ 172,544,353

Water and Sewer Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Machinery and equipment	$ 1,030,470	$ -	$ (363,942)	$ 666,528
Infrastructure	76,115,494	1,150,805	-	77,266,299
Total capital assets being depreciated	77,145,964	1,150,805	(363,942)	77,932,827
Less accumulated depreciation for:				
Machinery and equipment	(459,172)	(148,351)	363,942	(243,581)
Infrastructure	(21,632,434)	(2,000,567)	-	(23,633,001)
Total accumulated depreciation	(22,091,606)	(2,148,918)	363,942	(23,876,582)
Total water and sewer activities capital assets, net	$ 55,054,358	$ (998,113)	$ -	$ 54,056,245

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

Governmental Activities:	
General government	$ 257,287
Public safety	827,248
Education	4,534,671
City services and facilities	4,015,347
Community development	218,347
Libraries and recreation	1,009,425
Total depreciation expense - governmental activities	$ 10,862,325
Business-Type Activities:	
Water and sewer	$ 2,148,918

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables totaled $1,083,639 and represent funding by the general fund for temporary cash deficits in the highway improvements capital project fund and agency fund of $58,728 and $1,024,911, respectively.

On a budgetary basis, the general fund "transfers in" totaled $930,665; which included $214,625 from the stabilization account for departmental expenditures and $716,040 from the water and sewer enterprise fund for indirect costs. The transfer from stabilization is eliminated on a GAAP basis since the stabilization fund is reported as a component of the general fund. The transfer from the water and sewer enterprise fund was for health insurance costs and is reported as such for the GAAP basis financial statements.

On a budgetary basis, the general fund "transfers out" total $2,559,442 and include $1,096,904 to the general stabilization account and $1,462,538 to the capital improvement stabilization account. These transfers are eliminated on a GAAP basis since the stabilization accounts are reported as component of the general fund.

The nonmajor governmental funds reported a capital contribution from the inflow infiltration fund to the water and sewer enterprise fund totaling $1,758,572 to fund capital projects.

NOTE 6 – OPERATING LEASE

The City entered into a ten-year commercial lease, on June 17, 2013, for a building to be used by the school department for the Devan's Elementary School. The lease agreement includes level annual payments totaling $429,742 beginning on July 1, 2013 with the final lease payment due on July 1, 2022.

NOTE 7 – SHORT-TERM FINANCING

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

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).

- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and each applicable enterprise fund.

The City had the following outstanding short-term debt activity for the year ended June 30, 2020:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2019	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2020
Governmental Funds:							
BAN	General obligation……	1.50%	02/12/21	$ -	$ 20,367,000	$ -	$ 20,367,000

NOTE 8 - LONG-TERM DEBT

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

Details related to the outstanding indebtedness at June 30, 2020, and the debt service requirements are as follows:

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
General Obligation Bonds Payable:				
General Obligation Bonds of 2008……	2033	$ 11,235,383	1.99	$ 5,842,401
General Obligation Bonds of 2010……	2030	11,268,000	3.91	1,000,000
General Obligation Refunding Bonds of 2013….	2022	2,445,000	1.43	245,000
General Obligation Bonds of 2014……	2034	7,636,000	2.81	4,395,000
General Obligation Bonds of 2014……	2029	5,325,000	3.08	2,385,000
General Obligation Refunding Bonds of 2015….	2026	6,190,000	2.00-4.00	4,090,000
General Obligation Bonds of 2014……	2035	6,025,000	2.00-4.00	3,775,000
General Obligation Bonds of 2016……	2036	17,857,000	2.00-4.00	11,055,000
General Obligation Bonds of 2017……	2037	12,417,000	3.00-5.00	9,705,000
General Obligation Bonds of 2018……	2038	13,525,450	3.00-5.00	10,570,000
General Obligation Bonds of 2019….....	2039	17,613,000	3.00-5.00	15,755,000
Subtotal General Obligation Bonds Payable……				68,817,401
Direct Borrowings Payable:				
Section 108 HUD Loan……	2028	1,000,000	0.00	729,000
Add: Unamortized premium on bonds……				4,469,719
Total Bonds Payable, net……				$ 74,016,120

Debt service requirements for principal and interest for governmental general obligation bonds and direct borrowings payable in future years are as follows:

	General Obligation Bonds Payable:		
Year	Principal	Interest	Total
2021	$ 8,534,414	$ 2,636,893	$ 11,171,307
2022	7,659,422	2,278,192	9,937,614
2023	7,279,415	1,952,053	9,231,468
2024	6,379,415	1,642,017	8,021,432
2025	4,979,415	1,380,036	6,359,451
2026	4,874,415	1,175,489	6,049,904
2027	4,059,415	989,628	5,049,043
2028	3,949,415	824,368	4,773,783
2029	3,764,415	687,947	4,452,362
2030	3,474,415	559,368	4,033,783
2031	3,109,415	448,627	3,558,042
2032	2,509,415	348,059	2,857,474
2033	2,279,415	265,588	2,545,003
2034	1,635,000	189,561	1,824,561
2035	1,200,000	140,337	1,340,337
2036	1,145,000	102,306	1,247,306
2037	980,000	65,613	1,045,613
2038	645,000	33,018	678,018
2039	360,000	11,700	371,700
Total	$ 68,817,401	$ 15,730,800	$ 84,548,201

	Direct Borrowings Payable:		
Year	Principal	Interest	Total
2021	$ 76,000	$ -	$ 76,000
2022	80,000	-	80,000
2023	84,000	-	84,000
2024	88,000	-	88,000
2025	93,000	-	93,000
2026	97,000	-	97,000
2027	102,000	-	102,000
2028	109,000	-	109,000
Total	$ 729,000	$ -	$ 729,000

Bonds Payable Schedule – Water and Sewer Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
General Obligation Bonds Payable:				
General Obligation Bonds of 2014.....	2024	$ 1,930,000	2.81	$ 695,000
General Obligation Bonds of 2014.....	2029	3,050,000	3.08	1,560,000
General Obligation Bonds of 2016.....	2026	325,000	4.00	185,000
General Obligation Bonds of 2017.....	2022	101,000	3.00-5.00	40,000
General Obligation Bonds of 2018.....	2023	364,550	3.00-5.00	200,000
General Obligation Bonds of 2019.....	2029	397,000	3.00-5.00	360,000
Subtotal General Obligation Bonds Payable.....				3,040,000
Direct Borrowings Payable:				
MWRA Bonds.....	2030	10,547,813	0.00	6,644,171
MCWT Bonds.....	2037	4,615,501	2.00	3,204,422
Subtotal Direct Borrowings Payable.....				9,848,593
Add: Unamortized premium on bonds.....				58,920
Total Bonds Payable, net.....				$ 12,947,513

Debt service requirements for principal and interest for enterprise general obligation bonds and direct borrowings payable in future years are as follows:

	General Obligation Bonds Payable:		
Year	Principal	Interest	Total
2021.....	$ 620,000	$ 102,114	$ 722,114
2022.....	625,000	80,901	705,901
2023.....	605,000	59,350	664,350
2024.....	430,000	40,526	470,526
2025.....	170,000	27,876	197,876
2026.....	170,000	21,676	191,676
2027.....	140,000	15,476	155,476
2028.....	140,000	10,350	150,350
2029.....	140,000	5,100	145,100
Total.....	$ 3,040,000	$ 363,369	$ 3,403,369

Year	Direct Borrowings Payable: Principal	Interest	Total
2021	$ 1,392,506	$ 64,806	$ 1,457,312
2022	1,117,108	59,714	1,176,822
2023	1,103,640	54,406	1,158,046
2024	942,765	48,790	991,555
2025	917,332	44,668	962,000
2026	821,997	40,460	862,457
2027	826,763	36,158	862,921
2028	696,106	31,766	727,872
2029	606,982	27,274	634,256
2030	512,062	22,693	534,755
2031	240,317	18,004	258,321
2032	234,155	13,420	247,575
2033	239,244	8,739	247,983
2034	67,962	3,952	71,914
2035	69,439	2,593	72,032
2036	29,784	1,204	30,988
2037	30,431	613	31,044
Total	$ 9,848,593	$ 479,260	$ 10,327,853

The Commonwealth has approved school construction assistance to the City. The assistance program which is administered by the MSBA provides resources for future debt service of general obligation school bonds outstanding. During 2020, $1,730,060 of such assistance was received and represents the final payment. Of this amount, $43,676 represents reimbursement of long-term interest costs and $1,686,384 represents reimbursement of approved construction costs.

The City is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2020, the City had the following authorized and unissued debt:

Purpose	Amount
Water main replacements	$ 8,428,100
Sewer system inflow & infiltration	2,598,386
Park construction	6,367,500
Schools	1,600,000
Streets and sidewalks	4,750,000
Property acquisitions	11,000,000
Northern strand bike path expansion	1,500,000
Everett square improvements	1,000,000
Citywide design and refurbish tot lots	700,000
Elton and Tremont drainage	650,000
Lower Broadway bus land design	250,000
Shute library construction	223,650
Commercial triangle improvements	200,000
Snow-ops software	40,000
Total	$ 39,307,636

Changes in Long-term Liabilities

During the year ended June 30, 2020, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term general obligation bonds payable	$ 81,929,816	$ -	$ (13,112,415)	$ -	$ -	$ 68,817,401	$ 8,534,414
Long-term direct borrowing payable	802,000	-	(73,000)	-	-	729,000	76,000
Add: Unamortized premium on bonds	5,383,679	92,466	(1,006,426)	-	-	4,469,719	763,457
Total bonds payable	88,115,495	92,466	(14,191,841)	-	-	74,016,120	9,373,871
Compensated absences	11,889,468	-	-	5,359,814	(4,723,914)	12,525,368	5,223,412
Workers' compensation	971,849	-	-	103,837	(496,686)	579,000	57,900
Net pension liability, as restated (see Note 18)	103,771,000	-	-	4,090,000	(15,970,000)	91,891,000	-
Net OPEB liability, as restated (see Note 18)	269,344,352	-	-	20,241,408	(9,587,230)	279,998,530	-
Total governmental activity long-term liabilities	$ 474,092,164	$ 92,466	$ (14,191,841)	$ 29,795,059	$ (30,777,830)	$ 459,010,018	$ 14,655,183
Business-Type Activities:							
Long-term general obligation bonds payable	$ 3,662,000	$ -	$ (622,000)	$ -	$ -	$ 3,040,000	$ 620,000
Long-term direct borrowing payable	8,249,626	2,721,300	(1,122,333)	-	-	9,848,593	1,392,506
Add: Unamortized premium on bonds	78,189	-	(19,269)	-	-	58,920	15,776
Total bonds payable	11,989,815	2,721,300	(1,763,602)	-	-	12,947,513	2,028,282
Compensated absences	59,550	-	-	51,868	(35,612)	75,806	52,356
Workers' compensation	197,438	-	-	254,944	(208,882)	243,500	24,400
Net pension liability, as restated (see Note 18)	2,490,000	-	-	321,000	(407,000)	2,404,000	-
Net OPEB liability, as restated (see Note 18)	2,440,081	-	-	204,001	(87,000)	2,557,082	-
Total business-type activity long-term liabilities	$ 17,176,884	$ 2,721,300	$ (1,763,602)	$ 831,813	$ (738,494)	$ 18,227,901	$ 2,105,038

The long-term liabilities will be liquidated in the future by the general fund and enterprise funds.

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the City from its highest level of decision-making authority.
- Assigned: fund balances that contain self-imposed constraints of the City to be used for a particular purpose.
- Unassigned: fund balance of the general fund that is not constrained for any particular purpose.

The City's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

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

At year-end, the balances of the general, capital improvement and employee leave buyback stabilization accounts totaled $4,907,685, $4,654,838 and $7,874, respectively and are reported as unassigned fund balance within the general fund.

The City has classified its fund balances with the following hierarchy:

	General	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal	$ -	$ -	$ 1,049,074	$ 1,049,074
Restricted for:				
City capital projects	-	5,938,116	-	5,938,116
City federal and state grants	-	-	1,843,566	1,843,566
Other City grants and gifts	-	-	1,317,506	1,317,506
School federal and state grants	-	-	2,436,967	2,436,967
Other school grants and gifts	-	-	292,526	292,526
Revolving funds	-	-	4,218,184	4,218,184
School lunch	-	-	2,674,240	2,674,240
Receipts reserved for appropriation	-	-	1,350,916	1,350,916
Community development	-	-	956,440	956,440
School capital projects	-	-	413,744	413,744
Permanent trust funds	-	-	312,796	312,796
Committed to:				
Articles and continuing appropriations:				
General government	677,815	-	-	677,815
Public safety	2,980,959	-	-	2,980,959
City services executive division	1,955,202	-	-	1,955,202
Human services	640,257	-	-	640,257
Libraries and recreation	73,046	-	-	73,046
Assigned to:				
Encumbrances:				
General government	(677,815)	-	-	(677,815)
Public safety	(2,980,959)	-	-	(2,980,959)
Education	2,006,793	-	-	2,006,793
City services and facilities	(1,955,202)	-	-	(1,955,202)
Human services	(640,257)	-	-	(640,257)
Libraries and recreation	(73,046)	-	-	(73,046)
Property and liability insurance	-	-	-	-
Employee benefits	-	-	-	-
Unassigned	28,320,183	-	-	28,320,183
Total Fund Balances	$ 30,326,976	$ 5,938,116	$ 16,865,959	$ 53,131,051

The details for the committed and assigned amounts in the preceding table are provided on the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual in the *Required Supplementary Information* section of this report. The amounts are listed under the column titled Amounts Carried Forward to Next Year. The restricted amounts presented above are for funds that are subject to externally imposed constraints relating to grants, contributions, or laws and regulations by other governments.

NOTE 10 – HOST COMMUNITY AGREEMENT

The City entered into a Host Community Agreement (Agreement) with Wynn MA, LLC (Wynn) a subsidiary of Wynn Resorts, Limited on April 19, 2013 for the development of a luxury hotel and a destination resort casino (the Project), which opened for business in June 2019. Under the agreement, the City is entitled to an annual community impact fee and an annual excise payment in lieu of taxes.

Annual Community Impact Fee Payment

Wynn shall pay an annual community impact fee to Everett in the sum of $5,000,000. The annual community impact fee shall continue for as long as Wynn (or any parent, subsidiary or related entities) owns, controls or operates a commercial gaming facility at the Project site and shall increase by 2.5% per annum. The impact fee is based on the Project substantially as proposed, containing approximately 1.32 million square feet of building area. If total square footage of the Project building area exceeds 1.75 million square feet, then the parties shall renegotiate the impact fee in good faith based on the actual impacts resulting from such additional square footage. However, if, after Wynn commences operations, Wynn undertakes any substantial new construction on property which is not a part of the Project site as of the date Wynn commences operations then the parties shall renegotiate the impact fee or negotiate a separate impact fee in good faith based on the actual impacts resulting from such substantial new construction on such New Property. For the year ended June 30, 2020, the City recognized $5,000,000 of community impact fee revenue.

