

CITY OF EVERETT

MASSACHUSETTS

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Year Ended June 30, 2021

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

Prepared by the City of Everett Finance Department

On the Cover – Sweetser Circle Rotary



CITY OF EVERETT, MASSACHUSETTS

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For the Year Ended June 30, 2021



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JUNE 30, 2021

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Introductory Section

POW Chair



Introductory Section

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City of Everett, Massachusetts

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Eric.Demas@ci.everett.ma.us

Letter of Transmittal

February 9, 2022

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 Annual Comprehensive Financial Report (ACFR) of the City of Everett, Massachusetts, for the year ending June 30, 2021 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, 2021, 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, 2021, 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, 2021 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements 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 City'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. The entire area of the City is served by the municipal water and sewer system. Vocational technical education is provided at the high school level by the City.

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 2021 totaled approximately \$243.0 million, which includes real and personal property tax revenues, State revenues, 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 2021 tax recapitulation also includes the use of \$3.9 million of free cash that was used to fund 2020 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, 2021, the City had a total labor force of 26,677 of which 25,155 were employed and 1,522 or 5.7% were unemployed as compared with 5.4% 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.

For 2021, the power plant's payment of \$13,126,641 million represented 13.1% of the total tax levy of \$92.0 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 2021 CIP, the City Council approved \$18.5 million in capital expenditures, of which \$17.5 million will be funded through the issuance of general obligation bonds. The remainder will be funded by federal and state grants totaling \$650,000, and \$325,000 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 \$21.7 million. As of June 30, 2021, the balance in the City's stabilization account is \$5.5 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, 2021, the balance in the City's capital improvement stabilization account is \$5.4 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 \$9.3 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, 2021 balance for free cash was certified in the amount of \$11.8 million which is available for use in 2022.

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020. This was the seventh 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 ACFR that satisfied both generally accepted accounting principles and applicable legal 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 ACFR 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, 2020. 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.

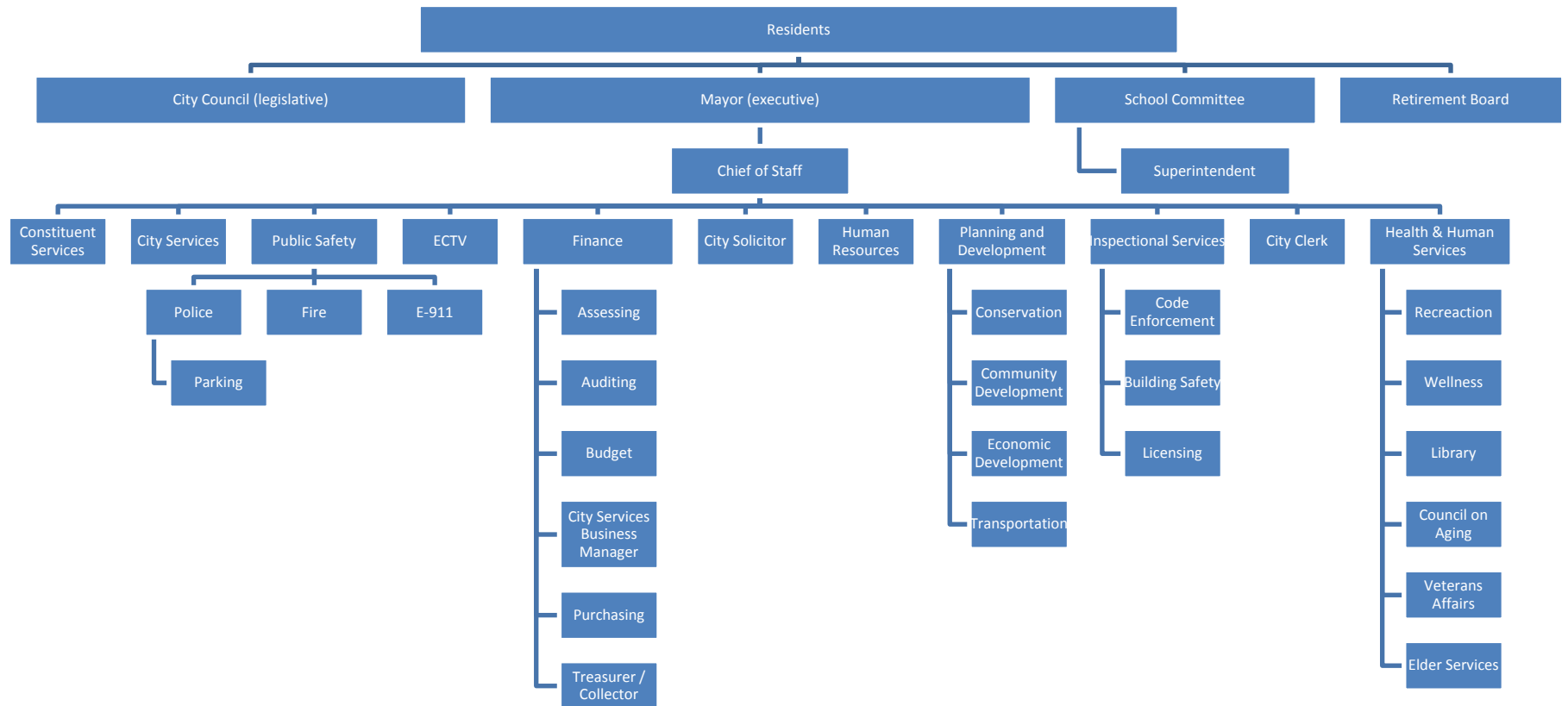
The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Mayor 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,

A handwritten signature in dark ink, appearing to read 'E. Demas', with a stylized flourish at the end.

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

Organizational Chart





Principal Executive Officers

As of June 30, 2021

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	Wayne A. Matewsky	Elected	2022
Councilor At Large	Gerly Adrien	Elected	2022
Councilor At Large	Michael Marchese	Elected	2022
Councilor At Large	Richard Dell Isola	Elected	2022
Councilor At Large	John F. Hanlon	Elected	2022
Chief Financial Officer/City Auditor	Eric J. Demas	Appointed	2022
Treasurer/Collector	Monica Ford	Appointed	2024
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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

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Financial Section

Revere Beach Parkway – Bike Lane



DPW Vehicles



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, 2021 (except for the Everett Contributory Retirement System which is as of and for the year ended December 31, 2020), and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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 City'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 City'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, 2021 (except for the Everett Contributory Retirement System which is as of December 31, 2020), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in 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 statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining 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 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 February 9, 2022, 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.



February 9, 2022

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, 2021. 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 \$152.0 million (net position).
- At the close of the current year, the City's general fund reported an ending fund balance of \$46.1 million, an increase of \$6.7 million in comparison with the prior year. Total fund balance represents 20% of total general fund expenditures.
- The City transferred \$546,000 to the general stabilization account in 2021. At year-end, the general stabilization account balance totaled \$5.5 million.
- The City transferred \$727,000 million to the capital improvement stabilization account. At year-end, the capital improvement stabilization account totaled \$5.4 million.
- The employee leave buy-back stabilization account did not have any activity in 2021 and the account balance totaled \$8,000 at year-end.
- The City appropriated \$7 million in free cash to reduce the 2021 tax rate.
- The City transferred \$546,000 to the other postemployment benefits (OPEB) trust fund in 2021. At year-end, the net position of the OPEB trust fund totaled \$9.3 million.
- The net OPEB liability increased by \$63.2 million during the current year and the year-end balance totaled \$345.8 million.
- The City's net pension liability decreased by \$16.5 million during the current year and the year-end balance totaled \$77.8 million.
- Prior to year end the City received \$35.7 million of American Rescue Plan Act (ARPA) funds. The funds were not obligated and were recorded as unearned revenue within the City's federal and state grants fund.
- In order to take advantage of favorable interest rates, the City issued \$759,000 of general obligation refunding bonds on November 17, 2020. The transaction resulted in an economic gain of \$122,000 and a reduction of \$131,000 in future debt service payments.

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 and deferred outflows of resources, and liabilities and deferred inflows of resources, 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, 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 City'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 within the fiduciary fund statements. The City established the other postemployment benefits 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 \$152.0 million at the close of 2021 (net position), a decrease of \$2.4 million from the prior year.

Net position of \$158.5 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 \$318.7 million. The primary reason for this deficit balance is the recognition of the net other postemployment benefits liability and the net pension liability totaling \$345.8 million and \$77.8 million, respectively.

Beginning net position of the governmental activities has been revised to reflect the implementation of GASB Statement #84, *Fiduciary Activities*. As such, previously reported deficit net position of \$199.7 million is now a deficit of \$199.2 million. See note 17 for further information.

Governmental Activities

The City's liabilities and deferred inflows exceeded assets and deferred outflows or resources for governmental activities by \$201.3 million at the close of 2021.

	2021	2020 (as revised)
Assets:		
Current assets.....	\$ 179,439,830	\$ 129,520,118
Capital assets, nondepreciable.....	10,755,597	9,556,588
Capital assets, net of accumulated depreciation....	171,799,591	162,987,765
Total assets.....	361,995,018	302,064,471
Deferred outflows of resources.....	71,979,422	28,886,289
Liabilities:		
Current liabilities (excluding debt).....	76,828,739	29,699,467
Noncurrent liabilities (excluding debt).....	425,677,911	379,712,586
Current debt.....	20,570,083	29,740,871
Noncurrent debt.....	76,014,249	64,642,249
Total liabilities.....	599,090,982	503,795,173
Deferred inflows of resources.....	36,175,288	26,325,415
Net position:		
Net investment in capital assets.....	111,708,092	105,053,162
Restricted.....	8,197,497	8,208,875
Unrestricted.....	(321,197,419)	(312,431,865)
Total net position.....	\$ (201,291,830)	\$ (199,169,828)
Program Revenues:		
Charges for services.....	\$ 11,707,834	\$ 7,104,522
Operating grants and contributions.....	125,883,635	114,586,310
Capital grants and contributions.....	1,071,359	1,764,974
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	92,546,236	90,680,955
Tax liens.....	249,441	788,037
Motor vehicle excise taxes.....	4,389,002	4,686,984
Chapter 121A excise payments in lieu of taxes.....	20,500,000	20,000,000
Community impact fee.....	5,125,000	5,000,000
Hotel/motel tax.....	24,363	3,295,972
Meals tax.....	669,333	1,090,679
Penalties and interest on taxes.....	637,495	367,259
Payments in lieu of taxes.....	14,112	14,112
Grants and contributions not restricted to specific programs.....	7,951,587	8,479,582
Unrestricted investment income.....	359,584	806,559
Total revenues.....	271,128,981	258,665,945

	2021	2020 (as revised)
Expenses:		
General government.....	14,052,730	15,097,717
Public safety.....	55,780,910	48,490,141
Education.....	165,564,038	157,602,324
City services and facilities.....	19,738,412	20,342,165
Community development.....	642,411	593,893
Human services.....	12,323,126	7,156,255
Libraries and recreation.....	2,804,070	3,846,310
Interest.....	2,287,686	2,154,330
Total expenses.....	273,193,383	255,283,135
Excess (Deficiency) before transfers.....	(2,064,402)	3,382,810
Transfers.....	(57,600)	-
Capital transfers.....	-	(1,758,572)
Change in net position.....	(2,122,002)	1,624,238
Net position, beginning of year, as revised.....	(199,169,828)	(200,794,066)
Net position, end of year.....	\$ (201,291,830)	\$ (199,169,828)

The governmental expenses totaled \$273.2 million of which \$138.7 million (51%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$132.5 million, primarily coming from property taxes, Chapter 121A excise payments in lieu taxes and non-restricted state aid.