Annual Excise Payment In lieu of Taxes - Chapter 121A

Wynn shall make an annual payment in lieu of taxes of $20,000,000 to Everett. Massachusetts General law Chapter 121A authorizes the creation of single-purpose, project-specific, for-profit companies for undertaking commercial projects in areas which are considered to be decadent, substandard, or blighted. Chapter 121A sets forth the procedures for negotiating an alternative tax payment which benefits a municipality by: (1) creating agreed upon tax payments for a period of years, (2) eliminating the uncertainty and expense associated with the property tax assessment process, (3) allowing the municipality to use the full amount of tax prepayments without regard to possible abatement claims, and (4) allowing the municipality to receive advance payments on dates certain during the development and construction of the project. The annual payment shall continue for as long as Wynn (or any parent, subsidiary or related entity) owns, controls or operates a commercial gaming facility at the Project site and shall increase by 2.5% per annum. The payment is based on the Project substantially as proposed, containing approximately 1.32 million square feet of building area. If total square footage of the Project building area exceeds 1.75 million square feet, then the parties shall renegotiate the payment in good faith based on the full amount of additional space above the currently proposed 1.32 million square feet. However, if, after Wynn commences operations, Wynn undertakes any substantial new construction on property which is not a part of the Project site as of the date Wynn commences operations, then the parties shall renegotiate the payment or negotiate a separate real estate tax arrangement in good faith based on such substantial new construction on such New Property. For the year ended June 30, 2020, the City recognized $20,000,000 of revenue for the payment in lieu of taxes.

NOTE 11 - 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. In addition, the City is self-insured for damages not covered by commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The City is self-insured for its workers' compensation and its health insurance activities. The health insurance activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred, and the workers' compensation activities are accounted for in the general fund and the internal service fund.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many factors. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends, and other economic and social factors. The estimate of the claims liability also includes amounts for non-incremental claim adjustment expenses related to specific claims and other claim adjustment expense regardless of whether allocated to specific claims.

Health Insurance

The estimate of IBNR claims is based on a historical trend analysis and recent trends. The City purchases individual stop loss insurance for claims in excess of $110,000. Settled claims have not exceeded this third-party insurance coverage in any of the previous past three years. Changes in the reported liability since July 1, 2018 are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2019.....	$ 2,000,000	$ 26,819,000	$ (26,539,000)	$ 2,280,000
2020.....	2,280,000	25,415,000	(25,445,000)	2,250,000

Workers' Compensation

Workers' compensation claims are administered by the City's Personnel Department and is funded on a pay-as-you-go basis from annual appropriations. The estimated future workers' compensation liability is based on history and injury type. Changes in the reported liability since July 1, 2018, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2019.....	$ 1,101,291	$ 846,908	$ (778,912)	$ 1,169,287	$ 116,929
2020.....	1,169,287	358,781	(705,568)	822,500	82,300

NOTE 12 - PENSION PLAN

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

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

Special Funding Situation – The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the City to the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the City does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2019. The City's portion of the collective pension expense, contributed by the Commonwealth, of $21,543,559 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the City is $177,653,405 as of the measurement date.

Benefits Provided – Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

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

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

At December 31, 2019, the System's membership consists of the following:

Active members	731
Inactive members	215
Retirees and beneficiaries currently receiving benefits	504
Total	1,450

Contributions – Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding $30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the System a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2019, was $16,452,000, or 34.47% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City's proportionate share of the required contribution was $15,970,000, which equaled its actual contribution.

Pension Liabilities – The components of the net pension liability of the participating member units at June 30, 2020, were as follows:

Total pension liability	$	282,738,000
Total pension plan's fiduciary net position		(185,587,000)
Total net pension liability	$	97,151,000
The pension plan's fiduciary net position as a percentage of the total pension liability		65.64%

At June 30, 2020, the City reported a liability of $94,295,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly, updated procedures were used to roll back the total pension liability to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2019, the City's proportion was 97.06%, which increased from its proportion measured at December 31, 2018, of 96.89%.

Pension Expense – For the year ended June 30, 2020, the City recognized pension expense of $12,534,000. At June 30, 2020, the City reported deferred outflows of resources related to pensions of $9,778,000 and deferred inflows of resources related to pensions of $10,435,000.

The balances of deferred outflows and inflows at June 30, 2020, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience	$ 999,000	$ (4,407,000)	$ (3,408,000)
Difference between projected and actual earnings, net	-	(6,028,000)	(6,028,000)
Changes of assumptions	8,324,000	-	8,324,000
Changes in proportion and proportionate share of contributions	455,000	-	455,000
Total deferred outflows/(inflows) of resources	$ 9,778,000	$ (10,435,000)	$ (657,000)

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

Year ended June 30:	
2021	$ (228,000)
2022	(733,000)
2023	1,508,000
2024	(1,516,000)
2025	312,000
Total deferred outflows/(inflows) of resources	$ (657,000)

Actuarial Assumptions – The total pension liability in the January 1, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was rolled back to December 31, 2019:

Valuation date	January 1, 2020
Actuarial cost method	Individual Entry Age Normal Cost Method.
Amortization method	Total payments increase 5.01% per year until FY29 with a final amortization payment in FY30.
Remaining amortization period	10 years from July 1, 2020.
Asset valuation method	Fair value.
Inflation rate	Not explicitly assumed.
Investment rate of return/Discount rate	7.375%, (previously 7.50%) net of pension plan investment expense, including inflation.
Projected salary increases	Select and ultimate by job group; ultimate rates of 4.25% for Group 1, and 4.75% for Group 4.
Cost of living adjustments	3.0% for the first $14,000 of retirement income.
Rates of retirement	Varies based upon age for general employees, and police and fire employees.

Rates of disability	Based on an analysis of past experience. It is also assumed that the percentage of job-related disabilities is 55% for Groups 1 & 2 and 90% for Group 4.
Mortality rates	Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2018, gender distinct. Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2018, gender distinct. For disabled retirees, rates reflect the Blue Collar Healthy Annuitant table set forward 1 year projected generationally with Scale MP-2018, gender distinct.

Investment policy – The System's policy in regard to the allocation of invested assets is established and may be amended by the Board. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of January 1, 2019, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
U.S. equity	22.50%	6.90%
International equities	15.10%	7.00%
Emerging international equities	6.40%	9.20%
Core fixed income	14.70%	2.94%
Value added fixed income	7.50%	6.80%
Private equity	11.00%	10.90%
Real estate	9.50%	6.10%
Timberland	3.50%	6.70%
Hedge funds	9.20%	6.20%
Portfolio completion	0.60%	5.80%
Total	100.00%	

Rate of return – For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.00%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate – The discount rate used to measure the total pension liability was 7.375%, previously 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined

contribution rate. Based on those assumptions, the 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 of the net pension liability to changes in the discount rate – The following presents the net pension liability, calculated using the discount rate of 7.375%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.375%) or 1-percentage-point higher (8.375%) than the current rate:

	1% Decrease (6.375%)	Current Discount (7.375%)	1% Increase (8.375%)
	December 31, 2019 Measurement Date		
The City's proportionate share of the net pension liability……	$ 126,054,000	$ 94,295,000	$ 67,449,000
ECRS total net pension liability……	$ 129,872,000	$ 97,151,000	$ 69,492,000

Changes of Assumptions:

- The discount rate was lowered from 7.50% to 7.375%.
- The mortality tables were updated from the RP-2000 tables to the RP-2014 tables.

Changes in Plan Provisions – None.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The City of Everett administers a single-employer defined benefit healthcare plan (Plan). The Plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the City and the unions representing City employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Summary of Significant Accounting Policies – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Funding Policy – Contribution requirements are also negotiated between the City and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The City contributes 85 percent of the cost of current-year medical premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 15 percent of their premium costs. The City contributes 85 to 90

percent of the cost of current-year medical premiums for eligible retired teachers and their spouses. Plan members receiving benefits contribute the remaining 10 to 15 percent of their premium costs. For life insurance, the City contributes 85 percent of the cost of current year premiums and plan members contribute the remaining 15 percent. Retirees contribute 100% of the premium cost for dental coverage. For the year ended June 30, 2020, the City's average contribution rate was 9.88% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the City to establish a postemployment benefit trust fund and to enable the City to begin pre-funding its other postemployment benefit (OPEB) liabilities. During 2020, the City pre-funded future OPEB liabilities totaling $1,096,904 by contributing funds to the OPEB trust fund in excess of the pay-as-you-go required contribution. These funds are reported within the fiduciary funds' financial statements. As of June 30, 2020, the balance of this fund totaled $7,382,520.

Investment policy – The City's policy in regard to the allocation of invested assets is established and may be amended by the City Council by a majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the City's investment policy.

Employees Covered by Benefit Terms – The following table represents the Plan's membership as of June 30, 2020:

Active members	1,530
Inactive members currently receiving benefits	980
Total	2,510

Components of OPEB Liability – The following table represents the components of the Plan's OPEB liability as of June 30, 2020:

Total OPEB liability	$ 289,938,132
Less: OPEB plan's fiduciary net position	(7,382,520)
Net OPEB liability	$ 282,555,612
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability	2.55%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the July 1, 2018 actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement that was updated to June 30, 2020:

Valuation date	July 1, 2018
Actuarial cost method	Individual Entry Age.
Asset valuation method	Fair Value of Assets as of the Reporting Date, June 30, 2020.
Investment rate of return	6.21%, net of OPEB plan investment expense, including inflation.

Municipal bond rate……	2.66% as of June 30, 2020 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG).
Single equivalent discount rate..	3.75% as of June 30, 2020 and June 30, 2019, net of OPEB plan investment expense, including inflation.
Healthcare cost trend rate……	4.50% per year for active and medicare supplement plans.
General inflation rate……	2.50% as of June 30, 2020, and for future periods.
Annual salary increases……	3.00% annually as of June 30, 2020, and for future periods.
Pre- Retirement mortality……	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.
Post- Retirement mortality……	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
Disabled mortality……	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

Rate of return. For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 4.32%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Plan's expected future real rate of return of 3.96% is added to the expected inflation of 2.50% to produce the long-term expected nominal rate of return of 6.46%.

Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2020, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap.....	40.00%	4.80%
Domestic Equity - Small/Mid Cap.....	5.00%	5.29%
International Equity - Developed Market....	5.00%	5.45%
International Equity - Emerging Market.....	5.00%	6.42%
Domestic Fixed Income.....	35.00%	2.05%
International Fixed Income.....	5.00%	3.00%
Real Estate.....	5.00%	6.25%
Total.....	100.00%	

Discount rate – The discount rate used to measure the total OPEB liability was 3.75% as of June 30, 2020, and June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the long-term expected rate of return on the OPEB plan assets was applied to the projected benefit payments which the Plan fiduciary net position is expected to be sufficient to cover and the municipal bond rate was applied thereafter. The municipal bond rate was based on the S&P Municipal Bond 20 – Year High Grade Index (SAPIHG), which was 2.66% as of June 30, 2020. The S&P Municipal Bond 20 – Year High Grade Index is the index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 3.75%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB liability.....	$ 333,851,265	$ 282,555,612	$ 242,338,701

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate of 4.50%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease (3.50%)	Current Trend (4.50%)	1% Increase (5.50%)
Net OPEB liability.....	$ 237,885,066	$ 282,555,612	$ 340,564,092

Changes in the Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019	$ 277,809,805	$ 6,025,372	$ 271,784,433
Changes for the year:			
Service cost	10,142,202	-	10,142,202
Interest	10,640,472	-	10,640,472
Differences between expected and actual experience	(164,021)	-	(164,021)
Employer contributions	-	9,587,230	(9,587,230)
Net investment income	-	260,244	(260,244)
Benefit payments	(8,490,326)	(8,490,326)	-
Net change	12,128,327	1,357,148	10,771,179
Balances at June 30, 2020	$ 289,938,132	$ 7,382,520	$ 282,555,612

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the City recognized OPEB expense of $21,255,772. At June 30, 2020, the City reported deferred outflows and (inflows) of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience	$ -	$ (15,387,881)	$ (15,387,881)
Difference between projected and actual earnings, net	86,542	-	86,542
Changes in assumptions	19,272,881	-	19,272,881
Total deferred outflows/(inflows) of resources	$ 19,359,423	$ (15,387,881)	$ 3,971,542

The City's deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year ended June 30:	
2021	$ 880,820
2022	880,818
2023	867,634
2024	886,986
2025	469,287
Thereafter	(14,003)
Total deferred outflows/(inflows) of resources	$ 3,971,542

Changes of Assumptions – None.

Changes in Plan Provisions – None.

NOTE 14 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

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

	Pension Trust Fund (as of December 31, 2019)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents	$ 677,624	$ 1,174,498	$ 1,852,122
Investments:			
Investments in Pension Reserve Investment Trust	184,997,067	-	184,997,067
Government sponsored enterprises	-	722,966	722,966
Corporate bonds	-	622,158	622,158
U.S. Government securities	-	465,449	465,449
Equity securities	-	3,720,466	3,720,466
Bond mutual funds	-	676,983	676,983
Receivables, net of allowance for uncollectibles:			
Departmental and other	138,757	-	138,757
TOTAL ASSETS	185,813,448	7,382,520	193,195,968
LIABILITIES			
Warrants payable	226,242	-	226,242
NET POSITION			
Restricted for pensions	185,587,206	-	185,587,206
Restricted for other postemployment benefits	-	7,382,520	7,382,520
TOTAL NET POSITION	$ 185,587,206	$ 7,382,520	$ 192,969,726

	Pension Trust Fund (as of December 31, 2019)	Other Postemployment Benefit Trust Fund	Total Pension and Other Postemployment Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions	$ 16,452,302	$ 1,096,904	$ 17,549,206
Employer contributions for other postemployment benefit payments	-	8,490,326	8,490,326
Member contributions	4,870,135	-	4,870,135
Transfers from other systems	149,587	-	149,587
Retirement benefits - 3(8)c contributions from other systems	356,451	-	356,451
Interest not refunded	1,161	-	1,161
Retirement benefits - Intergovernmental	225,135	-	225,135
Total contributions	22,054,771	9,587,230	31,642,001
Net investment income:			
Investment income	26,003,534	260,244	26,263,778
Less: investment expense	(876,407)	-	(876,407)
Net investment income	25,127,127	260,244	25,387,371
TOTAL ADDITIONS	47,181,898	9,847,474	57,029,372
DEDUCTIONS:			
Administration	283,407	-	283,407
Transfers to other systems	468,664	-	468,664
Retirement benefits - 3(8)c transfer to other systems	531,834	-	531,834
Retirement benefits and refunds	14,587,352	-	14,587,352
Other postemployment benefit payments	-	8,490,326	8,490,326
TOTAL DEDUCTIONS	15,871,257	8,490,326	24,361,583
NET INCREASE IN NET POSITION	31,310,641	1,357,148	32,667,789
NET POSITION AT BEGINNING OF YEAR	154,276,565	6,025,372	160,301,937
NET POSITION AT END OF YEAR	$ 185,587,206	$ 7,382,520	$ 192,969,726

NOTE 15 – COMMITMENTS AND CONTINGENCIES

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial. Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2020, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2020.

The City has entered into, or is planning to enter into, contracts totaling approximately $11 million for water and sewer infrastructure improvements. The City has entered into, or is planning to enter into, contracts totaling approximately $11 million for property acquisitions. The City has entered into, or is planning to enter into, contracts totaling approximately $6.4 million for park construction. The City has entered into, or is planning to enter into, contracts totaling approximately $4.8 million for street and sidewalk improvements. The City has entered into, or is planning to enter into, contracts totaling approximately $6.1 million for other various City-wide projects.

NOTE 16 – TAX INCREMENT FINANCING AGREEMENTS

The City enters into tax increment financing (TIF) agreements with local businesses under Chapter 40, Section 59 of the Massachusetts General Laws. Under this section of the law, localities may grant property tax exemptions of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The exemptions may be granted to any business located within or promising to relocate to the City.

For the fiscal year ended June 30, 2020, the City exempted property taxes totaling $22,829,443 under this program.

Note 10 describes the various agreements for chapter 121A excise payments related to the Host Community Agreement (Agreement) with Wynn MA, LLC a subsidiary of Wynn Resorts, Limited on April 19, 2013, for the development of a luxury hotel and a destination resort casino.