The governmental net position decreased by \$2.1 million during the current year. The primary elements of this decrease include a \$21.3 million decrease from the net change in the net OPEB liability and related deferred outflows and inflows of resources and a \$1.2 million decrease in the internal service fund. These decreases were offset by the recognition of \$1.1 million in capital grants, a general fund operating surplus of \$6.7 million related to better than anticipated budgetary results, and an \$8.6 million increase from the net change in the net pension liability and related deferred outflows and inflows of resources,

The City's operating grants and contributions increased \$11.3 million over the prior year, largely due to additional grants received to respond to the COVID-19 pandemic and the State's on behalf payment to the Massachusetts Teachers' Retirement System (MTRS), which increased by \$4.6 million.

The hotel/motel tax decreased \$3.3 million from the prior year, as a result of the COVID-19 pandemic.

Education and public safety expenses increased by \$8.0 million and \$7.3 million, respectively. The increase in education expense primarily relates to additional COVID-19 grant expenses for school reopening and remote learning, the increase in MTRS on behalf payments and the increase from the net OPEB liability and related deferred inflows/outflows of resources. The increase in public safety expense is primarily attributable to the increase from the net OPEB liability and related deferred inflows/outflows of resources and an increase from police details as a result of the implementation of GASB Statement No. 84, Fiduciary Funds.

Business-type Activities

For the City's business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$49.3 million at the close of 2021.

	2021	2020
Assets:		
Current assets.....	\$ 16,056,695	\$ 13,904,229
Capital assets, net of accumulated depreciation....	55,019,083	54,056,245
Total assets.....	71,075,778	67,960,474
Deferred outflows of resources.....	1,049,768	424,203
Liabilities:		
Current liabilities (excluding debt).....	826,985	246,409
Noncurrent liabilities (excluding debt).....	6,797,790	5,203,632
Current debt.....	2,117,621	2,028,282
Noncurrent debt.....	12,433,208	10,919,231
Total liabilities.....	22,175,604	18,397,554
Deferred inflows of resources.....	664,558	405,261
Net position:		
Net investment in capital assets.....	46,810,710	44,363,296
Unrestricted.....	2,474,674	5,218,566
Total net position.....	\$ 49,285,384	\$ 49,581,862
Program Revenues:		
Charges for services.....	\$ 20,474,633	\$ 18,969,543
Operating grants and contributions.....	11,004	56,884
Total revenues.....	20,485,637	19,026,427
Expenses:		
Water and sewer.....	22,871,038	19,995,720
Everett community television.....	306,937	479,675
Total expenses.....	23,177,975	20,475,395
Excess (Deficiency) before transfers and capital contributions.....	(2,692,338)	(1,448,968)
Transfers.....	57,600	-
Capital contributions.....	2,338,260	1,758,572
Change in net position.....	(296,478)	309,604
Net position, beginning of year.....	49,581,862	49,272,258
Net position, end of year.....	\$ 49,285,384	\$ 49,581,862

Business-type net position of \$46.8 million (95%) represents the net investment in capital assets while \$2.5 million (5%) is unrestricted. The City's business-type activities net position decreased by \$296,000 in the current year.

The \$425,000 decrease in water and sewer net position is primarily due to a \$1.5 million decrease from the change in the net OPEB liability and the related deferred inflows/outflows of resources and noncapitalizable capital project expenses for sewer line cleaning and maintenance costs. These decreases were offset by \$2.3 million of capital grants and contributions.

The \$128,000 increase in the ECTV net position is primarily due to an increase from the change in the net pension liability and the related deferred inflows/outflows of resources.

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 \$78.1 million; of which, \$46.1 million was the general fund, \$1.9 million was the City federal and state grants fund, \$14.3 million was the City capital projects fund and \$15.9 million was the nonmajor governmental funds. Cumulatively there was an increase of \$15.4 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 \$15.5 million, while total fund balance was \$46.1 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 represented 7.0% of the total general fund expenditures, while total fund balance represented 20.0% of that same amount. Fund balance of \$17.6 million was nonspendable and represented prepaid expenditures, \$953,000 was committed for continuing appropriations and \$12.0 million of fund balance was assigned for encumbrances to be carried forward to the next year.

In 2021, the City's general fund increased by \$6.7 million. This increase is primarily due to a \$4.4 million budgetary basis operating surplus, a \$1.3 million increase in the stabilization funds which are reported as a component of the general fund on the GAAP basis financial statements, and a \$1.5 million decrease in the estimated tax refunds payable liability. These increases were offset by a \$500,000 increase in accrued payroll.

The City federal and state grants fund is used to account for non-school related activity financed by grants. At the end of the current year fund balance totaled \$1.9 million, which was comparable to the prior year. The fund reported \$35.7 million of unearned revenue related to unobligated American Rescue Plan Act (ARPA) funds received from the State.

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 fund balance totaled \$14.3 million, an increase of \$8.3 million from the prior year. The increase is due to timing differences between the receipt and expenditure of proceeds from long-term term borrowings.

The internal service fund experienced a decrease of \$1.2 million that is primarily due to an increase in claims experience. Ending net position was \$11.1 million at June 30, 2021.

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, 2021, that are directly related to the COVID-19 pandemic. The American Rescue Plan Act (ARPA) of 2021, Public Law 117-2, was enacted on March 11, 2021. ARPA provides additional funding for the City to respond to the COVID-19 pandemic. The City plans to submit reimbursements to the Federal Emergency Management Custodial (FEMA), apply for funding from the CARES Act and ARPA, and use other local grant receipts to cover these costs (See Note 16 for further information).

General Fund Budgetary Highlights

The original 2021 budget authorized \$236.0 million of appropriations, other amounts to be raised, and amounts carried forward from the prior year. During 2021, the City Council approved supplemental appropriations from free cash of \$2.0 million for fire salaries, contributions to the OPEB trust fund, and contributions to the capital improvement and general stabilization funds.

Actual revenues exceeded budgeted revenues by \$3.6 million, while actual expenditures, including carry forwards, were less than budgeted amounts by \$7.3 million. For revenues, licenses and permits exceeded the budget by \$1.5 million and the excess primarily relates to building permits. For expenditures, the most significant turn backs relate 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, 2021, amounted to \$237.6 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 activity's investment in capital assets for the current year were \$21.3 million. Major capital asset acquisitions during the current year included roadway improvements, the purchase of land, technology and other machinery and equipment purchases.

The \$2.5 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, 2021, totaled \$86.1 million, of which \$18.0 million relates to the schools, \$9.7 million relates to municipal buildings, \$3.7 million relates to equipment, \$6.6 million relates to unamortized debt premiums and \$48.1 million relates to other municipal purposes. Proceeds from general obligation bonds totaled \$22.5 million and includes \$3.1 million of premiums on the related debt.

At year end, the water and sewer enterprise fund had \$14.6 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 \$3.6 million of long-term debt in 2021 through the Massachusetts Water Resource Authority.

In order to take advantage of favorable interest rates, the City issued \$759,000 of general obligation refunding bonds on November 17, 2020. The proceeds of the refunding bonds were used to complete a current refunding of existing debt. The refunded bonds totaled \$900,000 and became callable on December 22, 2020. As a result of the transaction, the refunded bonds were paid down on the call date and the liability has been removed from the statement of net position. The transaction resulted in an economic gain of \$122,000 and a reduction of \$131,000 in future debt service payments.

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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 137,656,226	\$ 14,348,606	\$ 152,004,832
Investments.....	5,104,873	-	5,104,873
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	6,287,353	-	6,287,353
Tax liens.....	2,388,400	-	2,388,400
Motor vehicle excise taxes.....	1,203,045	-	1,203,045
User charges.....	-	1,708,089	1,708,089
Departmental and other.....	3,447,559	-	3,447,559
Intergovernmental.....	3,494,427	-	3,494,427
Working capital deposit.....	2,258,400	-	2,258,400
Prepaid.....	17,599,547	-	17,599,547
Total current assets.....	179,439,830	16,056,695	195,496,525
NONCURRENT:			
Capital assets, nondepreciable.....	10,755,597	-	10,755,597
Capital assets, net of accumulated depreciation.....	171,799,591	55,019,083	226,818,674
Total noncurrent assets.....	182,555,188	55,019,083	237,574,271
TOTAL ASSETS.....	361,995,018	71,075,778	433,070,796
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	121,033	-	121,033
Deferred outflows related to pensions.....	5,622,000	147,000	5,769,000
Deferred outflows related to other postemployment benefits.....	66,236,389	902,768	67,139,157
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	71,979,422	1,049,768	73,029,190
LIABILITIES			
CURRENT:			
Warrants payable.....	8,091,463	694,437	8,785,900
Accrued payroll.....	10,073,843	25,561	10,099,404
Health claims payable.....	2,764,000	-	2,764,000
Tax refunds payable.....	4,707,795	-	4,707,795
Accrued interest.....	1,108,079	51,270	1,159,349
Other liabilities.....	850,745	-	850,745
Unearned revenue.....	43,765,205	-	43,765,205
Compensated absences.....	5,369,509	40,317	5,409,826
Workers' compensation.....	98,100	15,400	113,500
Notes payable.....	10,500,000	-	10,500,000
Bonds payable.....	10,070,083	2,117,621	12,187,704
Total current liabilities.....	97,398,822	2,944,606	100,343,428
NONCURRENT:			
Compensated absences.....	7,843,993	25,479	7,869,472
Workers' compensation.....	882,000	138,900	1,020,900
Net pension liability.....	75,823,000	1,984,000	77,807,000
Net other postemployment benefits liability.....	341,128,918	4,649,411	345,778,329
Bonds payable.....	76,014,249	12,433,208	88,447,457
Total noncurrent liabilities.....	501,692,160	19,230,998	520,923,158
TOTAL LIABILITIES.....	599,090,982	22,175,604	621,266,586
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	13,683,000	358,000	14,041,000
Deferred inflows related to other postemployment benefits.....	22,492,288	306,558	22,798,846
TOTAL DEFERRED INFLOWS OF RESOURCES.....	36,175,288	664,558	36,839,846
NET POSITION			
Net investment in capital assets.....	111,708,092	46,810,710	158,518,802
Restricted for:			
Permanent funds:			
Expendable.....	329,533	-	329,533
Nonexpendable.....	1,048,919	-	1,048,919
Gifts and grants.....	6,819,045	-	6,819,045
Unrestricted.....	(321,197,419)	2,474,674	(318,722,745)
TOTAL NET POSITION.....	\$ (201,291,830)	\$ 49,285,384	\$ (152,006,446)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

		Program Revenues			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 14,052,730	\$ 982,258	\$ 196,782	\$ -	\$ (12,873,690)
Public safety.....	55,780,910	10,135,326	1,875,580	-	(43,770,004)
Education.....	165,564,038	183,974	115,036,461	-	(50,343,603)
City services and facilities.....	19,738,412	225,977	-	1,012,545	(18,499,890)
Community development.....	642,411	-	984,288	-	341,877
Human services.....	12,323,126	156,733	7,700,875	58,814	(4,406,704)
Libraries and recreation.....	2,804,070	23,566	89,649	-	(2,690,855)
Interest.....	2,287,686	-	-	-	(2,287,686)
Total Governmental Activities.....	273,193,383	11,707,834	125,883,635	1,071,359	(134,530,555)
<i>Business-Type Activities:</i>					
Water and sewer.....	22,871,038	20,039,434	11,004	2,338,260	(482,340)
Everett community television.....	306,937	435,199	-	-	128,262
Total Business-Type Activities.....	23,177,975	20,474,633	11,004	2,338,260	(354,078)
Total Primary Government.....	\$ 296,371,358	\$ 32,182,467	\$ 125,894,639	\$ 3,409,619	\$ (134,884,633)

(Continued)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(134,530,555)	(354,078)	(134,884,633)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	92,546,236	-	92,546,236
Tax liens.....	249,441	-	249,441
Motor vehicle excise taxes.....	4,389,002	-	4,389,002
Chapter 121A excise payments in lieu of taxes.....	20,500,000	-	20,500,000
Community impact fee.....	5,125,000	-	5,125,000
Hotel/motel tax.....	24,363	-	24,363
Meals tax.....	669,333	-	669,333
Penalties and interest on taxes.....	637,495	-	637,495
Payments in lieu of taxes.....	14,112	-	14,112
Grants and contributions not restricted to specific programs.....	7,951,587	-	7,951,587
Unrestricted investment income.....	359,584	-	359,584
<i>Transfers, net</i>	<u>(57,600)</u>	<u>57,600</u>	<u>-</u>
Total general revenues.....	<u>132,408,553</u>	<u>57,600</u>	<u>132,466,153</u>
Change in net position.....	(2,122,002)	(296,478)	(2,418,480)
<i>Net position:</i>			
Beginning of year, as revised.....	<u>(199,169,828)</u>	<u>49,581,862</u>	<u>(149,587,966)</u>
End of year..... \$	<u><u>(201,291,830)</u></u>	<u><u>49,285,384</u></u>	<u><u>(152,006,446)</u></u>

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2021

	General	City Federal & State Grants	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 51,824,666	\$ 36,638,324	\$ 25,701,101	\$ 13,892,720	\$ 128,056,811
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 excise taxes.....	1,203,045	-	-	-	1,203,045
Departmental and other.....	1,256,283	-	-	2,191,276	3,447,559
Intergovernmental.....	5,258	1,171,236	-	2,317,933	3,494,427
Due from other funds.....	1,255,313	-	-	-	1,255,313
Prepaid.....	17,599,547	-	-	-	17,599,547
TOTAL ASSETS.....	\$ 83,423,417	\$ 37,809,560	\$ 25,701,101	\$ 18,946,323	\$ 165,880,401
LIABILITIES					
Warrants payable.....	\$ 5,288,670	\$ 149,581	\$ 940,542	\$ 728,791	\$ 7,107,584
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	35,738,411	-	-	43,765,205
Notes payable.....	-	-	10,500,000	-	10,500,000
TOTAL LIABILITIES.....	28,593,364	35,887,992	11,440,542	2,338,587	78,260,485
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	8,771,370	-	-	704,212	9,475,582
FUND BALANCES					
Nonspendable.....	17,599,547	-	-	1,048,919	18,648,466
Restricted.....	-	1,921,568	14,260,559	14,854,605	31,036,732
Committed.....	952,573	-	-	-	952,573
Assigned.....	12,008,455	-	-	-	12,008,455
Unassigned.....	15,498,108	-	-	-	15,498,108
TOTAL FUND BALANCES.....	46,058,683	1,921,568	14,260,559	15,903,524	78,144,334
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 83,423,417	\$ 37,809,560	\$ 25,701,101	\$ 18,946,323	\$ 165,880,401

See notes to basic financial statements.

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

JUNE 30, 2021

Total governmental fund balances.....	\$ 78,144,334
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	182,555,188
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	9,475,582
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.....	35,804,134
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....	11,066,863
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(1,108,079)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable.....	(86,084,332)
Net pension liability.....	(75,823,000)
Net other postemployment benefits liability.....	(341,128,918)
Workers' compensation.....	(980,100)
Compensated absences.....	<u>(13,213,502)</u>
Net effect of reporting long-term liabilities.....	<u>(517,229,852)</u>
Net position of governmental activities.....	\$ <u><u>(201,291,830)</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

	General	City Federal & State Grants	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 92,067,808	\$ -	\$ -	\$ -	\$ 92,067,808
Tax liens.....	414,853	-	-	-	414,853
Motor vehicle excise taxes.....	4,693,384	-	-	-	4,693,384
Chapter 121A excise payments in lieu of taxes.....	20,500,000	-	-	-	20,500,000
Community impact fee.....	5,125,000	-	-	-	5,125,000
Hotel/motel tax.....	24,363	-	-	-	24,363
Meals tax.....	669,333	-	-	-	669,333
Charges for services.....	-	-	-	398,642	398,642
Penalties and interest on taxes.....	637,495	-	-	-	637,495
Payments in lieu of taxes.....	14,112	-	-	-	14,112
Licenses and permits.....	3,010,071	-	-	-	3,010,071
Fines and forfeitures.....	1,353,414	-	-	-	1,353,414
Intergovernmental - state aid.....	83,223,723	-	-	-	83,223,723
Intergovernmental - Teachers Retirement.....	26,155,587	-	-	-	26,155,587
Intergovernmental.....	-	10,006,268	-	13,773,063	23,779,331
Departmental and other.....	2,246,198	-	-	6,046,636	8,292,834
Contributions and donations.....	-	-	-	484,565	484,565
Investment income.....	258,404	-	-	18,950	277,354
TOTAL REVENUES.....	240,393,745	10,006,268	-	20,721,856	271,121,869
EXPENDITURES:					
Current:					
General government.....	7,321,184	42,022	1,199,007	360,800	8,923,013
Public safety.....	29,773,107	1,598,450	298,046	5,141,723	36,811,326
Education.....	84,931,068	-	-	13,832,453	98,763,521
City services and facilities.....	13,292,735	703,790	5,128,192	601,103	19,725,820
Community development.....	-	-	2,761,582	812,375	3,573,957
Human services.....	2,694,611	7,550,240	1,976,950	370,774	12,592,575
Libraries and recreation.....	894,450	33,764	1,132,583	83,201	2,143,998
Pension benefits.....	16,743,323	-	-	-	16,743,323
Pension benefits - Teachers Retirement.....	26,155,587	-	-	-	26,155,587
Property and liability insurance.....	3,129,546	-	-	-	3,129,546
Employee benefits.....	23,144,643	-	-	-	23,144,643
State and county charges.....	14,117,639	-	-	-	14,117,639
Debt service:					
Principal.....	8,610,414	-	-	-	8,610,414
Interest.....	2,859,616	-	-	-	2,859,616
TOTAL EXPENDITURES.....	233,667,923	9,928,266	12,496,360	21,202,429	277,294,978
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	6,725,822	78,002	(12,496,360)	(480,573)	(6,173,109)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds.....	-	-	18,256,000	450,000	18,706,000
Issuance of refunding bonds.....	759,000	-	-	-	759,000
Premium from issuance of bonds.....	-	-	2,562,803	369,276	2,932,079
Premium from issuance of refunding bonds.....	138,216	-	-	-	138,216
Payments to refunded bond escrow agent.....	(900,000)	-	-	-	(900,000)
Transfers out.....	(57,600)	-	-	-	(57,600)
TOTAL OTHER FINANCING SOURCES (USES).....	(60,384)	-	20,818,803	819,276	21,577,695
NET CHANGE IN FUND BALANCES.....	6,665,438	78,002	8,322,443	338,703	15,404,586
FUND BALANCES AT BEGINNING OF YEAR, AS REVISED.....	39,393,245	1,843,566	5,938,116	15,564,821	62,739,748
FUND BALANCES AT END OF YEAR.....	\$ 46,058,683	\$ 1,921,568	\$ 14,260,559	\$ 15,903,524	\$ 78,144,334

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, 2021

Net change in fund balances - total governmental funds.....	\$ 15,404,586
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlay.....	21,253,510
Depreciation expense.....	<u>(11,242,675)</u>
Net effect of reporting capital assets.....	10,010,835
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>	
	(75,118)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>	
Issuance of bonds.....	(18,706,000)
Issuance of refunding bonds.....	(759,000)
Premium from issuance of notes.....	(2,932,079)
Premium from issuance of refunding bonds.....	(138,216)
Payments to refunded bond escrow agent.....	900,000
Net amortization of premium from issuance of bonds.....	956,669
Net change in deferred charge on refunding.....	(52,036)
Debt service principal payments.....	<u>8,610,414</u>
Net effect of reporting long-term debt.....	(12,120,248)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Net change in compensated absences accrual.....	(688,134)
Net change in accrued interest on long-term debt.....	(332,703)
Net change in deferred outflow/(inflow) of resources related to pensions.....	(7,421,000)
Net change in net pension liability.....	16,068,000
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits....	39,808,501
Net change in net other postemployment benefits liability.....	(61,130,388)
Net change in workers' compensation liability.....	<u>(401,100)</u>
Net effect of recording long-term liabilities.....	(14,096,824)
The net activity of internal service funds is reported with Governmental Activities.....	<u>(1,245,233)</u>
Change in net position of governmental activities.....	\$ <u><u>(2,122,002)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer	Everett Community Television	Total	
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 13,168,398	\$ 1,180,208	\$ 14,348,606	\$ 9,599,415
Investments.....	-	-	-	2,956,927
Receivables, net of allowance for uncollectibles:				
User charges.....	1,708,089	-	1,708,089	-
Working capital deposit.....	-	-	-	2,258,400
Total current assets.....	14,876,487	1,180,208	16,056,695	14,814,742
NONCURRENT:				
Capital assets, net of accumulated depreciation.....	55,019,083	-	55,019,083	-
TOTAL ASSETS.....	69,895,570	1,180,208	71,075,778	14,814,742
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions.....	107,000	40,000	147,000	-
Deferred outflows related to other postemployment benefits.....	787,153	115,615	902,768	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	894,153	155,615	1,049,768	-
LIABILITIES				
CURRENT:				
Warrants payable.....	689,344	5,093	694,437	983,879
Accrued payroll.....	25,561	-	25,561	-
Health claims payable.....	-	-	-	2,764,000
Accrued interest.....	51,270	-	51,270	-
Compensated absences.....	40,317	-	40,317	-
Workers' compensation.....	15,400	-	15,400	-
Bonds payable.....	2,117,621	-	2,117,621	-
Total current liabilities.....	2,939,513	5,093	2,944,606	3,747,879
NONCURRENT:				
Compensated absences.....	25,479	-	25,479	-
Workers' compensation.....	138,900	-	138,900	-
Net pension liability.....	1,447,000	537,000	1,984,000	-
Net other postemployment benefits liability.....	4,053,974	595,437	4,649,411	-
Bonds payable.....	12,433,208	-	12,433,208	-
Total noncurrent liabilities.....	18,098,561	1,132,437	19,230,998	-
TOTAL LIABILITIES.....	21,038,074	1,137,530	22,175,604	3,747,879
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions.....	261,000	97,000	358,000	-
Deferred inflows related to other postemployment benefits.....	267,298	39,260	306,558	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	528,298	136,260	664,558	-
NET POSITION				
Net investment in capital assets.....	46,810,710	-	46,810,710	-
Unrestricted.....	2,412,641	62,033	2,474,674	11,066,863
TOTAL NET POSITION.....	\$ 49,223,351	\$ 62,033	\$ 49,285,384	\$ 11,066,863