The City has not made any commitments as part of the agreements other than to reduce taxes. The City is not subject to any tax abatement agreements entered into by other governmental entities.

NOTE 17 – COVID-19

On March 10, 2020, the Massachusetts Governor declared a state of emergency in response to the coronavirus outbreak. The World Health Organization officially declared the novel Coronavirus (COVID-19) a pandemic the following day. In an attempt to slow the spread of COVID-19, governments issued various stay at home orders that caused global economic shutdowns and substantial financial market impact. Starting in March 2020, the Governor continued to issue orders allowing governments to operate and carry out essential functions safely. These included modifying the state's Open Meeting Law, issuing a stay-at-home order, and introducing a phased approach to reopening State businesses. The City is considered an essential business and although it was closed to the public for a period of time, departments remained operational and most employees continued to perform their daily duties.

On March 27, 2020, the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect to COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding. In addition to funding from the CARES Act, there are several other federal and state grants available.

As a result of the pandemic, a number of businesses have been forced to stop or significantly reduce operations decreasing certain City revenues. Through June 30, 2020, the City has incurred unanticipated costs specifically related to the pandemic of $1,203,874 and has recognized an equal amount of reimbursements and unearned

revenue totaling $399,118 from the CARES Act; however, the full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 18 – RESTATEMENT OF NET POSITION/FUND BALANCE PREVIOUSLY REPORTED

Beginning net position/fund balance of the governmental activities, business-type activities, and governmental funds has been restated as a result of the City Council establishing the ECTV enterprise fund on July 1, 2019. The fund was previously recorded as a nonmajor governmental fund. Accordingly, net position/fund balance previously reported has been restated as follows:

	06/30/2019 Previously Reported Balances	Fund balance	Reclass net OPEB liability	Reclass net pension liability	07/01/19 Restated Balances
Government-Wide Financial Statements					
Governmental activities	$ (201,523,401)	$ (1,032,723)	$ 461,630	$ 758,000	$ (201,336,494)
Business-type activities	49,459,165	1,032,723	(461,630)	(758,000)	49,272,258
Total	$ (152,064,236)	$ -	$ -	$ -	$ (152,064,236)
Business-type Activities - Enterprise Funds					
ECTV Enterprise fund	$ -	$ 1,032,723	$ (461,630)	$ (758,000)	$ (186,907)
Governmental funds					
Nonmajor governmental funds	$ 16,956,681	$ (1,032,723)	$ -	$ -	$ 15,923,958

NOTE 19 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 15, 2021, which is the date the financial statements were available to be issued.

NOTE 20 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2020, the following GASB pronouncement was implemented:

- GASB Statement #95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. This pronouncement postponed the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or are scheduled to be effective for periods beginning after June 15, 2018 or later.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities,* which is required to be implemented in 2021.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2022.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2022.

- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2021.

- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.

- The GASB issued Statement #92, *Omnibus 2020*, which is required to be implemented in 2022.

- The GASB issued Statement #93, *Replacement of Interbank Offered Rates*, which is required to be implemented in 2022.

- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.

- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.

- The GASB issued Statement #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*, in which certain paragraphs are required to be implemented in 2021 and 2022.

Management is currently assessing the impact the implementation of these pronouncements will have on the basic financial statements.

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Required Supplementary Information

General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the City. It is used to account for the entire City's financial resources, except those required to be accounted for in another fund.

GENERAL FUND

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
REVENUES:					
Real estate and personal property taxes, net of tax refunds	$ 91,855,752	$ 91,855,752	$ 91,876,884	$ -	$ 21,132
Tax liens	-	-	446,224	-	446,224
Motor vehicle excise taxes	4,000,000	4,000,000	4,248,629	-	248,629
Chapter 121A excise payments in lieu of taxes	20,000,000	20,000,000	20,000,000	-	-
Community impact fee	5,000,000	5,000,000	5,000,000	-	-
Hotel/motel tax	2,250,000	2,250,000	3,295,972	-	1,045,972
Meals tax	1,000,000	1,000,000	1,090,679	-	90,679
Penalties and interest on taxes	350,000	350,000	367,259	-	17,259
Payments in lieu of taxes	14,000	14,000	14,112	-	112
Licenses and permits	1,200,000	1,200,000	1,866,483	-	666,483
Fines and forfeitures	1,000,000	1,000,000	1,211,590	-	211,590
Intergovernmental - state aid	83,350,453	83,350,453	83,653,373	-	302,920
Intergovernmental - School Building Authority	1,730,060	1,730,060	1,730,060	-	-
Departmental and other	2,145,002	2,145,002	3,892,050	-	1,747,048
Investment income	250,000	250,000	608,021	-	358,021
TOTAL REVENUES	214,145,267	214,145,267	219,301,336	-	5,156,069
EXPENDITURES:					
Current:					
General government					
City Council:					
Personnel services	386,190	386,190	386,295	-	(105)
General expenditures	136,111	136,111	47,179	10,751	78,181
Total	522,301	522,301	433,474	10,751	78,076
Mayor:					
Personnel services	1,046,080	1,046,080	821,757	-	224,323
General expenditures	699,300	699,300	307,178	330,108	62,014
Capital articles	68,185	68,185	-	68,185	-
Total	1,813,565	1,813,565	1,128,935	398,293	286,337
City Auditor:					
Personnel services	488,529	488,529	485,051	-	3,478
General expenditures	312,559	312,559	176,931	119,993	15,635
Capital articles	6,351	6,351	-	6,270	81
Total	807,439	807,439	661,982	126,263	19,194
Purchasing:					
Personnel services	157,131	157,131	121,471	-	35,660
General expenditures	29,634	29,634	13,709	12,134	3,791
Total	186,765	186,765	135,180	12,134	39,451
Assessors:					
Personnel services	297,207	297,207	279,741	-	17,466
General expenditures	516,291	516,291	263,026	253,003	262
Capital articles	1,314	1,314	14	1,300	-
Total	814,812	814,812	542,781	254,303	17,728
Treasurer/Collector:					
Personnel services	763,726	763,726	761,312	-	2,414
General expenditures	515,079	515,079	434,928	72,879	7,272
Total	1,278,805	1,278,805	1,196,240	72,879	9,686

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
City Solicitor:					
Personnel services	321,571	321,571	319,497	-	2,074
General expenditures	167,535	167,535	98,682	60,009	8,844
Capital articles	2,500	2,500	2,071	-	429
Total	491,606	491,606	420,250	60,009	11,347
Human resources:					
Personnel services	1,437,421	1,437,421	1,436,682	-	739
General expenditures	105,103	105,103	39,300	62,420	3,383
Total	1,542,524	1,542,524	1,475,982	62,420	4,122
Information technology:					
Personnel services	236,122	236,122	235,957	-	165
General expenditures	1,106,488	1,106,488	645,393	459,761	1,334
Capital articles	169,171	169,171	26,872	142,299	-
Total	1,511,781	1,511,781	908,222	602,060	1,499
City Clerk:					
Personnel services	364,906	364,906	318,774	5,000	41,132
General expenditures	368,618	368,618	172,318	181,867	14,433
Total	733,524	733,524	491,092	186,867	55,565
Election commissions:					
Personnel services	268,382	268,382	219,895	-	48,487
General expenditures	83,000	83,000	57,494	20,971	4,535
Total	351,382	351,382	277,389	20,971	53,022
Licensing:					
Personnel services	7,200	7,200	5,183	-	2,017
General expenditures	552	552	105	-	447
Total	7,752	7,752	5,288	-	2,464
Conservation commission:					
Personnel services	15,600	15,600	15,116	-	484
General expenditures	680	680	100	-	580
Total	16,280	16,280	15,216	-	1,064
Planning Board:					
Personnel services	16,300	16,300	13,366	-	2,934
General expenditures	100	100	96	-	4
Total	16,400	16,400	13,462	-	2,938
Zoning Board of Appeals:					
Personnel services	14,696	14,696	13,092	-	1,604
General expenditures	500	500	106	-	394
Total	15,196	15,196	13,198	-	1,998
Total General Government	10,110,132	10,110,132	7,718,691	1,806,950	584,491
Public safety:					
Police:					
Personnel services	14,977,953	15,492,953	14,293,808	400,000	799,145
General expenditures	549,537	549,537	431,314	79,932	38,291
Capital articles	407,404	407,404	296,666	110,738	-
Total	15,934,894	16,449,894	15,021,788	590,670	837,436

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
Fire:					
Personnel services	11,089,727	11,089,727	10,798,235	250,000	41,492
General expenditures	307,185	307,185	187,049	88,339	31,797
Capital articles	68,202	122,827	117,472	5,355	-
Total	11,465,114	11,519,739	11,102,756	343,694	73,289
Inspectional services:					
Personnel services	2,001,256	2,001,256	1,756,601	-	244,655
General expenditures	3,155,332	3,155,332	1,146,198	1,952,970	56,164
Capital articles	132,154	132,154	-	93,625	38,529
Total	5,288,742	5,288,742	2,902,799	2,046,595	339,348
Emergency communications center:					
Personnel services	1,056,936	1,056,936	967,082	10,000	79,854
General expenditures	149,606	149,606	56,031	68,836	24,739
Total	1,206,542	1,206,542	1,023,113	78,836	104,593
Total Public Safety	33,895,292	34,464,917	30,050,456	3,059,795	1,354,666
Education	97,119,515	96,370,383	85,423,484	10,081,605	865,294
City services facility:					
Executive division:					
Personnel services	924,334	924,334	862,028	-	62,306
General expenditures	1,323,797	1,323,797	999,691	311,913	12,193
Capital articles	390,362	390,362	236,772	153,590	-
Total	2,638,493	2,638,493	2,098,491	465,503	74,499
Facilities/maintenance:					
Personnel services	1,415,651	1,415,651	1,378,845	-	36,806
General expenditures	1,788,879	1,788,879	1,382,254	274,285	132,340
Capital articles	19,415	19,415	-	19,415	-
Total	3,223,945	3,223,945	2,761,099	293,700	169,146
Engineering:					
Personnel services	158,032	158,032	154,264	-	3,768
General expenditures	523,513	523,513	342,487	163,655	17,371
Capital articles	158,137	158,137	-	158,137	-
Total	839,682	839,682	496,751	321,792	21,139
Parks and cemeteries:					
Personnel services	1,371,355	1,371,355	1,204,460	-	166,895
General expenditures	900,724	900,724	513,025	243,787	143,912
Total	2,272,079	2,272,079	1,717,485	243,787	310,807
Stadium:					
General expenditures	107,224	107,224	30,386	50,298	26,540
Highway:					
Personnel services	1,238,601	1,238,601	1,123,729	-	114,872
General expenditures	1,420,535	1,420,535	508,043	574,207	338,285
Capital articles	300,000	300,000	-	300,000	-
Total	2,959,136	2,959,136	1,631,772	874,207	453,157

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
Snow and ice:					
Personnel services	70,000	70,000	133,965	-	(63,965)
General expenditures	372,789	372,789	259,631	76,043	37,115
Total	442,789	442,789	393,596	76,043	(26,850)
Solid waste:					
General expenditures	4,169,606	4,169,606	3,564,129	499,072	106,405
Total City Services and Facilities	16,652,954	16,652,954	12,693,709	2,824,402	1,134,843
Human services:					
Health inspection services:					
Personnel services	1,464,412	1,464,412	1,196,105	100,000	168,307
General expenditures	94,278	94,278	45,020	30,832	18,426
Total	1,558,690	1,558,690	1,241,125	130,832	186,733
Planning & development:					
Personnel services	480,044	480,044	480,044	-	-
General expenditures	1,413,858	1,413,858	1,009,068	399,899	4,891
Capital articles	191,762	191,762	52,392	139,370	-
Total	2,085,664	2,085,664	1,541,504	539,269	4,891
Council on aging:					
General expenditures	50,682	50,682	44,459	1,335	4,888
Veterans' services:					
Personnel services	101,416	101,416	100,780	-	636
General expenditures	500,067	500,067	356,712	30,950	112,405
Total	601,483	601,483	457,492	30,950	113,041
Commission on disability:					
Personnel services	10,700	10,700	7,450	-	3,250
General expenditures	250	250	-	-	250
Total	10,950	10,950	7,450	-	3,500
Mayor's office of human services:					
Personnel services	393,133	393,133	349,257	15,000	28,876
General expenditures	109,814	109,814	95,892	12,479	1,443
Capital articles	74,004	74,004	495	73,509	-
Total	576,951	576,951	445,644	100,988	30,319
Total Human Services	4,884,420	4,884,420	3,737,674	803,374	343,372
Libraries and recreation:					
Library - Parlin and Shute:					
Personnel services	914,808	914,808	676,531	-	238,277
General expenditures	337,087	337,087	175,769	65,066	96,252
Total	1,251,895	1,251,895	852,300	65,066	334,529
Recreation:					
Personnel services	581,097	581,097	463,879	-	117,218
General expenditures	88,771	88,771	13,831	62,111	12,829
Capital Outlay	10,935	10,935	-	10,935	-
Total	680,803	680,803	477,710	73,046	130,047
Total Libraries and Recreation	1,932,698	1,932,698	1,330,010	138,112	464,576

(Continued)

GENERAL FUND

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
Pension Benefits	15,970,286	15,970,286	15,970,286	-	-
Property and liability insurance:					
Employee injuries	1,181,963	1,181,963	965,790	70,073	146,100
Property/liability insurance	2,286,266	2,286,266	1,983,135	59,097	244,034
Total Property and Liability Insurance	3,468,229	3,468,229	2,948,925	129,170	390,134
Employee benefits:					
Unemployment compensation	465,578	465,578	231,132	234,446	-
Employee insurance:					
Life insurance	88,000	88,000	66,716	11,489	9,795
Health insurance	21,100,674	22,847,578	22,789,047	58,531	-
AD&D insurance	28,000	28,000	27,242	-	758
Medicare tax	1,710,225	1,809,357	1,595,720	-	213,637
Total Employee Benefits	23,392,477	25,238,513	24,709,857	304,466	224,190
State and county charges	14,926,599	14,926,599	14,214,449	-	712,150
Debt service:					
Principal	13,222,416	13,222,416	13,222,416	-	-
Interest	3,107,287	3,107,287	3,107,284	-	3
Total Debt Service	16,329,703	16,329,703	16,329,700	-	3
TOTAL EXPENDITURES	238,682,305	240,348,834	215,127,241	19,147,874	6,073,719
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(24,537,038)	(26,203,567)	4,174,095	(19,147,874)	11,229,788
OTHER FINANCING SOURCES (USES):					
Transfers in	876,040	930,665	930,665	-	-
Transfers out	-	(2,559,442)	(2,559,442)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	876,040	(1,628,777)	(1,628,777)	-	-
NET CHANGE IN FUND BALANCE	(23,660,998)	(27,832,344)	2,545,318	(19,147,874)	11,229,788
BUDGETARY FUND BALANCE, Beginning of year	40,342,825	40,342,825	40,342,825	-	-
BUDGETARY FUND BALANCE, End of year	$ 16,681,827	$ 12,510,481	$ 42,888,143	$ (19,147,874)	$ 11,229,788

(Concluded)

See notes to required supplementary information.

Pension Plan Schedules – Retirement System

The Pension Plan's Schedule of Changes in the Net Pension Liability and Related Ratios presents multi-year trend information on the net pension liability and related ratios.

The Pension Plan's Schedule of Contributions presents multi-year trend information on the required and actual contributions to the pension plan and related ratios.