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer	Everett Community Television	Total	
OPERATING REVENUES:				
Employee contributions.....	\$ -	\$ -	\$ -	\$ 4,965,424
Employer contributions.....	-	-	-	21,661,728
Charges for services - water.....	5,765,092	-	5,765,092	-
Charges for services - sewer.....	13,703,248	-	13,703,248	-
Charges for services - ECTV.....	-	435,199	435,199	-
Liens - charges for services.....	571,094	-	571,094	-
TOTAL OPERATING REVENUES	20,039,434	435,199	20,474,633	26,627,152
OPERATING EXPENSES:				
Cost of services and administration.....	5,702,866	306,937	6,009,803	-
MWRA assessment - water.....	5,958,067	-	5,958,067	-
MWRA assessment - sewer.....	9,529,946	-	9,529,946	-
Depreciation.....	1,530,858	-	1,530,858	-
Employee benefits.....	-	-	-	27,954,613
TOTAL OPERATING EXPENSES.....	22,721,737	306,937	23,028,674	27,954,613
OPERATING INCOME (LOSS).....	(2,682,303)	128,262	(2,554,041)	(1,327,461)
NONOPERATING REVENUES (EXPENSES):				
Investment income (loss).....	11,004	-	11,004	82,228
Interest expense.....	(149,301)	-	(149,301)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(138,297)	-	(138,297)	82,228
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	(2,820,600)	128,262	(2,692,338)	(1,245,233)
CAPITAL CONTRIBUTIONS.....	2,338,260	-	2,338,260	-
TRANSFERS:				
Transfers in.....	57,600	-	57,600	-
CHANGE IN NET POSITION.....	(424,740)	128,262	(296,478)	(1,245,233)
NET POSITION AT BEGINNING OF YEAR.....	49,648,091	(66,229)	49,581,862	12,312,096
NET POSITION AT END OF YEAR.....	\$ 49,223,351	\$ 62,033	\$ 49,285,384	\$ 11,066,863

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water and Sewer	Everett Community Television	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users.....	\$ 20,396,579	\$ 435,199	\$ 20,831,778	\$ -
Receipts from interfund services provided.....	-	-	-	26,627,152
Payments to vendors.....	(18,929,232)	(94,820)	(19,024,052)	-
Payments to employees.....	(970,928)	(315,545)	(1,286,473)	-
Payments for interfund services used.....	-	-	-	(26,456,987)
NET CASH FROM OPERATING ACTIVITIES.....	496,419	24,834	521,253	170,165
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in.....	57,600	-	57,600	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the issuance of bonds.....	3,631,600	-	3,631,600	-
Capital contributions.....	2,338,260	-	2,338,260	-
Acquisition and construction of capital assets.....	(1,864,857)	-	(1,864,857)	-
Principal payments on bonds and notes.....	(2,012,508)	-	(2,012,508)	-
Interest expense.....	(172,741)	-	(172,741)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	1,919,754	-	1,919,754	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Sales and (purchases) of investments, net.....	-	-	-	(451,131)
Investment income (loss).....	11,004	-	11,004	82,228
NET CASH FROM INVESTING ACTIVITIES.....	11,004	-	11,004	(368,903)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	2,484,777	24,834	2,509,611	(198,738)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	10,683,621	1,155,374	11,838,995	9,798,153
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 13,168,398	\$ 1,180,208	\$ 14,348,606	\$ 9,599,415
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:				
Operating income (loss).....	\$ (2,682,303)	\$ 128,262	\$ (2,554,041)	\$ (1,327,461)
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation.....	1,530,858	-	1,530,858	-
Deferred (outflows)/inflows related to pensions.....	142,000	52,000	194,000	-
Deferred (outflows)/inflows related to other postemployment benefits.....	(490,863)	(69,405)	(560,268)	-
Changes in assets and liabilities:				
User charges.....	357,145	-	357,145	-
Warrants payable.....	(23,953)	2,033	(21,920)	983,626
Accrued payroll.....	2,360	-	2,360	-
Health claims payable.....	-	-	-	514,000
Compensated absences.....	(10,010)	-	(10,010)	-
Workers' compensation.....	(89,200)	-	(89,200)	-
Net pension liability.....	(231,000)	(189,000)	(420,000)	-
Net other postemployment benefits liability.....	1,991,385	100,944	2,092,329	-
Total adjustments.....	3,178,722	(103,428)	3,075,294	1,497,626
NET CASH FROM OPERATING ACTIVITIES.....	\$ 496,419	\$ 24,834	\$ 521,253	\$ 170,165
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Acquisition of capital assets on account.....	\$ (628,839)	\$ -	\$ (628,839)	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2021

	Pension and Other Employee Benefit Trust Funds (1)
ASSETS	
Cash and cash equivalents.....	\$ 1,135,177
Investments:	
Investments in Pension Reserve Investment Trust.....	215,315,643
Government sponsored enterprises.....	799,470
Corporate bonds.....	843,112
U.S. Government securities.....	811,945
Equity securities.....	5,229,361
Bond mutual funds.....	962,983
Receivables, net of allowance for uncollectibles:	
Departmental and other.....	15,173
TOTAL ASSETS	225,112,864
LIABILITIES	
Warrants payable.....	34,200
NET POSITION	
Restricted for pensions.....	215,743,140
Restricted for other postemployment benefits.....	9,335,524
TOTAL NET POSITION	\$ 225,078,664

(1) The Pension Trust Fund is as of December 31, 2020.

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2021

	Pension and Other Employee Benefit Trust Funds (1)
ADDITIONS:	
Contributions:	
Employer contributions.....	\$ 17,822,116
Employer contributions for other postemployment benefit payments....	8,364,989
Member contributions.....	4,896,961
Transfers from other systems.....	301,870
Retirement benefits - 3(8)c contributions from other systems.....	443,255
Workers compensation settlements.....	16,000
Interest not refunded.....	136
Retirement benefits - Intergovernmental.....	205,838
	<u>32,051,165</u>
Total contributions.....	<u>32,051,165</u>
Net investment income:	
Investment income.....	26,202,980
Less: investment expense.....	<u>(920,279)</u>
Net investment income.....	<u>25,282,701</u>
TOTAL ADDITIONS.....	<u>57,333,866</u>
DEDUCTIONS:	
Administration.....	260,352
Transfers to other systems.....	449,973
Retirement benefits - 3(8)c transfer to other systems.....	457,248
Retirement benefits and refunds.....	15,692,366
Other postemployment benefit payments.....	8,364,989
	<u>25,224,928</u>
TOTAL DEDUCTIONS.....	<u>25,224,928</u>
NET INCREASE (DECREASE) IN NET POSITION.....	32,108,938
NET POSITION AT BEGINNING OF YEAR.....	<u>192,969,726</u>
NET POSITION AT END OF YEAR.....	<u>\$ 225,078,664</u>

(1) The Pension Trust Fund is as of December 31, 2020.

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 federal and state grants fund* is used to account for non-school related activity specifically financed by federal and state grants which are designated for specific programs.

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 type is reported:

The *pension and other employee 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.

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 and Prepaid Items***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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of the prepaid item is recorded as expenditures/expenses when consumed, rather than when purchased. At June 30, 2021, the City reported a prepaid pension assessment.

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 treasures 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:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
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 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 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, 2021, \$9,335,524 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. The System does not have the ability to control any of the investment decisions relative to its funds in PRIT.

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 City 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 \$141,702,604 and the bank balance totaled \$143,346,773. Of the bank balance, \$2,000,000 was covered by Federal Depository Insurance, \$39,567,867 was covered by the Depository Insurance Fund, \$39,569,626 was collateralized, and \$62,209,280 was uncollateralized.

At December 31, 2020, the carrying amount of deposits for the System totaled \$446,524 and the bank balance of \$515,252 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 49 days.

As of June 30, 2021, the City had the following investments:

Investment Type	Fair value	Maturities		
		Under 1 Year	1-5 Years	6-10 Years
<u>Debt securities:</u>				
U.S. Government securities.....	\$ 1,797,548	\$ 716,992	\$ 1,036,468	\$ 44,088
Government sponsored enterprises.....	1,261,207	101,299	965,369	194,539
Corporate bonds.....	3,124,336	268,242	2,687,099	168,995
Bond mutual funds.....	1,337,721	-	1,052,911	284,810
Total debt securities.....	7,520,812	\$ 1,086,533	\$ 5,741,847	\$ 692,432
<u>Other investments:</u>				
Equity securities.....	6,230,932			
Money market mutual funds.....	78,262			
Total other investments.....	6,309,194			
<u>Investments measured at amortized cost:</u>				
MMDT - Cash portfolio.....	10,912,619			
Total investments.....	\$ 24,742,625			

The System participates in PRIT. As of December 31, 2020, the Retirement System had investments in PRIT totaling \$215,315,643. The effective weighted duration rate for PRIT investments ranged from 0.19 to 16.28 years.

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.

The City's investments in U.S. government securities, government sponsored enterprises, corporate bonds and 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, 2020, 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 Custodial 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:

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>	<u>Bond Mutual Funds</u>
AAA.....	\$ -	\$ 53,317	\$ 352,227
AA+.....	1,261,207	-	-
AA.....	-	260,634	192,625
A.....	-	866,486	-
A-.....	-	312,443	-
BBB+.....	-	757,047	-
BBB.....	-	389,709	279,488
BB.....	-	484,700	114,697
B.....	-	-	398,684
Total.....	\$ <u>1,261,207</u>	\$ <u>3,124,336</u>	\$ <u>1,337,721</u>

The City's investments in MMDT were unrated.

The System's investments of \$215,315,643 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, 2021:

Investment Type	June 30, 2021	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. Government securities.....	\$ 1,797,548	\$ 1,797,548	\$ -	\$ -
Government sponsored enterprises.....	1,261,207	1,261,207	-	-
Corporate Bonds.....	3,124,336	-	3,124,336	-
Bond mutual funds.....	1,337,721	1,337,721	-	-
Total debt securities.....	7,520,812	4,396,476	3,124,336	-
<u>Other investments:</u>				
Equity securities.....	6,230,932	6,230,932	-	-
Money market mutual funds.....	78,262	78,262	-	-
Total other investments.....	6,309,194	6,309,194	-	-
Total investments measured at fair value.....	13,830,006	\$ 10,705,670	\$ 3,124,336	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	10,912,619			
Total investments.....	\$ 24,742,625			

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, 2020, the System's investments in PRIT totaled \$215,315,643, and are valued using the net asset value (NAV) method. The fair value of the positions in each investment Pool are the same as the value of each Pool's shares.