The Pension Plan's Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on retirement assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY
AND RELATED RATIOS
EVERETT CONTRIBUTORY RETIREMENT SYSTEM

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Total pension liability:						
Service cost	$ 5,511,000	$ 5,759,000	$ 6,346,000	$ 6,632,000	$ 7,484,000	$ 7,821,000
Interest	16,044,000	16,750,000	17,243,000	18,331,000	18,885,000	19,838,000
Differences between expected and actual experience	-	-	(4,252,000)	(7,871,000)	-	1,268,000
Changes of assumptions	-	-	8,000,000	6,850,000	-	4,400,000
Benefit payments	(12,592,000)	(12,789,000)	(13,406,000)	(13,304,000)	(13,479,000)	(14,538,000)
Net change in total pension liability	8,963,000	9,720,000	13,931,000	10,638,000	12,890,000	18,789,000
Total pension liability - beginning	207,807,000	216,770,000	226,490,000	240,421,000	251,059,000	263,949,000
Total pension liability - ending (a)	$ 216,770,000	$ 226,490,000	$ 240,421,000	$ 251,059,000	$ 263,949,000	$ 282,738,000
Plan fiduciary net position:						
Employer contributions	$ 13,011,000	$ 13,596,000	$ 14,208,000	$ 14,919,000	$ 15,667,000	$ 16,452,000
Member contributions	3,642,000	3,277,000	4,358,000	4,740,000	4,638,000	4,551,000
Net investment income (loss)	7,053,000	551,000	8,492,000	21,664,000	(3,772,000)	25,127,000
Administrative expenses	(219,000)	(208,000)	(226,000)	(233,000)	(249,000)	(283,000)
Retirement benefits and refunds	(12,592,000)	(12,789,000)	(13,406,000)	(13,304,000)	(13,479,000)	(14,538,000)
Other receipts	19,000	13,000	1,000	5,000	1,000	1,000
Net increase (decrease) in fiduciary net position	10,914,000	4,440,000	13,427,000	27,791,000	2,806,000	31,310,000
Fiduciary net position - beginning of year	94,899,000	105,813,000	110,253,000	123,680,000	151,471,000	154,277,000
Fiduciary net position - end of year (b)	$ 105,813,000	$ 110,253,000	$ 123,680,000	$ 151,471,000	$ 154,277,000	$ 185,587,000
Net pension liability - ending (a)-(b)	$ 110,957,000	$ 116,237,000	$ 116,741,000	$ 99,588,000	$ 109,672,000	$ 97,151,000
Plan fiduciary net position as a percentage of the total pension liability	48.81%	48.68%	51.44%	60.33%	58.45%	65.64%
Covered payroll	$ 36,167,000	$ 36,981,000	$ 39,973,000	$ 45,131,000	$ 46,034,000	$ 47,725,000
Net pension liability as a percentage of covered payroll	306.79%	314.32%	292.05%	220.66%	238.24%	203.56%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF CONTRIBUTIONS
EVERETT CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2019……	$ 16,452,000	$ (16,452,000)	$ -	$ 47,725,000	34.47%
December 31, 2018……	15,667,000	(15,667,000)	-	46,034,000	34.03%
December 31, 2017……	14,919,000	(14,919,000)	-	45,131,000	33.06%
December 31, 2016……	14,208,000	(14,208,000)	-	39,973,000	35.54%
December 31, 2015……	13,596,000	(13,596,000)	-	36,981,000	36.76%
December 31, 2014……	13,011,000	(13,011,000)	-	36,167,000	35.97%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
EVERETT CONTRIBUTORY RETIREMENT SYSTEM

Year	Annual money-weighted rate of return, net of investment expense
December 31, 2019	16.00%
December 31, 2018	-2.44%
December 31, 2017	17.16%
December 31, 2016	7.55%
December 31, 2015	0.51%
December 31, 2014	7.31%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Pension Plan Schedules – City

The Schedule of the City's Proportionate Share of the Net Pension Liability presents multi-year trend information on the City's net pension liability and related ratios.

The Schedule of City's Contributions presents multi-year trend information on the City's required and actual contributions to the pension plan and related ratios.

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers' Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the City along with related ratios.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
EVERETT CONTRIBUTORY RETIREMENT SYSTEM

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2019.....	97.06%	$ 94,295,000	$ 46,322,000	203.56%	65.64%
December 31, 2018.....	96.89%	106,261,000	44,602,000	238.24%	58.45%
December 31, 2017.....	96.36%	95,963,000	43,488,000	220.67%	60.33%
December 31, 2016.....	96.41%	112,550,000	38,538,000	292.05%	51.44%
December 31, 2015.....	96.38%	112,029,000	35,642,000	314.32%	48.68%
December 31, 2014.....	96.38%	106,940,000	34,858,000	306.79%	48.81%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF THE CITY'S CONTRIBUTIONS
EVERETT CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2020	$ 15,970,000	$ (15,970,000)	$ -	$ 47,480,050	33.64%
June 30, 2019	15,183,000	(15,183,000)	-	45,717,050	33.21%
June 30, 2018	14,381,000	(14,381,000)	-	44,575,200	32.26%
June 30, 2017	13,703,000	(13,703,000)	-	39,501,450	34.69%
June 30, 2016	13,109,000	(13,109,000)	-	36,533,050	35.88%
June 30, 2015	12,526,000	(12,526,000)	-	35,729,450	35.06%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF THE SPECIAL FUNDING AMOUNTS OF THE NET PENSION LIABILITY

MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2020	$ 177,653,405	$ 21,543,559	53.95%
2019	177,867,088	18,024,254	54.84%
2018	167,397,590	17,471,774	54.25%
2017	174,774,212	17,828,115	52.73%
2016	149,836,518	12,153,075	55.38%
2015	108,435,522	7,533,536	61.64%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

The Schedule of the City's Contributions presents multi-year trend information on the City's actual contributions to the other postemployment benefit plan and related ratios.

The Schedule of Investment Returns presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

These schedules are intended to present information for ten years. Until a ten-year trend is compiled, information is presented for those years for which information is available.

SCHEDULE OF CHANGES IN THE
CITY'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service Cost	$ 9,824,677	$ 11,048,063	$ 9,493,779	$ 10,142,202
Interest	9,068,465	9,551,582	9,977,532	10,640,472
Differences between expected and actual experience	(1,651)	-	(21,935,653)	(164,021)
Changes of assumptions	-	-	27,725,897	-
Benefit payments	(7,065,440)	(7,401,157)	(7,977,564)	(8,490,326)
Net change in total OPEB liability	11,826,051	13,198,488	17,283,991	12,128,327
Total OPEB liability - beginning	235,501,275	247,327,326	260,525,814	277,809,805
Total OPEB liability - ending (a)	$ 247,327,326	$ 260,525,814	$ 277,809,805	$ 289,938,132
Plan fiduciary net position				
Employer contributions	$ 1,005,784	$ 986,484	$ 899,295	$ 1,096,904
Employer contributions for OPEB payments	7,065,440	7,401,157	7,977,564	8,490,326
Net investment income	108,337	160,822	403,699	260,244
Benefit payments	(7,065,440)	(7,401,157)	(7,977,564)	(8,490,326)
Net change in plan fiduciary net position	1,114,121	1,147,306	1,302,994	1,357,148
Plan fiduciary net position - beginning of year	2,460,951	3,575,072	4,722,378	6,025,372
Plan fiduciary net position - end of year (b)	$ 3,575,072	$ 4,722,378	$ 6,025,372	$ 7,382,520
Net OPEB liability - ending (a)-(b)	$ 243,752,254	$ 255,803,436	$ 271,784,433	$ 282,555,612
Plan fiduciary net position as a percentage of the total OPEB liability	1.45%	1.81%	2.17%	2.55%
Covered-employee payroll	$ 101,415,481	$ 104,457,946	$ 106,547,105	$ 97,075,106
Net OPEB liability as a percentage of covered-employee payroll	240.35%	244.89%	255.08%	291.07%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF THE CITY'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered-employee payroll	Contributions as a percentage of covered-employee payroll
June 30, 2020.....	$ 25,417,260	$ (9,587,230)	$ 15,830,030	$ 97,075,106	9.88%
June 30, 2019.....	24,186,543	(8,876,859)	15,309,684	106,547,105	8.33%
June 30, 2018.....	24,225,398	(8,387,641)	15,837,757	104,457,946	8.03%
June 30, 2017.....	22,422,832	(8,071,224)	14,351,608	101,415,481	7.96%

Note: this schedule is intended to present information for 10 years.
Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2020……	4.32%
June 30, 2019……	8.05%
June 30, 2018……	4.21%
June 30, 2017……	3.77%

Note: this schedule is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

NOTE A - BUDGETARY BASIS OF ACCOUNTING

Budgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by the Mayor and the City Council (the Council). The Mayor presents an annual budget to the Council, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Expenditures are budgeted by categories that are broken down by personal services, expenses, debt service and capital outlay, which are mandated by Municipal Law. The Council, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between departments subsequent to the approval of the annual budget, requires majority Council approval via a supplemental appropriation or Council order.

The majority of the City's appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending authorized (functional level). However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of the Council.

The City adopts an annual budget for the General Fund in conformity with the guidelines described above. The original 2020 budget authorized $238.7 million in appropriations and other amounts to be raised; which includes $16.8 million of amounts carried forward from the prior year. During 2020, the Council also approved supplemental appropriations totaling $4.2 million for police department salaries, contributions to the OPEB trust fund, and contributions to the capital improvement and general stabilization accounts. The Office of the City Auditor has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation basis. Budgetary control is exercised through the City's accounting system.

Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2020, is presented below:

Net change in fund balance - budgetary basis	$	2,545,318
Perspective differences:		
Activity of the stabilization fund recorded in the general fund for GAAP		2,425,259
Basis of accounting differences:		
Net change in recording tax refunds payable		(912,044)
Net change in recording 60 day receipts		265,912
Net change in recording accrued payroll		(975,681)
Recognition of revenue for on-behalf payments		21,543,559
Recognition of expenditures for on-behalf payments		(21,543,559)
Net change in fund balance - GAAP basis	$	3,348,764

Appropriation Deficits

During 2020, actual expenditures and encumbrances exceeded budgeted appropriations for City Council personnel services and snow and ice. These over-expenditures will be funded by the subsequent years' tax levy.

NOTE B – PENSION PLAN

Pension Plan Schedules – Retirement System

Schedule of Changes in the Net Pension Liability and Related Ratios

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the systems total pension liability, changes in the systems net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

Schedule of Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The total appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the "total appropriation." The pension fund appropriations are allocated amongst employers based on covered payroll.

Schedule of Investment Returns

The money weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money weighted rate of return calculation are determined monthly.

Pension Plan Schedules - City

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

The Schedule of the City's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

Schedule of City's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the system's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The City may choose to pay the entire appropriation in July

at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the City based on covered payroll.

Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the City does not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the City; the portion of the collective pension expense as both revenue and pension expense recognized by the City; and the Plan's fiduciary net position as a percentage of the total liability.

Changes of Assumptions:

- The discount rate was lowered from 7.50% to 7.375%.
- The mortality tables were updated from the RP-2000 tables to the RP-2014 tables.

Changes in Plan Provisions – None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

The Other Postemployment Benefit Plan

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

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

Schedule of the City's Contributions

The Schedule of the City's Contributions includes the City's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The City is not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered payroll. Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

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

Valuation date……	July 1, 2018
Actuarial cost method……	Individual Entry Age.
Asset valuation method……	Fair Value of Assets as of the Reporting Date, June 30, 2020.
Investment rate of return……	6.21%, net of OPEB plan investment expense, including inflation.
Municipal bond rate……	2.66% as of June 30, 2020 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG).
Single equivalent discount rate..	3.75% as of June 30, 2020 and June 30, 2019, net of OPEB plan investment expense, including inflation.
Healthcare cost trend rate……	4.50% per year for active and medicare supplement plans.
General inflation rate……	2.50% as of June 30, 2020, and for future periods.
Annual salary increases……	3.00% annually as of June 30, 2020, and for future periods.
Pre- Retirement mortality……	General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with scale MP-2016 for males and females.
Post- Retirement mortality……	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.
Disabled mortality……	General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females.

Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

Changes of Assumptions – None.

Changes in Provisions - None.

Combining and Individual Fund Statements

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

City Federal & State Grants Fund – This fund is used to account for non-school related activity specifically financed by federal and state grants which are designated for specific programs.

Other City Grants & Gifts Fund – This fund is used to account for non-school related activity specifically financed by other grants and gifts which are designated for specific programs.

School Federal & State Grants Fund – This fund is used to account for the educational programs specifically financed by federal and state grants which are designated for specific programs.

Other School Grants & Gifts Fund – This fund is used to account for the educational programs specifically financed by other grants and gifts which are designated for specific programs.

Revolving Fund – This fund is used to account for revolving funds specifically allowed by the laws of the Commonwealth of Massachusetts. These funds are expended for purposes specified by the enabling statutes.

School Lunch Fund – This fund is used to account for all cafeteria activities and is funded by user charges, federal and state grants and commodities received.

Receipts Reserved Fund – This fund is used to account for receipts reserved for appropriation.

Community Development Grants Fund – This fund is used to account for community development activity specifically financed by federal, state, and other grants which are designated for specific programs.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

School Capital Projects Fund – The school capital projects fund is used to account for school capital projects as identified in the City's capital plan, which includes yearly expenditures for infrastructure and other project activities.

Highway Improvements Fund – This fund is used to account for construction, reconstruction and improvements to roadways, streets and sidewalks. Funding is provided primarily by grants.

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.

Trust Funds – This fund is used to account for various contributions associated with educational, cemetery and library operations.