NOTE 3 – RECEIVABLES

At June 30, 2021, 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
<u>Receivables:</u>			
Real estate and personal property taxes.... \$	7,012,353	\$ (725,000)	\$ 6,287,353
Tax liens.....	2,388,400	-	2,388,400
Motor vehicle excise taxes.....	2,906,645	(1,703,600)	1,203,045
Departmental and other.....	2,166,309	-	2,166,309
Departmental and other - Host agreement...	1,281,250	-	1,281,250
Intergovernmental.....	3,494,427	-	3,494,427
Total..... \$	<u>19,249,384</u>	<u>\$ (2,428,600)</u>	<u>\$ 16,820,784</u>

At June 30, 2021, the water and sewer enterprise fund reported \$1,708,089 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
<u>Receivables:</u>			
Real estate and personal property taxes..... \$	5,179,455	\$ -	\$ 5,179,455
Tax liens.....	2,388,400	-	2,388,400
Motor vehicle excise taxes.....	1,203,045	-	1,203,045
Departmental and other.....	470	-	470
Intergovernmental - highway improvements....	-	704,212	704,212
Total..... \$	<u>8,771,370</u>	<u>\$ 704,212</u>	<u>\$ 9,475,582</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2021, was as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 9,556,588	\$ 1,199,009	\$ -	\$ 10,755,597
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	149,969,565	521,986	-	150,491,551
Machinery and equipment.....	25,273,498	7,525,662	(3,821,746)	28,977,414
Infrastructure.....	110,281,908	12,006,853	-	122,288,761
Total capital assets being depreciated.....	285,524,971	20,054,501	(3,821,746)	301,757,726
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(70,042,298)	(4,729,013)	-	(74,771,311)
Machinery and equipment.....	(13,848,683)	(3,216,463)	3,821,746	(13,243,400)
Infrastructure.....	(38,646,225)	(3,297,199)	-	(41,943,424)
Total accumulated depreciation.....	(122,537,206)	(11,242,675)	3,821,746	(129,958,135)
Total capital assets being depreciated, net.....	162,987,765	8,811,826	-	171,799,591
Total governmental activities capital assets, net.....	\$ 172,544,353	\$ 10,010,835	\$ -	\$ 182,555,188
Water and Sewer Activities:	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 666,528	\$ 35,100	\$ (48,163)	\$ 653,465
Infrastructure.....	77,266,299	2,458,596	-	79,724,895
Total capital assets being depreciated.....	77,932,827	2,493,696	(48,163)	80,378,360
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(243,581)	(99,620)	48,163	(295,038)
Infrastructure.....	(23,633,001)	(1,431,238)	-	(25,064,239)
Total accumulated depreciation.....	(23,876,582)	(1,530,858)	48,163	(25,359,277)
Total water and sewer activities capital assets, net	\$ 54,056,245	\$ 962,838	\$ -	\$ 55,019,083

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

Governmental Activities:	
General government.....	\$ 262,261
Public safety.....	797,901
Education.....	5,085,081
City services and facilities.....	3,674,172
Community development.....	429,661
Libraries and recreation.....	993,599
Total depreciation expense - governmental activities.....	\$ 11,242,675
Business-Type Activities:	
Water and sewer.....	\$ 1,530,858

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables totaled \$1,255,313 and represent funding by the general fund for temporary cash deficits in the other special revenue fund and highway improvements capital project fund of \$1,049,224 and \$206,089, respectively.

On a budgetary basis, the general fund “transfers in” totaled \$765,503, which represents a transfer from the water and sewer enterprise fund for indirect costs. 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 \$1,272,959 and includes \$545,554 to the general stabilization account and \$727,405 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 general fund reported a \$57,600 transfer to the water and sewer enterprise fund for debt service.

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, 2021:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2020	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2021
Governmental Funds:							
BAN	General obligation.....	1.50%	02/12/21	\$ 20,367,000	\$ -	\$ (20,367,000)	\$ -
BAN	General obligation.....	2.00%	02/11/22	-	10,500,000	-	10,500,000
Total Governmental Funds.....				\$ 20,367,000	\$ 10,500,000	\$ (20,367,000)	\$ 10,500,000

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, 2021, 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, 2021
General Obligation Bonds Payable:				
General Obligation Bonds of 2008.....	2033	\$ 11,235,383	1.99	\$ 5,392,987
General Obligation Refunding Bonds of 2013.....	2022	1,102,000	1.43	120,000
General Obligation Bonds of 2014.....	2034	7,636,000	2.00-3.00	3,660,000
General Obligation Bonds of 2014.....	2029	5,325,000	3.00-3.50	2,120,000
General Obligation Refunding Bonds of 2015.....	2026	6,190,000	2.00-4.00	3,405,000
General Obligation Bonds of 2015.....	2035	6,025,000	2.00-4.00	3,395,000
General Obligation Bonds of 2016.....	2036	17,857,000	2.00-4.00	9,415,000
General Obligation Bonds of 2017.....	2037	12,417,000	3.00-5.00	8,810,000
General Obligation Bonds of 2018.....	2038	13,525,450	3.00-5.00	9,165,000
General Obligation Bonds of 2019.....	2039	17,613,000	3.00-5.00	13,900,000
General Obligation Bonds of 2020.....	2041	17,136,000	2.00-5.00	17,136,000
General Obligation Refunding Bonds of 2020.....	2030	759,000	5.00	759,000
General Obligation Energy Improvement Bonds.....	2031	1,570,000	5.00	1,570,000
Subtotal General Obligation Bonds Payable.....				<u>78,847,987</u>
Direct Borrowings Payable:				
Section 108 HUD Loan.....	2028	1,000,000	0.00	<u>653,000</u>
Add: Unamortized premium on bonds.....				<u>6,583,345</u>
Total Bonds Payable, net.....				<u>\$ 86,084,332</u>

In order to take advantage of favorable interest rates, the City issued \$759,000 of general obligation refunding bonds on November 17, 2020. The proceeds of the refunding bonds were used to complete a current refunding of existing debt. The refunded bonds totaled \$900,000 and became callable on December 22, 2020. As a result of the transaction, the refunded bonds were paid down on the call date and the liability has been removed from the statement of net position. The transaction resulted in an economic gain of \$122,028 and a reduction of \$130,537 in future debt service payments.

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

Year	General Obligation Bonds Payable:		
	Principal	Interest	Total
2022.....	\$ 8,854,422	\$ 3,152,425	\$ 12,006,847
2023.....	8,469,415	2,620,965	11,090,380
2024.....	7,569,415	2,250,429	9,819,844
2025.....	6,169,415	1,928,011	8,097,426
2026.....	6,059,415	1,663,089	7,722,504
2027.....	5,244,415	1,417,103	6,661,518
2028.....	5,129,415	1,191,906	6,321,321
2029.....	4,939,415	995,860	5,935,275
2030.....	4,644,415	807,906	5,452,321
2031.....	4,294,415	637,915	4,932,330
2032.....	3,529,415	488,547	4,017,962
2033.....	3,299,415	375,476	3,674,891
2034.....	2,645,000	274,049	2,919,049
2035.....	2,210,000	204,625	2,414,625
2036.....	1,830,000	149,644	1,979,644
2037.....	1,375,000	102,151	1,477,151
2038.....	1,040,000	61,656	1,101,656
2039.....	755,000	32,438	787,438
2040.....	395,000	12,591	407,591
2041.....	395,000	4,188	399,188
Total.....	\$ 78,847,987	\$ 18,370,974	\$ 97,218,961

Year	Direct Borrowings Payable:		
	Principal	Interest	Total
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.....	\$ 653,000	\$ -	\$ 653,000

Bonds Payable Schedule – Water and Sewer Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2021
General Obligation Bonds Payable:				
General Obligation Bonds of 2014.....	2024	\$ 1,930,000	3.00	\$ 500,000
General Obligation Bonds of 2014.....	2029	3,050,000	3.00	1,300,000
General Obligation Bonds of 2016.....	2026	325,000	4.00	150,000
General Obligation Bonds of 2017.....	2022	101,000	3.00-5.00	20,000
General Obligation Bonds of 2018.....	2023	364,550	3.00-5.00	130,000
General Obligation Bonds of 2019.....	2029	397,000	3.00-5.00	320,000
Subtotal General Obligation Bonds Payable.....				<u>2,420,000</u>
Direct Borrowings Payable:				
MWRA Bonds.....	2031	12,531,013	0.00	9,106,148
MCWT Bonds.....	2037	4,615,501	2.00	<u>2,981,537</u>
Subtotal Direct Borrowings Payable.....				<u>12,087,685</u>
Add: Unamortized premium on bonds.....				<u>43,144</u>
Total Bonds Payable, net.....				<u><u>\$ 14,550,829</u></u>

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

Year	General Obligation Bonds Payable:		
	Principal	Interest	Total
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.....	<u>\$ 2,420,000</u>	<u>\$ 261,255</u>	<u>\$ 2,681,255</u>

Year	Direct Borrowings Payable:		
	Principal	Interest	Total
2022.....	\$ 1,480,266	\$ 59,714	\$ 1,539,980
2023.....	1,466,800	54,406	1,521,206
2024.....	1,305,925	48,790	1,354,715
2025.....	1,280,492	44,668	1,325,160
2026.....	1,185,157	40,460	1,225,617
2027.....	1,189,923	36,158	1,226,081
2028.....	1,059,266	31,766	1,091,032
2029.....	970,142	27,274	997,416
2030.....	875,222	22,693	897,915
2031.....	603,477	18,004	621,481
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.....	\$ 12,087,685	\$ 414,454	\$ 12,502,139

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, 2021, the City had the following authorized and unissued debt:

Purpose	Amount
Property acquisitions.....	\$ 10,500,000
Water main replacements.....	7,529,000
Sewer system inflow & infiltration.....	2,350,936
Schools.....	1,150,000
Streets and sidewalks.....	1,000,000
Aerial ladder fire truck.....	891,817
Park construction.....	700,500
Shute library construction.....	223,650
Snow-ops software.....	40,000
Total.....	\$ 24,385,903

Changes in Long-term Liabilities

During the year ended June 30, 2021, 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.....	\$ 68,817,401	\$ 18,706,000	\$ (8,534,414)	\$ 759,000	\$ (900,000)	\$ 78,847,987	\$ 8,854,422
Long-term direct borrowing payable.....	729,000	-	(76,000)	-	-	653,000	80,000
Add: Unamortized premium on bonds.....	4,469,719	3,070,295	(956,669)	-	-	6,583,345	1,135,661
Total bonds payable.....	74,016,120	21,776,295	(9,567,083)	759,000	(900,000)	86,084,332	10,070,083
Compensated absences.....	12,525,368	-	-	5,911,546	(5,223,412)	13,213,502	5,369,509
Workers' compensation.....	579,000	-	-	1,068,093	(666,993)	980,100	98,100
Net pension liability.....	91,891,000	-	-	249,000	(16,317,000)	75,823,000	-
Net OPEB liability.....	279,998,530	-	-	69,921,118	(8,790,730)	341,128,918	-
Total governmental activity long-term liabilities.....	\$ 459,010,018	\$ 21,776,295	\$ (9,567,083)	\$ 77,908,757	\$ (31,898,135)	\$ 517,229,852	\$ 15,537,692
Business-Type Activities:							
Long-term general obligation bonds payable.....	\$ 3,040,000	\$ -	\$ (620,000)	\$ -	\$ -	\$ 2,420,000	\$ 625,000
Long-term direct borrowing payable.....	9,848,593	3,631,600	(1,392,508)	-	-	12,087,685	1,480,266
Add: Unamortized premium on bonds.....	58,920	-	(15,776)	-	-	43,144	12,355
Total bonds payable.....	12,947,513	3,631,600	(2,028,284)	-	-	14,550,829	2,117,621
Compensated absences.....	75,806	-	-	42,346	(52,356)	65,796	40,317
Workers' compensation.....	243,500	-	-	15,807	(105,007)	154,300	15,400
Net pension liability.....	2,404,000	-	-	7,000	(427,000)	1,984,000	-
Net OPEB liability.....	2,557,082	-	-	2,212,142	(119,813)	4,649,411	-
Total business-type activity long-term liabilities.....	\$ 18,227,901	\$ 3,631,600	\$ (2,028,284)	\$ 2,277,295	\$ (704,176)	\$ 21,404,336	\$ 2,173,338