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

YEAR ENDED JUNE 30, 2020

	Special Revenue Funds					
	City Federal & State Grants	Other City Grants & Gifts	School Federal & State Grants	Other School Grants & Gifts	Revolving Fund	School Lunch
ASSETS						
Cash and cash equivalents	$ 1,407,003	$ 1,319,217	$ 2,244,434	$ 308,126	$ 4,343,695	$ 2,699,380
Investments	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Intergovernmental	850,943	-	419,963	-	-	63,454
TOTAL ASSETS	$ 2,257,946	$ 1,319,217	$ 2,664,397	$ 308,126	$ 4,343,695	$ 2,762,834
LIABILITIES						
Warrants payable	$ 15,262	$ 1,711	$ 227,430	$ 15,600	$ 125,511	$ 88,594
Due to other funds	-	-	-	-	-	-
Unearned revenue	399,118	-	-	-	-	-
Notes payable	-	-	-	-	-	-
TOTAL LIABILITIES	414,380	1,711	227,430	15,600	125,511	88,594
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue	-	-	-	-	-	-
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Restricted	1,843,566	1,317,506	2,436,967	292,526	4,218,184	2,674,240
TOTAL FUND BALANCES	1,843,566	1,317,506	2,436,967	292,526	4,218,184	2,674,240
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 2,257,946	$ 1,319,217	$ 2,664,397	$ 308,126	$ 4,343,695	$ 2,762,834

Special Revenue Funds			Capital Project Funds			Permanent Funds	
Receipts Reserved	Community Development	Subtotal	School Capital Projects	Highway Improvements	Subtotal	Trust Funds	Total Nonmajor Governmental Funds
$ 1,350,916	$ 937,906	$ 14,610,677	$ 863,744	$ -	$ 863,744	$ 900,532	$ 16,374,953
-	-	-	-	-	-	461,338	461,338
-	25,759	1,360,119	-	1,227,581	1,227,581	-	2,587,700
$ 1,350,916	$ 963,665	$ 15,970,796	$ 863,744	$ 1,227,581	$ 2,091,325	$ 1,361,870	$ 19,423,991
$ -	$ 7,225	$ 481,333	$ -	$ 397,104	$ 397,104	$ -	$ 878,437
-	-	-	-	58,728	58,728	-	58,728
-	-	399,118	-	-	-	-	399,118
-	-	-	450,000	-	450,000	-	450,000
-	7,225	880,451	450,000	455,832	905,832	-	1,786,283
-	-	-	-	771,749	771,749	-	771,749
-	-	-	-	-	-	1,049,074	1,049,074
1,350,916	956,440	15,090,345	413,744	-	413,744	312,796	15,816,885
1,350,916	956,440	15,090,345	413,744	-	413,744	1,361,870	16,865,959
$ 1,350,916	$ 963,665	$ 15,970,796	$ 863,744	$ 1,227,581	$ 2,091,325	$ 1,361,870	$ 19,423,991

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2020

	Special Revenue Funds				
	City Federal & State Grants	Other City Grants & Gifts	School Federal & State Grants	Other School Grants & Gifts	Revolving Fund
REVENUES:					
Charges for services	$ -	$ -	$ -	$ -	$ 361,586
Intergovernmental	2,613,679	-	8,227,614	-	149,890
Intergovernmental - COVID-19 relief	1,203,874	-	-	-	-
Departmental and other	-	-	-	-	1,408,291
Contributions and donations	-	582,975	-	345,253	-
Investment income	-	-	-	-	-
TOTAL REVENUES	3,817,553	582,975	8,227,614	345,253	1,919,767
EXPENDITURES:					
Current:					
General government	45,266	124,073	-	-	120,424
Public safety	1,768,017	3,419	-	-	49,947
Education	-	-	7,095,107	256,315	58,387
City services and facilities	113,725	9,150	-	-	527,632
Community development	-	-	-	-	-
Human services	104,648	83,785	-	-	160,376
Library and recreation	47,119	9,200	-	-	330,019
COVID-19	1,203,874	-	-	-	-
TOTAL EXPENDITURES	3,282,649	229,627	7,095,107	256,315	1,246,785
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	534,904	353,348	1,132,507	88,938	672,982
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bonds	-	-	-	-	-
Capital transfer	-	-	-	-	(1,758,572)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	(1,758,572)
NET CHANGE IN FUND BALANCES	534,904	353,348	1,132,507	88,938	(1,085,590)
FUND BALANCES AT BEGINNING OF YEAR, AS RESTATED	1,308,662	964,158	1,304,460	203,588	5,303,774
FUND BALANCES AT END OF YEAR	$ 1,843,566	$ 1,317,506	$ 2,436,967	$ 292,526	$ 4,218,184

	Special Revenue Funds			Capital Project Funds			Permanent Funds	
School Lunch	Receipts Reserved	Community Development	Subtotal	School Capital Projects	Highway Improvements	Subtotal	Trust Funds	Total Nonmajor Governmental Funds
-	$ 103,606	$ -	$ 465,192	$ -	$ -	$ -	$ -	$ 465,192
3,124,569	-	1,059,859	15,175,611	-	955,120	955,120	-	16,130,731
-	-	-	1,203,874	-	-	-	-	1,203,874
-	-	-	1,408,291	-	-	-	-	1,408,291
-	-	-	928,228	-	-	-	155	928,383
-	-	2,203	2,203	-	-	-	14,950	17,153
3,124,569	103,606	1,062,062	19,183,399	-	955,120	955,120	15,105	20,153,624
-	-	-	289,763	-	-	-	-	289,763
-	-	-	1,821,383	-	-	-	-	1,821,383
3,209,449	-	-	10,619,258	715,608	-	715,608	-	11,334,866
-	-	-	650,507	-	955,120	955,120	-	1,605,627
-	-	554,857	554,857	-	-	-	-	554,857
-	-	-	348,809	-	-	-	-	348,809
-	-	-	386,338	-	-	-	-	386,338
-	-	-	1,203,874	-	-	-	-	1,203,874
3,209,449	-	554,857	15,874,789	715,608	955,120	1,670,728	-	17,545,517
(84,880)	103,606	507,205	3,308,610	(715,608)	-	(715,608)	15,105	2,608,107
-	92,466	-	92,466	-	-	-	-	92,466
-	-	-	(1,758,572)	-	-	-	-	(1,758,572)
-	92,466	-	(1,666,106)	-	-	-	-	(1,666,106)
(84,880)	196,072	507,205	1,642,504	(715,608)	-	(715,608)	15,105	942,001
2,759,120	1,154,844	449,235	13,447,841	1,129,352	-	1,129,352	1,346,765	15,923,958
2,674,240	$ 1,350,916	$ 956,440	$ 15,090,345	$ 413,744	$ -	$ 413,744	$ 1,361,870	$ 16,865,959

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Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Health Insurance Fund – This fund is used to account for the accumulation of costs, and employer and employee contributions associated with health insurance.

Workers' Compensation & Other Insurance Fund – This fund is used to account for the accumulation of costs, and employer contributions associated with worker's compensation and property and liability insurance.

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF NET POSITION

JUNE 30, 2020

	Health Insurance	Workers' Compensation & Other Insurance	Total Internal Service Funds
ASSETS			
CURRENT:			
Cash and cash equivalents	$ 9,592,291	$ 205,862	$ 9,798,153
Investments	2,505,796	-	2,505,796
Working capital deposit	2,258,400	-	2,258,400
TOTAL ASSETS	14,356,487	205,862	14,562,349
LIABILITIES			
CURRENT:			
Warrants payable	253	-	253
Health claims payable	2,250,000	-	2,250,000
TOTAL LIABILITIES	2,250,253	-	2,250,253
NET POSITION			
Unrestricted	$ 12,106,234	$ 205,862	$ 12,312,096

INTERNAL SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2020

	Health Insurance	Workers' Compensation & Other Insurance	Total Internal Service Funds
OPERATING REVENUES:			
Employee contributions	$ 4,536,112	$ -	$ 4,536,112
Employer contributions	21,667,175	510	21,667,685
TOTAL OPERATING REVENUES	26,203,287	510	26,203,797
OPERATING EXPENSES:			
Employee benefits	25,287,241	-	25,287,241
OPERATING INCOME	916,046	510	916,556
NONOPERATING REVENUES (EXPENSES):			
Investment income (loss)	100,792	151	100,943
CHANGE IN NET POSITION	1,016,838	661	1,017,499
NET POSITION AT BEGINNING OF YEAR	11,089,396	205,201	11,294,597
NET POSITION AT END OF YEAR	$ 12,106,234	$ 205,862	$ 12,312,096

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	Health Insurance	Workers' Compensation & Other Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from interfund services provided	$ 26,075,287	$ 510	$ 26,075,797
Payments for interfund services used	(25,316,988)	-	(25,316,988)
NET CASH FROM OPERATING ACTIVITIES	758,299	510	758,809
CASH FLOWS FROM INVESTING ACTIVITIES:			
Sales and purchases of investments, net	175,096	-	175,096
Investment income (loss)	100,792	151	100,943
NET CASH FROM INVESTING ACTIVITIES	275,888	151	276,039
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,034,187	661	1,034,848
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	8,558,104	205,201	8,763,305
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 9,592,291	$ 205,862	$ 9,798,153
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:			
Operating income (loss)	$ 916,046	$ 510	$ 916,556
Adjustments to reconcile operating income to net cash from operating activities:			
Changes in assets and liabilities:			
Working capital deposit	(128,000)	-	(128,000)
Warrants payable	253	-	253
Health claims payable	(30,000)	-	(30,000)
Total adjustments	(157,747)	-	(157,747)
NET CASH FROM OPERATING ACTIVITIES	$ 758,299	$ 510	$ 758,809

Agency Fund

The Agency fund is used to account for off-duty work details, student activity accounts, and contractor bid deposits.

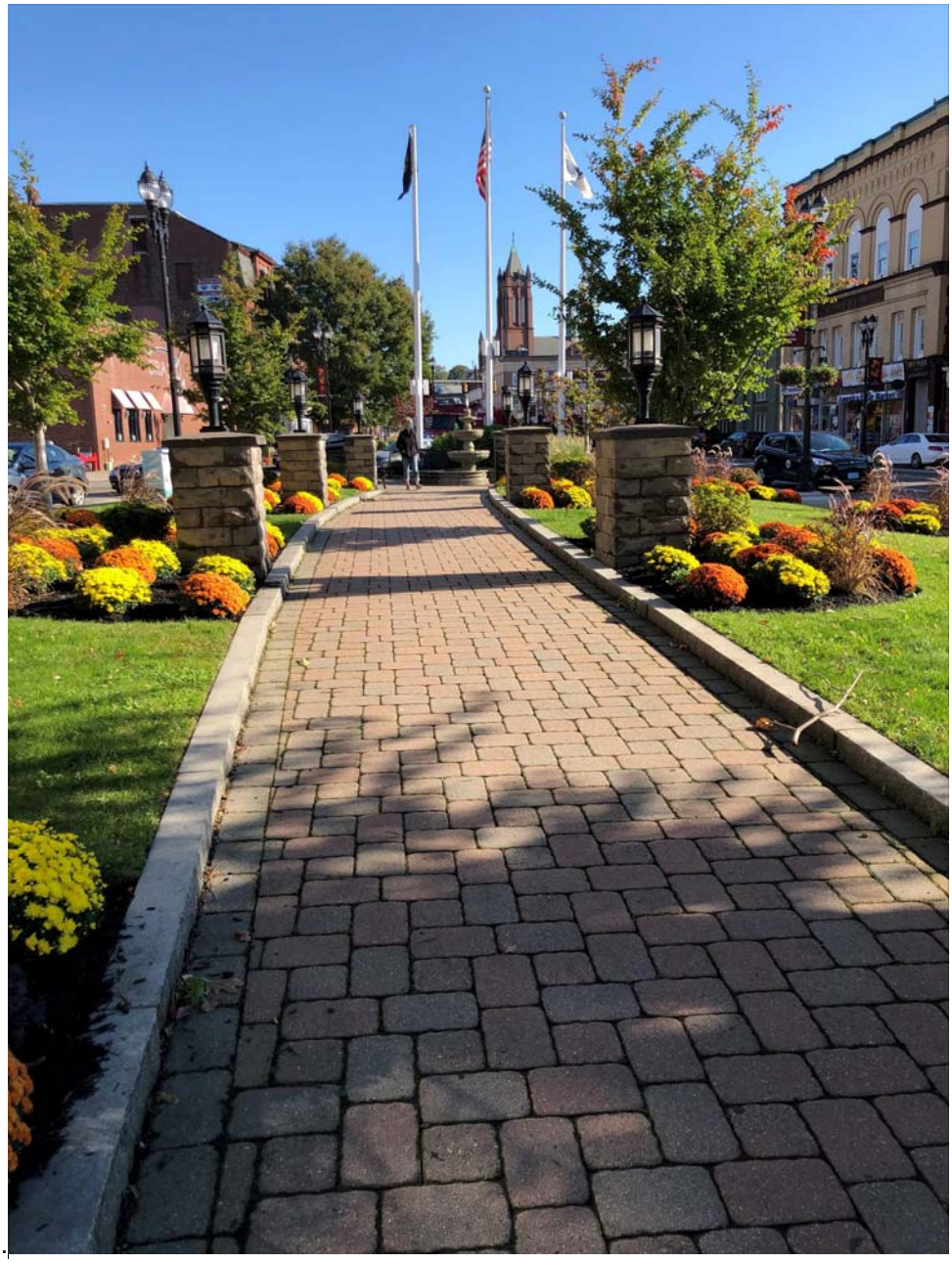
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2020

	June 30, 2019	Additions	Deletions	June 30, 2020
ASSETS				
CURRENT:				
Cash and cash equivalents	$ -	$ 6,270,530	$ (6,270,530)	$ -
Receivables, net of allowance for uncollectibles:				
Departmental and other	3,048,741	7,167,030	(8,368,932)	1,846,839
TOTAL ASSETS	$ 3,048,741	$ 13,437,560	$ (14,639,462)	$ 1,846,839
LIABILITIES				
Warrants payable	$ 3,712	$ 2,400	$ (3,712)	$ 2,400
Liabilities due depositors	2,202,543	12,410,249	(13,793,264)	819,528
Due to other funds	842,486	1,024,911	(842,486)	1,024,911
TOTAL LIABILITIES	$ 3,048,741	$ 13,437,560	$ (14,639,462)	$ 1,846,839

Statistical Section

Everett Square



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Statistical Section

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

- These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

- These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Net Position By Component

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	$ 124,490,889	$ 82,438,762	$ 98,104,115	$ 94,083,135	$ 93,957,633	$ 93,319,037	$ 96,180,570	$ 98,422,592	$ 106,096,350	$ 105,053,162
Restricted	7,940,594	11,308,017	5,999,017	9,824,106	7,318,742	8,705,756	8,536,461	6,467,283	6,609,591	8,208,875
Unrestricted	(5,361,232)	(2,010,411)	(13,084,410)	(129,678,355)	(141,164,221)	(121,066,940)	(261,991,447)	(295,012,309)	(314,042,435)	(312,974,293)
Total governmental activities net position	$ 127,070,251	$ 91,736,368	$ 91,018,722	$ (25,771,114)	$ (39,887,846)	$ (19,042,147)	$ (157,274,416)	$ (190,122,434)	$ (201,336,494)	$ (199,712,256)
Business-type activities										
Net investment in capital assets (A)	$ -	$ 43,501,105	$ 42,401,805	$ 42,882,536	$ 42,966,905	$ 43,996,186	$ 45,184,999	$ 44,188,170	$ 44,519,111	$ 44,363,296
Unrestricted (A)	-	2,790,282	3,847,469	2,542,195	3,598,139	5,636,636	4,987,008	6,150,560	4,753,147	5,218,566
Total business-type activities net position	$ -	$ 46,291,387	$ 46,249,274	$ 45,424,731	$ 46,565,044	$ 49,632,822	$ 50,172,007	$ 50,338,730	$ 49,272,258	$ 49,581,862
Primary government										
Net investment in capital assets	$ 124,490,889	$ 125,939,867	$ 140,505,920	$ 136,965,671	$ 136,924,538	$ 137,315,223	$ 141,365,569	$ 142,610,762	$ 150,615,461	$ 149,416,458
Restricted	7,940,594	11,308,017	5,999,017	9,824,106	7,318,742	8,705,756	8,536,461	6,467,283	6,609,591	8,208,875
Unrestricted	(5,361,232)	779,871	(9,236,941)	(127,136,160)	(137,566,082)	(115,430,304)	(257,004,439)	(268,995,316)	(309,289,288)	(307,755,727)
Total primary government net position	$ 127,070,251	$ 138,027,755	$ 137,267,996	$ 19,653,617	$ 6,677,198	$ 30,590,675	$ (107,102,409)	$ (119,917,271)	$ (152,064,236)	$ (150,130,394)
				(B)			(C)		(D)	

(A) Prior to 2012, water and sewer activities were accounted for in governmental funds.
(B) 2014 and subsequent years reflect the implementation of GASB 68.
(C) 2017 and subsequent years reflect the implementation of GASB 75.
(D) 2019 and subsequent years reflect Everett Community Television as an enterprise fund, which was previously accounted for as a governmental fund.

Changes in Net Position

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government (B)	$ 6,609,901	$ 9,445,386	$ 10,218,563	$ 11,400,759	$ 12,158,409	$ 13,394,332	$ 13,853,866	$ 14,971,314	$ 15,445,120	$ 15,084,350
Public safety	18,943,531	26,249,785	36,153,436	40,549,515	41,111,224	44,666,520	46,775,869	49,730,241	54,265,497	48,490,141
Education	79,171,561	111,282,194	112,715,725	119,938,769	125,762,937	136,204,795	144,909,659	147,363,580	149,917,677	157,602,324
City services and facilities	10,194,913	12,256,790	15,097,920	14,296,582	17,490,503	14,639,253	16,120,304	18,197,426	19,954,147	20,342,165
Water & Sewer (A)	11,327,039	-	-	-	-	-	-	-	-	-
Community development (B)	-	-	492,590	1,006,713	945,813	57,625	405,349	338,165	1,381,422	593,893
Human services	1,926,020	2,093,982	2,986,073	3,096,636	3,972,247	4,354,088	4,590,737	5,904,607	5,318,314	5,952,381
Libraries and recreation	1,346,732	2,066,192	2,389,294	2,634,069	3,143,406	3,080,763	3,993,699	4,189,986	3,696,343	3,859,677
COVID-19	-	-	-	-	-	-	-	-	-	1,203,874
Employee Benefits (C)	36,235,857	-	-	-	-	-	-	-	-	-
Interest	2,778,837	2,639,622	2,601,124	2,306,058	2,129,397	1,916,451	1,747,562	1,842,456	1,918,885	2,154,330
Intergovernmental (C)	8,851,801	9,180,689	-	-	-	-	-	-	-	-
Total government activities expenses	177,386,192	175,214,640	182,654,725	195,229,101	206,713,936	218,313,827	232,397,045	242,537,775	251,897,405	255,283,135
Business-type activities:										
Water & Sewer (A)	-	12,776,972	13,942,389	13,150,909	15,656,873	15,920,781	16,922,887	17,671,575	18,264,477	19,995,720
Everett community television (E)	-	-	-	-	-	-	-	-	-	479,675
Total business type activities expenses	-	12,776,972	13,942,389	13,150,909	15,656,873	15,920,781	16,922,887	17,671,575	18,264,477	20,475,395
Total primary government expenses	$ 177,386,192	$ 187,991,612	$ 196,597,114	$ 208,380,010	$ 222,370,809	$ 234,234,608	$ 249,319,932	$ 260,209,350	$ 270,161,882	$ 275,758,530
Program Revenues										
Governmental activities:										
General government charges for services	$ 1,124,204	$ 1,300,567	$ 934,003	$ 1,131,393	$ 1,163,599	$ 1,530,370	$ 1,563,901	$ 1,123,439	$ 1,348,962	$ 747,805
Public Safety charges for services	1,982,510	1,652,923	2,850,724	2,353,477	2,548,196	4,111,774	5,488,823	6,844,705	7,272,142	4,679,811
Education charges for services	892,832	994,766	829,899	1,207,084	777,691	820,905	1,212,679	841,973	1,360,397	953,862
Other charges for services	9,065,255	433,779	373,782	404,817	444,615	704,944	793,374	1,137,413	1,066,886	723,044
Education operating grants and contributions	60,542,836	63,266,603	72,050,490	82,317,733	81,510,620	90,903,891	97,934,307	98,925,306	102,756,728	109,576,987
Public safety operating grants and contributions	2,122,973	922,474	881,640	1,372,560	2,249,481	987,308	1,557,869	1,538,943	983,974	1,913,275
Other operating grants and contributions	1,605,839	1,599,040	2,153,721	3,004,878	2,171,627	2,737,636	2,396,099	2,159,414	2,596,932	3,096,048
City services and facilities capital grants and contributions	1,270,635	1,461,575	1,307,829	832,729	420,987	1,014,442	1,323,158	978,476	2,494,563	1,278,505
Other capital grants and contributions	471,750	677,021	670,947	1,346,296	256,910	333,540	747,557	567,889	-	486,469
Total government activities program revenues	79,078,834	72,308,748	82,053,035	93,970,967	91,543,726	103,144,810	113,017,767	114,117,558	119,880,584	123,455,806
Business-type activities:										
Charges for services - Water & Sewer (A)	-	11,133,398	13,891,640	13,946,348	16,767,337	18,005,313	17,579,874	17,496,741	17,199,879	18,369,190
Charges for services - Everett community television (E)	-	-	-	-	-	-	-	-	-	600,353
Operating grants and contributions - Water & Sewer	-	-	8,636	21,018	29,849	43,646	90,731	142,235	185,033	56,884
Capital grants and contributions - Water & Sewer	-	-	-	-	-	939,600	1,065,750	-	-	-
Total business-type activities program revenues	-	11,133,398	13,900,276	13,967,366	16,797,186	18,988,559	18,736,355	17,638,976	17,384,912	19,026,427
Total primary government program revenues	$ 79,078,834	$ 83,442,146	$ 95,953,311	$ 107,938,333	$ 108,340,912	$ 122,133,369	$ 131,754,122	$ 131,756,534	$ 137,265,496	$ 142,482,233
Net (Expense)/Revenue										
Governmental activities	$ (98,307,358)	$ (102,905,892)	$ (100,601,690)	$ (101,258,134)	$ (115,731,401)	$ (115,687,405)	$ (119,379,278)	$ (128,420,217)	$ (132,016,821)	$ (131,827,329)
Business-type activities	-	(1,643,574)	(42,113)	816,457	1,701,504	3,586,166	1,813,468	(32,599)	(879,565)	(1,448,968)
Total primary government net expense	$ (98,307,358)	$ (104,549,466)	$ (100,643,803)	$ (100,441,677)	$ (114,029,897)	$ (112,101,239)	$ (117,565,810)	$ (128,452,816)	$ (132,896,386)	$ (133,276,297)

(Continued)

Changes in Net Position

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable	$ 78,396,428	$ 81,146,891	$ 88,633,872	$ 82,487,277	$ 89,490,142	$ 92,942,432	$ 95,349,960	$ 101,613,763	$ 105,329,207	$ 90,680,955
Tax liens (D)	-	-	1,387,186	1,217,971	676,286	779,186	197,134	613,280	220,384	788,037
Motor vehicle excise taxes	2,741,051	2,810,116	2,940,909	3,180,085	3,724,538	4,205,358	4,382,417	4,587,473	4,520,275	4,686,984
Chapter 121A excise payments in lieu of taxes	-	-	-	-	-	-	-	-	438,356	20,000,000
Community impact fee	-	-	-	-	-	-	-	-	109,589	5,000,000
Hotel/motel tax (F)	-	-	-	-	-	-	-	-	237,109	3,295,972
Meals tax	-	-	457,561	488,112	501,327	550,625	545,969	622,963	712,076	1,090,679
Penalties, interest on taxes, and other taxes	3,473,012	6,783,311	932,498	878,084	582,610	513,731	351,992	389,436	410,658	367,259
Grants and contributions not restricted to specific programs	8,709,312	6,066,395	5,958,553	6,505,939	5,882,015	6,752,028	6,760,390	7,234,348	7,551,355	8,479,582
Unrestricted investment income	315,099	82,234	87,761	118,278	109,028	223,517	216,416	348,974	1,072,733	806,559
Miscellaneous	695,627	1,893,325	23,521	22,449	87,532	47,839	173,572	227,717	14,112	14,112
Capital transfers, net	-	-	-	-	-	-	-	-	-	(1,758,572)
Special item	-	-	-	-	-	30,000,000	-	-	-	-
Total governmental activities	94,330,529	98,782,272	100,421,861	94,898,195	101,053,478	136,014,716	107,977,850	115,637,954	120,615,854	133,451,567
Business-type activities:										
Capital transfers, net	-	-	-	-	-	-	-	-	-	1,758,572
Total primary government	$ 94,330,529	$ 98,782,272	$ 100,421,861	$ 94,898,195	$ 101,053,478	$ 136,014,716	$ 107,977,850	$ 115,637,954	$ 120,615,854	$ 135,210,139
Changes in Net Position										
Governmental activities	$ (3,976,829)	$ (4,123,620)	$ (179,829)	$ (6,359,939)	$ (14,116,732)	$ 20,845,699	$ (11,401,428)	$ (12,782,263)	$ (11,400,967)	$ 1,624,238
Business-type activities	-	(1,643,574)	(42,113)	816,457	1,140,313	3,067,778	1,813,468	(32,599)	(879,565)	309,604
Total primary government	$ (3,976,829)	$ (5,767,194)	$ (221,942)	$ (5,543,482)	$ (12,976,419)	$ 23,913,477	$ (9,587,960)	$ (12,814,862)	$ (12,280,532)	$ 1,933,842

(A) Prior to 2012, water and sewer activities were accounted for in governmental funds. (Concluded)
(B) Prior to 2013, community development expenditures were reported as general government expenditures.
(C) Prior to 2013, employee benefits and state and county charges (intergovernmental) were not charged to functional line-items.
(D) Prior to 2013, governmental tax liens were reported as penalties and interest on taxes. Prior to 2019, business-type tax liens were reported as user charges.
(E) Prior to 2020, Everett Community Television activities were accounted for as general government expenses in the governmental funds.
(F) Prior to 2019, hotel/motel tax was combined with meals tax.

Fund Balances, Governmental Funds

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Committed	$ -	$ 838,622	$ 2,000,446	$ 2,397,168	$ 2,750,852	$ 2,792,988	$ 1,376,311	$ 1,506,076	$ 1,299,067	$ 1,282,728
Assigned	723,121	980,880	7,532,724	7,577,487	1,121,815	2,307,963	5,262,019	6,103,838	8,416,361	9,790,334
Unassigned	15,528,899	16,464,364	14,141,312	17,324,226	21,595,795	29,069,013	36,217,588	37,286,163	26,329,053	28,320,183
Total general fund	$ 16,252,020	$ 18,283,866	$ 23,674,482	$ 27,298,881	$ 25,468,462	$ 34,169,964	$ 42,855,918	$ 44,896,077	$ 36,044,481	$ 39,393,245
All Other Governmental Funds										
Nonspendable	$ 1,228,670	$ 1,227,488	$ 1,180,193	$ 1,232,351	$ 1,228,489	$ 1,228,569	$ 1,228,999	$ 1,048,919	$ 1,048,919	$ 1,049,074
Restricted	9,105,484	8,781,762	10,790,455	14,321,721	10,412,616	20,528,449	26,666,806	31,412,478	44,832,001	21,755,001
Unassigned	(91,118)	(235,241)	(311,932)	-	-	-	-	-	-	-
Total all other governmental funds	$ 10,243,036	$ 9,774,009	$ 11,658,716	$ 15,554,072	$ 11,641,105	$ 21,757,018	$ 27,895,805	$ 32,461,397	$ 45,880,920	$ 22,804,075

Note: Prior to 2012, water and sewer activities were accounted for in governmental funds and prior to 2020 Everett Community Television activities were accounted for in governmental funds.

Changes in Fund Balances, Governmental Funds

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues:										
Real estate and personal property taxes, net of tax refunds	$ 80,110,135	$ 82,642,350	$ 85,418,506	$ 86,690,275	$ 88,644,890	$ 92,604,668	$ 94,687,299	$ 102,010,368	$ 102,815,956	$ 91,230,752
Tax liens (C)	-	-	1,387,186	1,217,971	676,286	670,234	329,151	533,003	315,595	446,224
Motor vehicle excise taxes	2,805,452	2,780,238	2,751,895	3,397,069	3,556,578	4,013,283	4,352,191	4,529,689	4,441,258	4,248,629
Chapter 121A excise payments in lieu of taxes	-	-	-	-	-	-	-	-	438,356	20,000,000
Community impact fee	-	-	-	-	-	-	-	-	109,589	5,000,000
Hotel/motel tax (I)	-	-	-	-	-	-	-	-	237,109	3,295,972
Meals tax (B)	-	-	457,561	488,112	501,327	550,625	545,969	622,963	712,076	1,090,679
Charges for services	2,930,244	3,154,253	2,562,994	2,519,813	1,156,783	1,106,605	1,079,426	983,777	1,477,614	465,192
Charges for service-water & sewer (A)	10,306,220	-	-	-	-	-	-	-	-	-
Penalties and interest on taxes (C)	3,110,150	2,195,506	918,384	878,084	582,610	513,731	351,992	389,436	424,770	367,259
Licenses and permits	450,644	276,832	1,128,765	1,030,195	1,112,065	1,212,658	1,337,627	1,897,721	1,810,445	1,866,483
Fines and forfeitures	1,033,634	950,950	1,062,118	880,428	1,232,782	1,666,292	1,697,985	1,412,090	1,472,863	1,211,590
Intergovernmental	74,474,637	75,950,473	83,012,265	94,679,962	94,055,129	103,168,643	111,436,766	111,487,686	115,965,283	124,261,597
Departmental and other (B)	-	-	414,673	1,204,203	1,359,930	2,919,528	4,817,578	5,327,744	8,085,590	5,314,453
Contributions and donations (B)	-	-	407,191	692,386	592,185	856,519	1,211,266	1,542,796	1,136,571	928,383
Investment income	345,758	121,509	90,054	119,077	110,716	231,004	217,212	358,925	890,554	705,616
Other (B)	1,011,751	2,172,710	-	22,449	87,532	47,839	173,572	227,717	-	-
Total Revenue	176,578,625	170,244,821	179,611,592	193,820,024	193,668,813	209,561,629	222,238,034	231,323,915	240,333,629	260,432,829
Expenditures:										
General government	6,049,347	5,918,735	5,023,161	5,996,564	6,174,501	6,787,720	7,115,698	8,330,929	8,625,168	7,969,097
Public safety	19,154,247	19,518,680	21,315,481	24,348,018	23,872,516	26,789,543	29,019,813	31,568,496	33,665,616	31,453,461
Education	77,929,114	80,386,511	71,755,593	79,314,365	85,539,733	86,202,875	87,439,945	93,081,107	91,305,307	95,949,699
City services and facilities	10,382,560	9,740,880	9,214,646	10,365,574	12,199,957	9,234,697	10,462,577	12,251,705	14,010,989	13,036,086
Water & Sewer (A)	10,781,046	-	-	-	-	-	-	-	-	-
Community development (D)	-	-	492,590	1,006,713	840,934	50,171	450,076	274,621	1,110,215	401,008
Human services	1,906,595	1,661,168	2,027,407	2,157,424	2,767,966	2,932,500	3,066,086	4,323,053	3,629,780	4,232,158
Libraries and recreation	1,033,459	1,057,040	1,165,247	1,336,851	1,653,802	1,670,395	2,294,619	2,415,950	2,067,490	1,975,796
COVID-19	-	-	-	-	-	-	-	-	-	1,203,874
Pension benefits (E)	-	-	22,257,469	22,973,735	20,093,090	25,272,172	31,555,542	31,878,906	33,206,827	37,513,845
Property and liability insurance (F)	-	-	1,729,712	1,996,230	2,043,298	1,924,506	2,176,093	2,331,885	2,990,592	2,948,925
Employee benefits	29,256,093	30,746,642	18,334,278	19,452,261	20,544,717	21,218,548	22,630,843	23,146,974	23,714,096	23,993,817
Claims and judgments	-	-	-	-	-	-	251,692	14,465	-	-
State and county charges	8,851,801	9,180,689	10,211,682	10,418,587	11,194,008	11,599,413	13,511,625	14,222,816	15,170,707	14,214,449
Capital outlay	3,790,538	2,103,799	5,560,342	8,565,559	10,328,505	12,862,827	12,598,174	15,489,547	11,260,115	26,296,454
Debt service:										
Principal	8,753,301	8,263,363	5,279,415	5,414,415	6,445,416	7,159,415	8,544,416	10,062,416	11,618,866	13,185,415
Principal - current refunding	-	-	-	-	-	14,623,490	-	-	-	-
Interest (G)	-	-	2,423,492	2,186,221	2,176,841	1,736,113	2,285,758	2,491,194	2,755,934	3,087,997
Total Expenditures	177,888,101	168,577,507	176,790,515	195,532,517	205,875,284	230,064,385	233,402,957	251,884,064	255,131,702	277,462,081
Excess of revenues over (under) expenditures	(1,309,476)	1,667,314	2,821,077	(1,712,493)	(12,206,471)	(20,502,756)	(11,164,923)	(20,560,149)	(14,798,073)	(17,029,252)