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 \$5,518,119, \$5,382,243, 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 Federal & State Grants	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 1,048,919	\$ 1,048,919
Prepaid.....	17,599,547	-	-	-	17,599,547
Restricted for:					
City federal and state grants.....	-	1,921,568	-	-	1,921,568
City capital projects.....	-	-	14,260,559	-	14,260,559
Other City grants and gifts.....	-	-	-	1,485,302	1,485,302
School federal and state grants.....	-	-	-	2,024,854	2,024,854
Other school grants and gifts.....	-	-	-	256,597	256,597
Revolving fund.....	-	-	-	4,152,065	4,152,065
School lunch.....	-	-	-	2,247,440	2,247,440
Receipts reserved for appropriation.....	-	-	-	1,608,728	1,608,728
Community development.....	-	-	-	1,130,724	1,130,724
Other special revenue.....	-	-	-	763,718	763,718
School capital projects.....	-	-	-	855,644	855,644
Permanent trust funds.....	-	-	-	329,533	329,533
Committed to:					
Articles and continuing appropriations:					
General government.....	155,303	-	-	-	155,303
Public safety.....	224,013	-	-	-	224,013
City services and facilities.....	370,092	-	-	-	370,092
Human services.....	192,230	-	-	-	192,230
Libraries and recreation.....	10,935	-	-	-	10,935
Assigned to:					
General government.....	1,746,408	-	-	-	1,746,408
Public safety.....	2,483,113	-	-	-	2,483,113
Education.....	5,219,337	-	-	-	5,219,337
City services and facilities.....	1,435,341	-	-	-	1,435,341
Human services.....	812,035	-	-	-	812,035
Libraries and recreation.....	176,954	-	-	-	176,954
Property and liability insurance.....	44,438	-	-	-	44,438
Employee benefits.....	90,829	-	-	-	90,829
Unassigned.....	15,498,108	-	-	-	15,498,108
Total Fund Balances.....	\$ 46,058,683	\$ 1,921,568	\$ 14,260,559	\$ 15,903,524	\$ 78,144,334

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 in the preceding table 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, 2021, the City recognized \$5,125,000 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, 2021, the City recognized \$20,500,000 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, 2019 are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2020.....	\$ 2,280,000	\$ 25,415,000	\$ (25,445,000)	\$ 2,250,000
2021.....	2,250,000	27,955,000	(27,441,000)	2,764,000

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, 2019, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2020.....	\$ 1,169,287	\$ 358,781	\$ (705,568)	\$ 822,500	\$ 82,300
2021.....	822,500	1,083,900	(772,000)	1,134,400	113,500

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, 2020. The City's portion of the collective pension expense, contributed by the Commonwealth, of \$26,155,587 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 \$211,761,561 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, 2020, the System's membership consists of the following:

Active members.....	731
Inactive members.....	215
Retirees and beneficiaries currently receiving benefits.....	504
Total.....	<u>1,450</u>

Contributions – Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the System a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2020, was \$17,277,000, or, 35.84% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City's proportionate share of the required contribution was \$16,744,000, which equaled its actual contribution.

Pension Liabilities – The components of the net pension liability of the participating member units at June 30, 2021, were as follows:

Total pension liability.....	\$	296,039,000
Total pension plan's fiduciary net position.....		<u>(215,743,000)</u>
Total net pension liability.....	\$	<u><u>80,296,000</u></u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....		72.88%

At June 30, 2021, the City reported a liability of \$77,807,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. Accordingly, procedures were used to update 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, 2020, the City's proportion was 96.90%, which decreased from its proportion measured at December 31, 2019, of 97.06%.

Pension Expense – For the year ended June 30, 2021, the City recognized pension expense of \$7,871,000. At June 30, 2021, the City reported deferred outflows of resources related to pensions of \$5,769,000 and deferred inflows of resources related to pensions of \$14,041,000.

The balances of deferred outflows and inflows of resources at June 30, 2021, consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 766,000	\$ (2,211,000)	\$ (1,445,000)
Difference between projected and actual earnings, net.....	-	(11,830,000)	(11,830,000)
Changes of assumptions.....	4,814,000	-	4,814,000
Changes in proportion and proportionate share of contributions...	<u>189,000</u>	<u>-</u>	<u>189,000</u>
Total deferred outflows/(inflows) of resources.....	\$ <u><u>5,769,000</u></u>	\$ <u><u>(14,041,000)</u></u>	\$ <u><u>(8,272,000)</u></u>

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

Year ended June 30:	
2022.....	\$ (2,695,000)
2023.....	(454,000)
2024.....	(3,472,000)
2025.....	<u>(1,651,000)</u>
Total deferred outflows/(inflows) of resources.....	\$ <u><u>(8,272,000)</u></u>

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 updated to December 31, 2020:

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.....	9 years from July 1, 2021.
Asset valuation method.....	Fair value.
Inflation rate.....	Not explicitly assumed.
Investment rate of return/Discount rate.....	7.375% 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 RP-2014 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 December 31, 2020, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
U.S. equity.....	23.10%	6.40%
International equities.....	14.40%	6.60%
Emerging international equities.....	5.80%	8.40%
Core fixed income.....	15.80%	2.13%
Value added fixed income.....	7.40%	6.20%
Private equity.....	12.60%	10.20%
Real estate.....	8.30%	6.00%
Timberland.....	3.30%	6.60%
Hedge funds.....	8.80%	5.70%
Portfolio completion.....	0.50%	5.20%
Total.....	100.00%	

Rate of Return – For the year ended December 31, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 12.65%. 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% as of December 31, 2020 and December 31, 2019. 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, 2020 Measurement Date			
The City's proportionate share of the net pension liability.....	\$ 111,005,000	\$ 77,807,000	\$ 49,688,000
ECRS total net pension liability.....	\$ 114,556,000	\$ 80,296,000	\$ 51,278,000

Changes of Assumptions – None.

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, except for teachers who retired prior to July 1, 1990 where the City contributes 90 percent of premiums and the retirees contribute the remaining 10 percent. Retirees contribute 100% of the premium cost for dental coverage. For the year ended June 30, 2021, the City's average contribution rate was 10.04% 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 2021, the City pre-funded future OPEB liabilities totaling \$545,554 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, 2021, the balance of this fund totaled \$9,335,524.

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, 2021:

Active members.....	1,663
Inactive members currently receiving benefits.....	<u>964</u>
Total.....	<u><u>2,627</u></u>

Components of OPEB Liability – The following table represents the components of the Plan's OPEB liability as of June 30, 2021:

Total OPEB liability.....	\$ 355,113,853
Less: OPEB plan's fiduciary net position.....	<u>(9,335,524)</u>
Net OPEB liability.....	<u><u>\$ 345,778,329</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	2.63%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the July 1, 2020 actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement that was updated to June 30, 2021:

Valuation date.....	July 1, 2020
Actuarial cost method.....	Individual Entry Age.
Asset valuation method.....	Fair value of assets as of the measurement date, June 30, 2021.
Investment rate of return.....	6.07%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	2.18% as of June 30, 2021 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG). Previously 2.66%.
Single equivalent discount rate..	3.25%, net of OPEB plan investment expense, including inflation. Previously 3.75%.

Healthcare cost trend rate.....	Based upon amounts according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans.
General inflation rate.....	2.50% as of June 30, 2021, and for future periods.
Annual salary increases.....	3.00% annually as of June 30, 2021, 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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 19.06%. 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 3.82% is added to the expected inflation of 2.50% to produce the long-term expected nominal rate of return of 6.32%.

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, 2021, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap.....	30.00%	4.90%
Domestic Equity - Small/Mid Cap.....	5.00%	5.40%
International Equity - Developed Market....	5.00%	5.32%
International Equity - Emerging Market....	5.00%	6.26%
Domestic Fixed Income.....	35.00%	1.40%
International Fixed Income.....	5.00%	1.30%
Alternatives.....	10.00%	6.32%
Real Estate.....	5.00%	6.25%
Total.....	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability decreased to 3.25% as of June 30, 2021, from 3.75% as of June 30, 2020. 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 2.18% as of June 30, 2021. 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, calculated using the discount rate of 3.25%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.25%) or 1-percentage-point higher (4.25%) than the current rate:

	1% Decrease (2.25%)	Current Discount Rate (3.25%)	1% Increase (4.25%)
Net OPEB liability..... \$	\$ 418,089,052	\$ 345,778,329	\$ 291,812,259

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate – The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate based upon amounts according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans, as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease	Current Trend	1% Increase
Net OPEB liability..... \$	\$ 284,704,253	\$ 345,778,329	\$ 427,493,830

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, 2020.....	\$ 289,938,132	\$ 7,382,520	\$ 282,555,612
Changes for the year:			
Service cost.....	13,319,286	-	13,319,286
Interest.....	11,216,753	-	11,216,753
Differences between expected and actual experience.....	(11,770,244)	-	(11,770,244)
Changes in assumptions and other inputs.....	60,774,915	-	60,774,915
Employer contributions.....	-	8,910,543	(8,910,543)
Net investment income.....	-	1,407,450	(1,407,450)
Benefit payments.....	(8,364,989)	(8,364,989)	-
Net change.....	65,175,721	1,953,004	63,222,717
Balances at June 30, 2021.....	\$ 355,113,853	\$ 9,335,524	\$ 345,778,329

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the City recognized OPEB expense of \$31,764,491. At June 30, 2021, 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.....	\$ -	\$ (22,107,562)	\$ (22,107,562)
Difference between projected and actual earnings, net.....	-	(691,284)	(691,284)
Changes in assumptions.....	67,139,157	-	67,139,157
Total deferred outflows/(inflows) of resources.....	\$ 67,139,157	\$ (22,798,846)	\$ 44,340,311

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

Year ended June 30:

2022.....	\$ 7,692,883
2023.....	7,679,699
2024.....	7,699,051
2025.....	7,281,350
2026.....	6,986,665
Thereafter.....	7,000,663
Total deferred outflows/(inflows) of resources....	\$ 44,340,311

Changes of Assumptions:

- The discount rate decreased from 3.75% to 3.25%.
- The methodology for calculating expected claims was updated due to the implementation of ASOP 6.
- The Getzen model was adopted for future projected healthcare costs.

Changes in Plan Provisions – None.

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

GAAP requires that all Pension and Other Employee Benefit 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 Employee Benefit Trust Funds.

	Pension Trust Fund (as of December 31, 2020)	Other Employee Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 446,524	\$ 688,653	\$ 1,135,177
Investments:			
Investments in Pension Reserve Investment Trust.....	215,315,643	-	215,315,643
Government sponsored enterprises.....	-	799,470	799,470
Corporate bonds.....	-	843,112	843,112
U.S. Government securities.....	-	811,945	811,945
Equity securities.....	-	5,229,361	5,229,361
Bond mutual funds.....	-	962,983	962,983
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	15,173	-	15,173
TOTAL ASSETS.....	215,777,340	9,335,524	225,112,864
LIABILITIES			
Warrants payable.....	34,200	-	34,200
NET POSITION			
Restricted for pensions.....	215,743,140	-	215,743,140
Restricted for other postemployment benefits.....	-	9,335,524	9,335,524
TOTAL NET POSITION.....	\$ 215,743,140	\$ 9,335,524	\$ 225,078,664

	Pension Trust Fund (as of December 31, 2020)	Other Employee Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 17,276,562	\$ 545,554	\$ 17,822,116
Employer contributions for other postemployment benefit payments.....	-	8,364,989	8,364,989
Member contributions.....	4,896,961	-	4,896,961
Transfers from other systems.....	301,870	-	301,870
Retirement benefits - 3(8)c contributions from other systems.....	443,255	-	443,255
Workers compensation settlements.....	16,000	-	16,000
Interest not refunded.....	136	-	136
Retirement benefits - Intergovernmental.....	205,838	-	205,838
Total contributions.....	23,140,622	8,910,543	32,051,165
Net investment income:			
Investment income.....	24,795,530	1,407,450	26,202,980
Less: investment expense.....	(920,279)	-	(920,279)
Net investment income.....	23,875,251	1,407,450	25,282,701
TOTAL ADDITIONS.....	47,015,873	10,317,993	57,333,866
DEDUCTIONS:			
Administration.....	260,352	-	260,352
Transfers to other systems.....	449,973	-	449,973
Retirement benefits - 3(8)c transfer to other systems.....	457,248	-	457,248
Retirement benefits and refunds.....	15,692,366	-	15,692,366
Other postemployment benefit payments.....	-	8,364,989	8,364,989
TOTAL DEDUCTIONS.....	16,859,939	8,364,989	25,224,928
NET INCREASE IN NET POSITION.....	30,155,934	1,953,004	32,108,938
NET POSITION AT BEGINNING OF YEAR.....	185,587,206	7,382,520	192,969,726
NET POSITION AT END OF YEAR.....	\$ 215,743,140	\$ 9,335,524	\$ 225,078,664

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, 2021, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2021.

The City has entered into, or is planning to enter into, contracts totaling approximately: \$10.5 million for property acquisitions, \$9.9 million for water and sewer infrastructure improvements, \$1.2 million for schools, \$1.0 million for streets and sidewalks and \$1.9 million for other various City-wide projects.

The general fund has various commitments for good and services related to encumbrances and articles of \$21,612,158.

NOTE 16 – 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, 2021. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding.

In addition to the CARES Act, on March 11, 2021, the United States Federal Government established the American Rescue Plan Act (ARP) to enhance the United States' recovery from the economic and health effects of the COVID-19 pandemic. This Act requires that the payment from these funds be used to cover costs related to; public health; negative economic impacts; services to disproportionately impacted communities; premium pay; infrastructure; revenue replacement; or administration. These funds can only be used to cover costs incurred between March 3, 2021, and December 31, 2024. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding.

In addition to funding from the CARES Act and the ARP Act, there are several other federal and state grants available to Massachusetts communities to fund these unanticipated costs. However, the full extent of the financial impact from the pandemic cannot be determined as of the date of the financial statements.

NOTE 17 – REVISION OF NET POSITION/FUND BALANCE PREVIOUSLY REPORTED

Previously reported net position and fund balance in the governmental activities and nonmajor funds has been revised to reflect the implementation of GASB Statement #84, *Fiduciary Activities*. Accordingly, net position and fund balance reported have been revised as follows:

	06/30/2020 Previously Reported Balances	GASB 84	Reclassify Major Fund	06/30/2020 Revised Balances
Government-Wide Financial Statements				
Governmental activities.....	\$ (199,712,256)	\$ 542,428	\$ -	\$ (199,169,828)
Governmental funds				
Nonmajor governmental funds.....	\$ 16,865,959	\$ 542,428	\$ (1,843,566)	\$ 15,564,821

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 9, 2022, which is the date the financial statements were available to be issued.

NOTE 19 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2021, the following GASB pronouncements were implemented:

- GASB Statement #84, *Fiduciary Activities*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.
- GASB Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*. This pronouncement did not impact the basic financial statements.
- GASB Statement #98, *The Annual Comprehensive Financial Report*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- 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 #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*, which is required to be implemented in 2022.

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

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, 2021

	Budgeted Amounts		Actual	Amounts	Variance
	Original	Final	Budgetary	Carried Forward	to Final
	Budget	Budget	Amounts	To Next Year	Budget
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 90,468,766	\$ 90,468,766	\$ 90,677,224	\$ -	\$ 208,458
Tax liens.....	-	-	414,853	-	414,853
Motor vehicle excise taxes.....	3,850,000	3,850,000	4,693,384	-	843,384
Chapter 121A excise payments in lieu of taxes.....	20,500,000	20,500,000	20,500,000	-	-
Community impact fee.....	5,125,000	5,125,000	5,125,000	-	-
Hotel/motel tax.....	750,000	750,000	24,363	-	(725,637)
Meals tax.....	750,000	750,000	669,333	-	(80,667)
Penalties and interest on taxes.....	300,000	300,000	637,495	-	337,495
Payments in lieu of taxes.....	14,000	14,000	14,112	-	112
Licenses and permits.....	1,500,000	1,500,000	3,010,071	-	1,510,071
Fines and forfeitures.....	750,000	750,000	1,353,414	-	603,414
Intergovernmental - state aid.....	83,417,966	83,417,966	83,223,723	-	(194,243)
Departmental and other.....	1,495,000	1,495,000	2,246,198	-	751,198
Investment income.....	250,000	250,000	193,524	-	(56,476)
TOTAL REVENUES.....	209,170,732	209,170,732	212,782,694	-	3,611,962
EXPENDITURES:					
Current:					
General government					
City Council:					
Personnel services.....	389,241	389,241	392,761	-	(3,520)
General expenditures.....	70,751	70,751	38,721	18,914	13,116
Total.....	459,992	459,992	431,482	18,914	9,596
Mayor:					
Personnel services.....	823,398	823,398	703,258	-	120,140
General expenditures.....	696,209	696,209	365,487	259,173	71,549
Capital articles.....	68,185	68,185	-	68,185	-
Total.....	1,587,792	1,587,792	1,068,745	327,358	191,689
City Auditor:					
Personnel services.....	446,830	446,830	446,414	-	416
General expenditures.....	330,994	330,994	189,158	113,812	28,024
Capital articles.....	6,269	6,269	-	6,269	-
Total.....	784,093	784,093	635,572	120,081	28,440
Purchasing:					
Personnel services.....	49,284	49,284	49,284	-	-
General expenditures.....	30,634	30,634	14,070	12,134	4,430
Total.....	79,918	79,918	63,354	12,134	4,430
Assessors:					
Personnel services.....	283,772	283,772	189,386	-	94,386
General expenditures.....	713,878	713,878	347,225	236,491	130,162
Capital articles.....	1,300	1,300	-	1,300	-
Total.....	998,950	998,950	536,611	237,791	224,548
Treasurer/Collector:					
Personnel services.....	775,319	775,319	730,471	-	44,848
General expenditures.....	492,629	492,629	358,287	92,555	41,787
Total.....	1,267,948	1,267,948	1,088,758	92,555	86,635

(Continued)

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

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Amounts	Variance
	Original	Final	Budgetary	Carried Forward	to Final
	Budget	Budget	Amounts	To Next Year	Budget
City Solicitor:					
Personnel services.....	236,156	236,156	223,931	-	12,225
General expenditures.....	181,209	181,209	74,547	62,980	43,682
Total.....	417,365	417,365	298,478	62,980	55,907
Human resources:					
Personnel services.....	1,414,517	1,414,517	1,364,857	-	49,660
General expenditures.....	141,920	141,920	33,139	73,214	35,567
Total.....	1,556,437	1,556,437	1,397,996	73,214	85,227
Information technology:					
Personnel services.....	224,445	224,445	225,197	-	(752)
General expenditures.....	1,467,762	1,467,762	635,769	738,341	93,652
Capital articles.....	177,298	177,298	97,749	79,549	-
Total.....	1,869,505	1,869,505	958,715	817,890	92,900
City Clerk:					
Personnel services.....	328,994	323,994	323,905	-	89
General expenditures.....	244,067	249,067	109,323	138,794	950
Total.....	573,061	573,061	433,228	138,794	1,039
Election commissions:					
Personnel services.....	292,655	292,655	253,075	-	39,580
General expenditures.....	138,471	138,471	108,956	-	29,515
Total.....	431,126	431,126	362,031	-	69,095
Licensing:					
Personnel services.....	7,200	7,200	6,283	-	917
General expenditures.....	500	500	498	-	2
Total.....	7,700	7,700	6,781	-	919
Conservation commission:					
Personnel services.....	15,600	15,600	14,975	-	625
General expenditures.....	685	685	180	-	505
Total.....	16,285	16,285	15,155	-	1,130
Planning Board:					
Personnel services.....	16,500	16,500	14,295	-	2,205
General expenditures.....	100	100	-	-	100
Total.....	16,600	16,600	14,295	-	2,305
Zoning Board of Appeals:					
Personnel services.....	14,696	14,696	12,703	-	1,993
General expenditures.....	500	500	64	-	436
Total.....	15,196	15,196	12,767	-	2,429
Total General Government.....	10,081,968	10,081,968	7,323,968	1,901,711	856,289
Public safety:					
Police:					
Personnel services.....	15,443,681	15,443,681	14,280,931	400,000	762,750
General expenditures.....	737,750	737,750	439,377	67,301	231,072
Capital articles.....	295,738	295,547	153,155	142,392	-
Total.....	16,477,169	16,476,978	14,873,463	609,693	993,822

(Continued)

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

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Fire:					
Personnel services.....	11,253,275	11,453,275	11,101,039	350,000	2,236
General expenditures.....	326,339	326,339	225,678	65,986	34,675
Capital articles.....	70,355	70,355	68,412	1,943	-
Total.....	11,649,969	11,849,969	11,395,129	417,929	36,911
Inspectional services:					
Personnel services.....	1,792,472	1,792,472	1,681,172	45,000	66,300
General expenditures.....	3,197,470	3,197,470	707,170	1,484,869	1,005,431
Capital articles.....	93,625	93,625	13,947	79,678	-
Total.....	5,083,567	5,083,567	2,402,289	1,609,547	1,071,731
Emergency communications center:					
Personnel services.....	1,089,782	1,089,782	1,059,864	28,000	1,918
General expenditures.....	160,636	160,636	42,362	41,957	76,317
Total.....	1,250,418	1,250,418	1,102,226	69,957	78,235
Total Public Safety.....	34,461,123	34,660,932	29,773,107	2,707,126	2,180,699
Education.....	98,381,571	98,381,571	84,431,458	13,870,467	79,646
City services facility:					
Executive division:					
Personnel services.....	817,199	817,199	619,238	25,000	172,961
General expenditures.....	1,440,362	1,440,362	865,521	209,257	365,584
Capital articles.....	313,591	313,591	134,014	179,577	-
Total.....	2,571,152	2,571,152	1,618,773	413,834	538,545
Facilities/maintenance:					
Personnel services.....	1,518,807	1,518,807	1,439,910	75,000	3,897
General expenditures.....	1,899,285	1,899,285	1,410,756	448,365	40,164
Capital articles.....	19,415	19,415	-	19,415	-
Total.....	3,437,507	3,437,507	2,850,666	542,780	44,061
Engineering:					
Personnel services.....	292,727	292,727	211,202	3,500	78,025
General expenditures.....	500,155	500,155	157,841	113,892	228,422
Capital articles.....	158,137	158,137	13,038	145,099	-
Total.....	951,019	951,019	382,081	262,491	306,447
Parks and cemeteries:					
Personnel services.....	1,311,456	1,311,456	1,131,337	35,000	145,119
General expenditures.....	1,046,287	1,046,287	782,088	195,690	68,509
Total.....	2,357,743	2,357,743	1,913,425	230,690	213,628
Stadium:					
General expenditures.....	101,298	101,298	29,147	20,902	51,249
Highway:					
Personnel services.....	1,325,144	1,325,144	1,212,834	50,000	62,310
General expenditures.....	1,304,207	1,304,207	674,128	143,975	486,104
Capital articles.....	300,000	300,000	273,999	26,001	-
Total.....	2,929,351	2,929,351	2,160,961	219,976	548,414

(Continued)