(Continued)

Changes in Fund Balances, Governmental Funds

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other Financing Sources (Uses):										
Issuance of bonds	750,000	-	4,370,000	8,591,000	6,025,000	17,857,000	12,417,000	13,525,450	17,613,000	-
Issuance of refunding bonds	-	-	2,445,000	-	6,190,000	13,805,000	-	-	-	-
Premium from issuance of bonds and notes	-	-	104,024	641,248	342,114	1,719,490	1,072,664	1,140,450	1,753,000	92,466
Premium from issuance of refunding bonds	-	-	-	-	716,132	938,681	-	-	-	-
Payments to refunded bond escrow agent	-	-	(2,464,779)	-	(6,810,161)	-	-	-	-	-
Transfers in	671,472	202,033	360,493	1,178,544	650,000	740,100	881,761	1,040,605	-	-
Transfers out	(671,472)	(202,033)	(360,493)	(1,178,544)	(650,000)	(740,100)	(881,761)	(1,040,605)	-	(1,758,572)
Total other financing sources (uses)	750,000	-	4,454,245	9,232,248	6,463,085	34,320,171	13,489,664	14,665,900	19,366,000	(1,666,106)
Net change in fund balance before special item	(559,476)	1,667,314	7,275,322	7,519,755	(5,743,386)	13,817,415	2,324,741	(5,894,249)	4,567,927	(18,695,358)
Special Item	-	-	-	-	-	5,000,000	12,500,000	12,500,000	-	-
Net change in fund balance	$ (559,476)	$ 1,667,314	$ 7,275,322	$ 7,519,755	$ (5,743,386)	$ 18,817,415	$ 14,824,741	$ 6,605,751	$ 4,567,927	$ (18,695,358)
Debt service as a percentage of noncapital expenditures	5.03%	4.96%	4.61%	4.07%	4.40%	10.83%	4.89%	5.31%	5.89%	6.48%

(A) Prior to 2012, water and sewer activities were accounted for in governmental funds. (Concluded)

(B) Prior to 2013, meals tax, departmental and other revenues, and contributions and donations were reported as other income.

(C) Prior to 2013, tax liens were reported as penalties and interest on taxes.

(D) Prior to 2013, community development expenditures were reported as general government expenditures.

(E) Prior to 2013, pension benefits were reported as employee benefits.

(F) Prior to 2013, property and liability insurance were reported as general government expenditures.

(G) Prior to 2013, debt principal and interest were reported as one line-item.

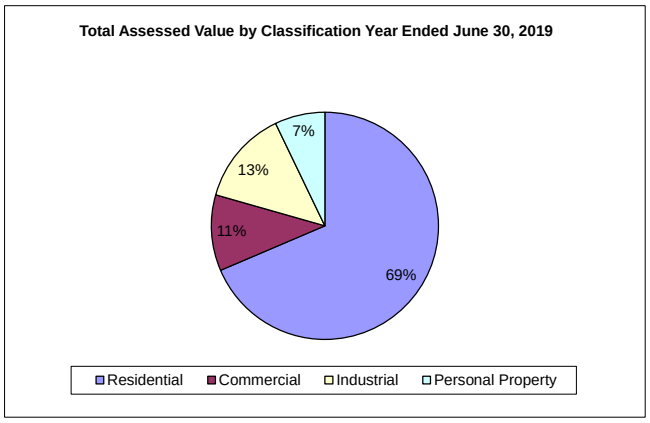
(I) Prior to 2019, hotel/motel tax were combined with meals tax.

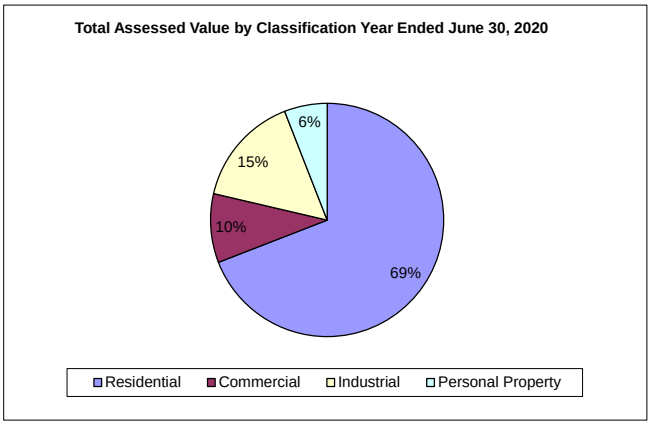
(E) Prior to 2020, Everett Community Television activities were accounted for as general government expenditures in the governmental funds.

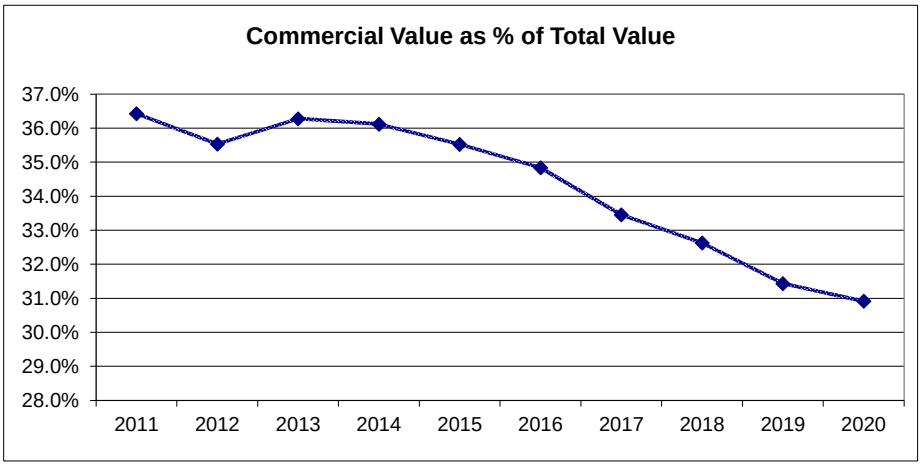
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

Last Ten Years

Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate (1)	Total City Value
2011	$ 2,083,037,260	$ 15.89	$ 391,577,840	$ 565,481,528	$ 236,601,200	$ 1,193,660,568	$ 43.74	$ 26.04	$ 3,276,697,828
2012	2,279,045,425	15.52	389,212,235	620,877,328	246,297,300	1,256,386,863	41.66	24.81	3,535,432,288
2013	2,260,825,559	15.64	407,665,811	616,972,410	262,526,300	1,287,164,521	43.04	25.58	3,547,990,080
2014	2,309,644,676	15.04	409,935,794	616,975,000	278,875,000	1,305,785,794	40.95	24.40	3,615,430,470
2015	2,584,829,341	14.61	418,981,469	644,761,387	360,687,000	1,424,429,856	39.45	23.44	4,009,259,197
2016	2,811,506,692	14.45	485,609,578	672,925,060	344,726,450	1,503,261,088	37.98	22.65	4,314,767,780
2017	3,162,161,321	14.44	503,718,289	723,295,700	363,009,200	1,590,023,189	35.69	21.55	4,752,184,510
2018	3,560,495,901	13.78	543,308,499	771,961,270	409,072,700	1,724,342,469	33.74	20.29	5,284,838,370
2019	4,055,191,542	12.38	641,746,948	793,306,865	424,125,900	1,859,179,713	35.27	19.58	5,914,371,255
2020	4,554,332,521	10.64	629,929,429	1,016,425,467	391,592,700	2,037,947,596	24.72	14.99	6,592,280,117







(1) The direct rate is the weighted average of the residential and commercial tax rates.
Source: Assessor's Department
All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the City. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

Principal Taxpayers

Current Year and Nine Years Ago

Name	Nature of Business	2020 Assessed Valuation	2020 Rank	2020 Percentage of Total Taxable Assessed Value	2011 Assessed Valuation	2011 Rank	2011 Percentage of Total Taxable Assessed Value
Constellation Mystic Power LLC (Exelon)	Power Plant	$ 606,796,117	1	9.2%	$ 342,935,528	1	10.5%
Distrigas of Massachusetts Corp. (Exelon)	LNG Terminal (Personal)	$ 163,747,700	2	2.5%	$ 110,337,800	2	3.4%
MFREVF II - Batch Yard LLC	Class A Apartments	$ 119,991,700	3	1.8%	$ -	-	-
DDRC Gateway LLC	Gateway Mall	$ 113,364,600	4	1.7%	$ 71,258,600	3	2.2%
NSTAR Electric Company (1)	Utility	$ 91,969,900	5	1.4%	$ 38,541,300	4	1.2%
Massachusetts Electric Company	Utility	$ 80,650,200	6	1.2%	$ 21,312,500	7	0.7%
Boston Gas Co./DBA National Grid	Utility	$ 75,604,200	7	1.1%	$ -	-	-
Pioneer Owner LLC	Office Building	$ 67,946,300	8	1.0%	$ -	-	-
Exxon/Mobil Corporation	Fuel Distribution	$ 58,849,000	9	0.9%	$ 21,474,200	6	0.7%
Taurus CD 189 Wellington EV	Class A Apartments	$ 55,949,800	10	0.8%	$ -	-	-
GP Portland Investment	Class A Apartments	$ -	-	-	$ 32,100,800	5	1.0%
Prolerized New England Company	Scrap Exporter	$ -	-	-	$ 8,970,300	10	0.3%
Every Bear Investments LLC	Cold Storage & Processing	$ -	-	-	$ 13,908,100	8	0.4%
JP Food Service	Food Processing	$ -	-	-	$ 10,071,000	9	0.3%
	Totals	$ 1,434,869,517		21.8%	$ 670,910,128		20.5%

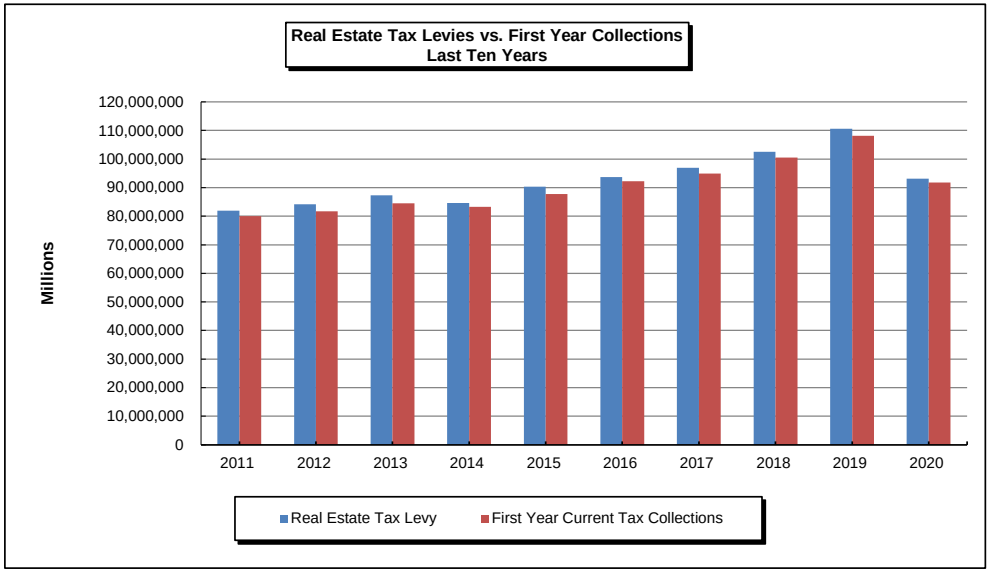
Source: Official Statement

(1) Currently at the Appellate Tax Board with the City in connection with approximately $4.4 million in tax liens relating to unpaid personal property taxes from fiscal 2015 - 2020

Property Tax Levies and Collections

Last Ten Years

Year	(1) Total Tax Levy	Less Abatements & Exemptions	(1) Net Tax Levy	Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2011	$ 81,890,151	$ 889,497	$ 81,000,654	$ 80,032,183	98.8%	$ 968,471	$ 81,000,654	100.0%
2012	84,165,711	926,050	83,239,661	81,751,173	98.2%	1,488,488	83,239,661	100.0%
2013	87,262,044	778,690	86,483,354	84,532,449	97.7%	1,950,905	86,483,354	100.0%
2014	84,594,327	512,673	84,081,654	83,311,626	99.1%	770,028	84,081,654	100.0%
2015	90,369,956	2,475,610	87,894,346	87,778,714	99.9%	115,618	87,894,332	100.0%
2016	93,653,216	1,110,780	92,542,436	92,246,027	99.7%	296,409	92,542,436	100.0%
2017	96,907,071	1,286,247	95,620,824	94,871,830	99.2%	748,994	95,620,824	100.0%
2018	102,566,340	1,745,836	100,820,504	100,569,895	99.8%	250,609	100,820,504	100.0%
2019	110,566,340	2,092,903	108,473,437	108,086,682	99.6%	90,573	108,177,255	99.7%
2020	93,125,938	1,270,186	91,855,752	91,757,396	99.9%	-	91,757,396	99.9%



(1) Includes tax liens.
Source: Massachusetts Department of Revenue; Board of Assessors

Ratios of Outstanding Debt by Type

Last Ten Years

Year	Governmental Activities		Business-type Activities (1)		Total Debt Outstanding	Percentage of Personal Income	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (2)	Direct Borrowings	General Obligation Bonds (2)	Direct Borrowings				
2011	$ 66,245,379	$ -	$ -	$ -	$ 66,245,379	7.11%	41,667	$ 1,590
2012	57,497,721	-	-	2,871,636	60,369,357	6.22%	41,667	1,449
2013	56,698,306	-	1,130,000	6,917,251	64,745,557	6.44%	41,667	1,554
2014	60,503,144	-	4,980,000	6,885,834	72,368,978	7.06%	41,667	1,737
2015	60,900,676	-	4,530,000	7,200,626	72,631,302	6.95%	41,667	1,743
2016	72,190,859	1,000,000	4,395,000	7,595,693	85,181,552	7.45%	46,050	1,850
2017	76,435,565	937,000	4,015,000	8,575,657	89,963,222	7.97%	46,340	1,941
2018	80,315,570	871,000	3,881,053	8,417,005	93,484,628	8.12%	46,340	2,017
2019	87,313,495	802,000	3,740,189	8,249,626	100,105,310	8.43%	46,340	2,160
2020	73,287,120	729,000	3,098,920	9,848,593	86,963,633	7.18%	46,340	1,877

(1) Prior to 2012, water and sewer enterprise long-term debt activity was accounted for in the general fund.

(2) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

Source: Audited Financial Statements, U. S. Census

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Years

Year	General Obligation Bonds (1)	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2011	$ 66,245,379	2.02%	$ 1,590
2012	57,497,721	1.71%	1,380
2013	57,828,306	1.82%	1,388
2014	65,483,144	2.00%	1,572
2015	65,430,676	1.81%	1,570
2016	76,585,859	1.97%	1,663
2017	80,450,565	1.89%	1,736
2018	84,196,623	1.59%	1,817
2019	91,053,684	1.54%	1,965
2020	76,386,040	1.16%	1,648

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2020

City of Everett, Massachusetts	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Massachusetts Bay Transportation Authority	$ 5,478,860,000	1.80%	$ 98,345,537
City debt:			
General obligations bonds payable			73,287,120
Direct borrowings payable			729,000
City total direct debt			74,016,120
Total direct and overlapping debt			$ 172,361,657

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of the overlapping governments that is borne by the taxpayers of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage applicable for the Massachusetts Bay Transportation Authority (MBTA) is based on a weighted percentage of the cities and towns in the MBTA.

Source: Official Statement for Sale of Bonds

Computation of Legal Debt Margin

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Equalized Valuation.....	$ 4,013,223,400	$ 3,653,316,400	$ 3,653,316,400	$ 3,794,616,400	$ 3,794,616,400	$ 4,584,699,100	$ 4,584,699,100	$ 5,767,100,400	$ 5,767,100,400	$ 7,029,819,300
Debt Limit -5% of Equalized Valuation.....	$ 200,661,170	$ 182,665,820	$ 182,665,820	$ 189,730,820	$ 189,730,820	$ 229,234,955	$ 229,234,955	$ 288,355,020	$ 288,355,020	$ 351,490,965
Less:										
Outstanding debt applicable to limit.....	16,867,141	15,172,538	16,923,690	28,562,042	32,887,556	49,163,015	58,246,371	66,003,112	76,000,825	66,977,778
Authorized and unissued debt.....	-	59,481,367	17,765,907	4,066,597	23,941,150	7,985,750	8,625,786	10,831,036	12,676,886	39,307,636
Legal debt margin.....	$ 183,794,029	$ 108,011,915	$ 147,976,223	$ 157,102,181	$ 132,902,114	$ 172,086,190	$ 162,362,798	$ 211,520,872	$ 199,677,309	$ 245,205,551
Total debt applicable to the limit as a percentage of debt limit.....	8.41%	40.87%	18.99%	17.20%	29.95%	24.93%	29.17%	26.65%	30.75%	30.24%

Source: Audited Financial Statements; Statement of Indebtedness; and the Massachusetts Department of Revenue, Bureau of Local Assessment.

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2011	41,667	$ 931,215,783	$ 22,349	35.6	6,262	7.8%
2012	42,567	970,356,481	22,796	35.6	6,498	6.9%
2013	42,935	1,005,108,350	23,410	35.6	6,796	6.5%
2014	42,935	1,025,210,517	23,878	35.6	7,008	5.2%
2015	42,935	1,045,714,727	24,356	35.6	7,071	4.4%
2016	46,050	1,121,582,932	24,356	35.6	7,125	4.1%
2017	46,340	1,128,657,040	24,356	35.6	7,078	3.9%
2018	46,340	1,151,230,181	24,843	34.9	7,068	2.8%
2019	46,880	1,187,938,375	25,340	34.9	7,107	2.8%
2020	46,880	1,211,697,142	25,847	34.9	7,057	23.0%

Note: Per Capita Personal Income based on 2010 U.S Census

Source: Massachusetts Department of Revenue, Division of Local Services; U.S. Census Bureau

Principal Employers (excluding City)

Current Year and Nine Years Ago

Employer	Nature of Business	2020 Employees	2020 Rank	2020 Percentage of Total City Employment	2011 Employees	2011 Rank	2011 Percentage of Total City Employment
Wynn MA LLC	Resort Casino	4,900	1	18.3%	-		0.0%
Mellon Bank	Banking/Financial Institution	1,200	2	4.5%	1,500	1	8.5%
Cambridge Health Alliance	Hospital	800	3	3.0%	523	3	3.0%
MBTA	Transportation	600	4	2.2%	-	-	-
Boston Coach	Transportation	300	5	1.1%	600	2	3.4%
Target	Retail	200	6	0.7%	248	4	1.4%
Alliance Detection	Security	200	6	0.7%	150	6	0.8%
Everett Nursing and Rehab Center	Health Care/Long Term & Rehabilitati	150	7	0.6%	-	-	-
Home Depot	Retail	150	7	0.6%	150	6	0.8%
COSTCO	Wholesale	100	8	0.4%	140	7	0.8%
Best Buy	Retail	100	8	0.4%	-		-
Schnitzer Northeaster	Metal Recycling	100	8	0.4%	115	9	0.7%
Texas Roadhouse	Resturant	100	8	0.4%	-		-
Dunkin Donuts	Coffee/Fast Food	100	8	0.4%	-		-
Resturant Depot	Wholesale	90	9	0.3%	-		-
Honda Cars of Boston	Car Dealership	80	10	0.3%	-		-
Dunkin Galvanizing	Metal Fabrication	80	10	0.3%	-		-
Eagle Bank	Banking	80	10	0.3%	95	10	0.5%
TGIF Friday's	Resturant	80	10	0.3%	-		-
Bond Brothers	Construction	-	-	-	170	5	1.0%
Stop & Shop	Retail/Food	-	-	-	120	8	0.7%
		9,410		35.1%	3,811		21.5%

Source: Official Statement

Full-time Equivalent City Employees by Function

Last Ten Years

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government	45	43	43	46	49	58	75	55	66	49
Public safety	241	235	245	253	256	282	309	292	288	276
Education	815	823	635	700	730	813	832	1,020	1,066	843
Public works	66	43	45	47	52	59	58	60	63	61
Health and human services	40	30	32	28	32	33	37	40	38	32
Culture and recreation	23	15	16	16	19	20	23	20	19	18
Total	1,230	1,188	1,015	1,090	1,138	1,265	1,334	1,487	1,540	1,279

Source: Various City Departments

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Marriage recordings	329	385	384	332	303	395	463	673	536	404
Birth recordings	598	613	637	592	478	473	684	608	621	500
Death recordings	470	441	423	398	386	438	388	431	430	518
Police										
Physical arrests	822	833	752	810	922	801	722	809	784	886
Motor vehicle violations	3,575	4,135	3,262	3,889	3,307	2,881	2,516	3,190	3,383	1,987
Police personnel and officers	98	89	94	100	106	119	134	141	138	127
Fire										
Inspections	2,477	4,413	2,988	2,650	3,198	1,625	3,840	3,500	3,369	3,682
Emergency responses	4,575	4,781	5,167	5,259	5,752	5,728	5,521	5,599	6,019	6,440
Fire personnel and officers	99	95	95	95	103	105	109	110	98	106
Education										
Number of students	6,262	6,498	6,796	7,008	7,071	7,125	7,078	7,068	7,107	7,057
Number of graduates	324	348	408	404	490	430	461	492	487	430
Number of teachers	434	464	463	485	522	690	659	650	617	565
Health and human services										
Number of persons using COA transportation	142	185	212	218	217	200	182	151	148	137

Source: Various City Departments; Massachusetts Department of Education

Capital Asset Statistics by Function/Program

Last Ten Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Number of buildings	3	3	3	3	3	3	3	3	3	3
Police										
Number of stations	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations	3	3	3	3	3	3	3	3	3	3
Education										
Number of elementary schools	6	6	6	6	6	6	6	6	6	6
Number of middle schools	5	5	5	5	5	5	5	5	5	5
Number of high schools	1	1	1	1	1	1	1	1	1	1
Public Works										
Cemeteries	3	3	3	3	3	3	3	3	3	3

Source: Various City Departments, Manual of the City Government

Free Cash and Stabilization Account Balances

Last Ten Years

Year	Free Cash	Stabilization Accounts
2020	$ 10,637,026	$ 9,570,397
2019	14,312,691	7,145,138
2018	9,995,301	17,585,661
2017	6,576,560	21,185,739
2016	6,705,227	15,378,002
2015	5,194,938	12,221,997
2014	5,435,464	11,354,748
2013	5,156,668	10,941,602
2012	5,305,529	9,001,217
2011	3,578,286	9,224,016

Source: City Records & Annual Report from Hilltop Securities

PROPOSED FORM OF LEGAL OPINION

(Date of Delivery)

Monica Ford, Treasurer/Collector
City of Everett
Everett, Massachusetts

Re: City of Everett, Massachusetts
$13,450,000 General Obligation Municipal Purpose Loan of 2022 Bonds
dated January 25, 2022

Ladies and Gentlemen:

We have acted as bond counsel to the City of Everett, Massachusetts (the "City") in connection with the issuance by the City of the above-referenced bonds (the "Bonds"). In such capacity, we have examined the law and such certified proceedings and other papers as we have deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations and covenants of the City contained in the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation. We have not assumed any responsibility with respect to the financial condition of the City or the disclosure thereof in connection with the sale of the Bonds.

Based on our examination, we are of the opinion, under existing law, as follows:

1. The Bonds are valid and binding general obligations of the City and, except to the extent they are paid from other sources, the principal of and interest on the Bonds are payable from taxes which may be levied upon all taxable property in the City, subject to the limit imposed by Chapter 59, Section 21C of the General Laws.

2. Interest on the Bonds is excluded from the gross income of the owners of the Bonds for federal income tax purposes. In addition, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. In rendering the opinions set forth in this paragraph, we have assumed compliance by the City with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, and continue to be, excluded from gross income for federal tax purposes. The City has covenanted to comply with all such requirements. Failure by the City to comply with certain of such requirements may cause interest on the Bonds to become included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. We express no opinion regarding any other federal tax consequences arising with respect to the Bonds.

3. Interest on the Bonds is exempt from Massachusetts personal income taxes and the Bonds are exempt from Massachusetts personal property taxes. We express no opinion regarding any other Massachusetts tax consequences arising with respect to the Bonds or any tax consequences arising with respect to the Bonds under the laws of any state other than Massachusetts.

This opinion is expressed as of the date hereof, and we neither assume nor undertake any obligation to update, revise, supplement or restate this opinion to reflect any action taken or omitted, or any facts or circumstances or changes in law or in the interpretation thereof, that may hereafter arise or occur, or for any other reason.

This opinion is subject to the following additional qualifications and exceptions:

A. This opinion is conditioned as to matters within our actual knowledge. As used in the opinion, matters within our actual knowledge shall be limited to those matters actually known by members of our firm who have devoted substantive attention to this transaction.

B. The opinion is limited to the matters expressly set forth herein, and no opinion may be implied or inferred beyond the specific language and scope so stated.

C. The foregoing opinions are further subject to the effect of any applicable public policy, bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally.

Very truly yours,

KP LAW, P.C.

CITY OF EVERETT, MASSACHUSETTS

PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Everett, Massachusetts (the "Issuer") in connection with the issuance of its $13,450,000 General Obligation Municipal Purpose Loan of 2022 Bonds, dated January 25, 2022 (the "Bonds"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate.

This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Owners of the Bonds and in order to assist the Participating Underwriter in complying with the Rule.

SECTION 2. Definitions.

For purpose of this Disclosure Certificate the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board as established pursuant to Section 15(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate. Filing information relating to the MSRB is set forth in Exhibit A attached hereto.

“Obligated Person” shall mean the Issuer.

"Owners of the Bonds" shall mean the registered owners, including beneficial owners, of the Bonds.

"Participating Underwriter" shall mean any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

1. (a) The Issuer shall, not later than 270 days after the end of each fiscal year, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted when

available separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the Issuer shall send a notice to the MSRB in a timely manner, in substantially the form attached as Exhibit B.

SECTION 4. Content of Annual Reports.

The Issuer's Annual Report shall contain or incorporate by reference the following:

(a) quantitative information for the preceding fiscal year of the type presented in the Issuer's Official Statement of January 13, 2022 relating to the Bonds regarding (i) the revenues and expenditures of the Issuer relating to its operating budget, (ii) capital expenditures, (iii) fund balances, (iv) property tax information, (v) outstanding indebtedness and overlapping debt of the Issuer, (vi) pension obligations of the Issuer, and (vii) other post-employment benefits liability of the Issuer, and

(b) the most recently available audited financial statements of the Issuer, prepared in accordance with generally accepted accounting principles, with certain exceptions permitted by the Massachusetts Uniform Municipal Accounting System promulgated by the Department of Revenue of the Commonwealth. If audited financial statements for the preceding fiscal year are not available when the Annual Report is submitted, the Annual Report will include unaudited financial statements for the preceding fiscal year and audited financial statements for such fiscal year shall be submitted when available.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which (i) are available to the public on the MSRB internet website or (ii) have been filed with the Securities and Exchange Commission. The Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) The Issuer shall give notice in accordance with Section 5(b) below, of the occurrence of any of the following events with respect to the Bonds:

1. Principal and interest payment delinquencies.

2. Non-payment related defaults, if material.

3. Unscheduled draws on debt service reserves reflecting financial difficulties.

4. Unscheduled draws on credit enhancements reflecting financial difficulties.

5. Substitution of credit or liquidity providers, or their failure to perform.

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds.

7. Modifications to rights of owners of the Bonds, if material.

8. Bond calls, if material, and tender offers.

9. Defeasances.

10. Release, substitution, or sale of property securing repayment of the Bonds, if material.

11. Rating changes.

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving the Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

15. Incurrence of a financial obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Obligated Person, any of which affect Owners of the Bonds, if material.

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Obligated Person, any of which reflect financial difficulties.

(b) Upon the occurrence of a Listed Event, the Issuer shall, in a timely manner not in excess of ten (10) business days after the occurrence of the event, file a notice of such occurrence with the MSRB.

(c) For the purposes of the event identified in subparagraph (a)(12) above, the event is considered to occur when any of the following occur: (i) the appointment of a receiver, fiscal agent or similar officer for the Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or (ii) the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

(d) For the purposes of the events identified in subparagraph (a)(15) and (a)(16) above, the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" excludes municipal securities for which a final offering statement has been provided to the MSRB consistent with the Rule.

(e) Nothing in this Disclosure Certificate shall preclude the Issuer from disseminating any information in addition to that required hereunder. If the Issuer disseminates any such additional information, nothing in this Disclosure Certificate shall obligate the Issuer to update such information or to include it in any future materials disseminated.

SECTION 6. Transmission of Information and Notices.

Unless otherwise required by law, all notices, documents and information provided to the MSRB shall be provided in electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation.

The Issuer's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, in accordance with the terms of the Bonds, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(b).

SECTION 8. Amendment; Waiver.

Notwithstanding any other provision of the Disclosure Certificate, the Issuer may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived if such amendment or waiver is permitted by the Rule, as evidenced by an opinion of counsel expert in federal securities law (which may include bond counsel to the Issuer), to the effect that such amendment or waiver would not cause the Disclosure Certificate to violate the Rule. The first Annual Report filed after enactment of any amendment to or waiver of this Disclosure Certificate shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of information being provided in the Annual Report.

If the amendment provides for a change in the accounting principles to be followed in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information in order to provide information to investors to enable them to evaluate the ability of the Issuer to meet its obligations. To the extent reasonably feasible, the comparison shall also be quantitative. A notice of the change in the accounting principles shall be sent to the MSRB.

SECTION 9. Default.

In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate any Owners of the Bonds may seek a court order for specific performance by the Issuer of its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not constitute a default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with this Disclosure Certificate shall be an action for specific performance of the Issuer's obligations hereunder and not for money damages in any amount.

SECTION 10. Beneficiaries.

This Disclosure Certificate shall inure solely to the benefit of the Owners of the Bonds from time to time, and shall create no rights in any other person or entity.

SECTION 11. Governing Law.

This Disclosure Certificate shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts and applicable law of the United States of America.

IN WITNESS WHEREOF, the Issuer has caused this Disclosure Certificate to be executed by its duly authorized officers under seal to be hereunto attested, all as of the date and year first above written.

Date: January 25, 2022

CITY OF EVERETT, MASSACHUSETTS

By _____
Treasurer

_____
Mayor

_____
City Auditor

[EXHIBIT A: Filing Information for the MSRB]
[EXHIBIT B: Form of Notice of Failure to File Annual Report]