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

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Snow and ice:					
Personnel services.....	70,000	70,000	178,303	-	(108,303)
General expenditures.....	401,043	401,043	426,728	-	(25,685)
Total.....	471,043	471,043	605,031	-	(133,988)
Solid waste:					
General expenditures.....	4,484,072	4,484,072	3,732,651	114,760	636,661
Total City Services and Facilities.....	17,303,185	17,303,185	13,292,735	1,805,433	2,205,017
Human services:					
Health inspection services:					
Personnel services.....	1,257,280	1,157,280	940,498	150,000	66,782
General expenditures.....	106,682	206,682	46,957	131,357	28,368
Total.....	1,363,962	1,363,962	987,455	281,357	95,150
Planning & development:					
Personnel services.....	351,637	351,637	209,774	3,500	138,363
General expenditures.....	1,102,899	1,102,899	656,321	435,648	10,930
Capital articles.....	139,371	139,371	20,650	118,721	-
Total.....	1,593,907	1,593,907	886,745	557,869	149,293
Council on aging:					
General expenditures.....	48,835	48,835	30,130	4,707	13,998
Veterans' services:					
Personnel services.....	101,997	101,997	102,881	-	(884)
General expenditures.....	500,400	500,400	387,792	36,304	76,304
Total.....	602,397	602,397	490,673	36,304	75,420
Commission on disability:					
Personnel services.....	10,700	10,700	8,575	-	2,125
General expenditures.....	250	250	-	-	250
Total.....	10,950	10,950	8,575	-	2,375
Mayor's office of human services:					
Personnel services.....	316,104	301,104	205,572	22,000	73,532
General expenditures.....	136,979	151,979	85,461	28,519	37,999
Capital articles.....	73,509	73,509	-	73,509	-
Total.....	526,592	526,592	291,033	124,028	111,531
Total Human Services.....	4,146,643	4,146,643	2,694,611	1,004,265	447,767
Libraries and recreation:					
Library - Parlin and Shute:					
Personnel services.....	703,803	703,803	491,364	15,000	197,439
General expenditures.....	353,783	353,783	199,000	96,343	58,440
Total.....	1,057,586	1,057,586	690,364	111,343	255,879

(Continued)

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

YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Amounts	Variance
	Original	Final	Budgetary	Carried Forward	to Final
	Budget	Budget	Amounts	To Next Year	Budget
Recreation:					
Personnel services.....	303,334	303,334	204,086	3,500	95,748
General expenditures.....	62,111	62,111	-	62,111	-
Capital articles.....	10,935	10,935	-	10,935	-
Total.....	376,380	376,380	204,086	76,546	95,748
Total Libraries and Recreation.....	1,433,966	1,433,966	894,450	187,889	351,627
Pension Benefits.....	16,743,323	16,743,323	16,743,323	-	-
Property and liability insurance:					
Employee injuries.....	1,261,573	1,261,573	1,094,498	37,681	129,394
Property/liability insurance.....	2,174,094	2,174,094	2,035,048	6,757	132,289
Total Property and Liability Insurance.....	3,435,667	3,435,667	3,129,546	44,438	261,683
Employee benefits:					
Unemployment compensation.....	564,447	564,447	-	60,809	503,638
Employee insurance:					
Life insurance.....	99,489	88,000	73,187	-	14,813
Health insurance.....	21,725,731	22,282,774	22,212,754	30,020	40,000
AD&D insurance.....	28,000	28,000	30,551	-	(2,551)
Medicare tax.....	1,809,357	1,809,357	1,593,654	-	215,703
Total Employee Benefits.....	24,227,024	24,772,578	23,910,146	90,829	771,603
State and county charges.....	13,964,856	13,964,856	14,117,639	-	(152,783)
Debt service:					
Principal.....	8,917,416	8,917,416	8,646,416	-	271,000
Interest.....	2,902,086	2,902,086	2,881,214	-	20,872
Total Debt Service.....	11,819,502	11,819,502	11,527,630	-	291,872
TOTAL EXPENDITURES.....	235,998,828	236,744,191	207,838,613	21,612,158	7,293,420
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(26,828,096)	(27,573,459)	4,944,081	(21,612,158)	10,905,382
OTHER FINANCING SOURCES (USES):					
Transfers in.....	765,503	765,503	765,503	-	-
Transfers out.....	-	(1,272,959)	(1,272,959)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	765,503	(507,456)	(507,456)	-	-
NET CHANGE IN FUND BALANCE.....	(26,062,593)	(28,080,915)	4,436,625	(21,612,158)	10,905,382
BUDGETARY FUND BALANCE, Beginning of year....	42,888,143	42,888,143	42,888,143	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 16,825,550	\$ 14,807,228	\$ 47,324,768	\$ (21,612,158)	\$ 10,905,382

(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
Total pension liability:				
Service cost.....	\$ 5,511,000	\$ 5,759,000	\$ 6,346,000	\$ 6,632,000
Interest.....	16,044,000	16,750,000	17,243,000	18,331,000
Differences between expected and actual experience.....	-	-	(4,252,000)	(7,871,000)
Changes of assumptions.....	-	-	8,000,000	6,850,000
Benefit payments.....	(12,592,000)	(12,789,000)	(13,406,000)	(13,304,000)
Net change in total pension liability.....	8,963,000	9,720,000	13,931,000	10,638,000
Total pension liability - beginning.....	207,807,000	216,770,000	226,490,000	240,421,000
Total pension liability - ending (a).....	<u>\$ 216,770,000</u>	<u>\$ 226,490,000</u>	<u>\$ 240,421,000</u>	<u>\$ 251,059,000</u>
Plan fiduciary net position:				
Employer contributions.....	\$ 13,011,000	\$ 13,596,000	\$ 14,208,000	\$ 14,919,000
Member contributions.....	3,642,000	3,277,000	4,358,000	4,740,000
Net investment income (loss).....	7,053,000	551,000	8,492,000	21,664,000
Administrative expenses.....	(219,000)	(208,000)	(226,000)	(233,000)
Retirement benefits and refunds.....	(12,592,000)	(12,789,000)	(13,406,000)	(13,304,000)
Other receipts.....	19,000	13,000	1,000	5,000
Net increase (decrease) in fiduciary net position.....	10,914,000	4,440,000	13,427,000	27,791,000
Fiduciary net position - beginning of year.....	94,899,000	105,813,000	110,253,000	123,680,000
Fiduciary net position - end of year (b).....	<u>\$ 105,813,000</u>	<u>\$ 110,253,000</u>	<u>\$ 123,680,000</u>	<u>\$ 151,471,000</u>
Net pension liability - ending (a)-(b).....	<u>\$ 110,957,000</u>	<u>\$ 116,237,000</u>	<u>\$ 116,741,000</u>	<u>\$ 99,588,000</u>
Plan fiduciary net position as a percentage of the total pension liability.....	48.81%	48.68%	51.44%	60.33%
Covered payroll.....	\$ 36,167,000	\$ 36,981,000	\$ 39,973,000	\$ 45,131,000
Net pension liability as a percentage of covered payroll.....	306.79%	314.32%	292.05%	220.66%

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.

December 31, 2018	December 31, 2019	December 31, 2020
\$ 7,484,000	\$ 7,821,000	\$ 7,936,000
18,885,000	19,838,000	20,866,000
-	1,268,000	-
-	4,400,000	-
<u>(13,479,000)</u>	<u>(14,538,000)</u>	<u>(15,501,000)</u>
12,890,000	18,789,000	13,301,000
<u>251,059,000</u>	<u>263,949,000</u>	<u>282,738,000</u>
<u>\$ 263,949,000</u>	<u>\$ 282,738,000</u>	<u>\$ 296,039,000</u>
\$ 15,667,000	\$ 16,452,000	\$ 17,277,000
4,638,000	4,551,000	4,749,000
(3,772,000)	25,127,000	23,875,000
(249,000)	(283,000)	(260,000)
(13,479,000)	(14,538,000)	(15,501,000)
<u>1,000</u>	<u>1,000</u>	<u>16,000</u>
2,806,000	31,310,000	30,156,000
<u>151,471,000</u>	<u>154,277,000</u>	<u>185,587,000</u>
<u>\$ 154,277,000</u>	<u>\$ 185,587,000</u>	<u>\$ 215,743,000</u>
<u>\$ 109,672,000</u>	<u>\$ 97,151,000</u>	<u>\$ 80,296,000</u>
58.45%	65.64%	72.88%
\$ 46,034,000	\$ 47,725,000	\$ 48,202,000
238.24%	203.56%	166.58%

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, 2020.....	\$ 17,277,000	\$ (17,277,000)	\$ -	\$ 48,202,000	35.84%
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, 2020.....	12.65%
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 the 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, 2020.....	96.90%	\$ 77,807,000	\$ 46,785,000	166.31%	72.88%
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, 2021.....	\$ 16,744,000	\$ (16,744,000)	\$ -	\$ 47,954,625	34.92%
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.

<u>Year</u>	<u>Commonwealth's 100% Share of the Associated Net Pension Liability</u>	<u>Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2021.....	\$ 211,761,561	\$ 26,155,587	50.67%
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	June 30, 2021
Total OPEB Liability					
Service cost.....	\$ 9,824,677	\$ 11,048,063	\$ 9,493,779	\$ 10,142,202	\$ 13,319,286
Interest.....	9,068,465	9,551,582	9,977,532	10,640,472	11,216,753
Differences between expected and actual experience....	(1,651)	-	(21,935,653)	(164,021)	(11,770,244)
Changes of assumptions.....	-	-	27,725,897	-	60,774,915
Benefit payments.....	(7,065,440)	(7,401,157)	(7,977,564)	(8,490,326)	(8,364,989)
Net change in total OPEB liability.....	11,826,051	13,198,488	17,283,991	12,128,327	65,175,721
Total OPEB liability - beginning.....	235,501,275	247,327,326	260,525,814	277,809,805	289,938,132
Total OPEB liability - ending (a).....	<u>\$ 247,327,326</u>	<u>\$ 260,525,814</u>	<u>\$ 277,809,805</u>	<u>\$ 289,938,132</u>	<u>\$ 355,113,853</u>
Plan fiduciary net position					
Employer contributions.....	\$ 1,005,784	\$ 986,484	\$ 899,295	\$ 1,096,904	\$ 545,554
Employer contributions for OPEB payments.....	7,065,440	7,401,157	7,977,564	8,490,326	8,364,989
Net investment income.....	108,337	160,822	403,699	260,244	1,407,450
Benefit payments.....	(7,065,440)	(7,401,157)	(7,977,564)	(8,490,326)	(8,364,989)
Net change in plan fiduciary net position.....	1,114,121	1,147,306	1,302,994	1,357,148	1,953,004
Plan fiduciary net position - beginning of year.....	2,460,951	3,575,072	4,722,378	6,025,372	7,382,520
Plan fiduciary net position - end of year (b).....	<u>\$ 3,575,072</u>	<u>\$ 4,722,378</u>	<u>\$ 6,025,372</u>	<u>\$ 7,382,520</u>	<u>\$ 9,335,524</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 243,752,254</u>	<u>\$ 255,803,436</u>	<u>\$ 271,784,433</u>	<u>\$ 282,555,612</u>	<u>\$ 345,778,329</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.45%	1.81%	2.17%	2.55%	2.63%
Covered-employee payroll.....	\$ 101,415,481	\$ 104,457,946	\$ 106,547,105	\$ 97,075,106	\$ 88,712,664
Net OPEB liability as a percentage of covered-employee payroll.....	240.35%	244.89%	255.08%	291.07%	389.77%

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

See notes to required supplementary information.

**SCHEDULE OF THE CITY'S CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2021.....	\$ 25,254,962	\$ (8,910,543)	\$ 16,344,419	\$ 88,712,664	10.04%
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

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2021.....	19.06%
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 ACCOUNTINGBudgetary 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 personnel services, general expenditures, 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 City Auditor 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 2021 budget authorized \$236.0 million in appropriations and other amounts to be raised, which includes \$19.4 million of amounts carried forward from the prior year. During 2021, the Council also approved supplemental appropriations totaling \$2.0 million for fire 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, 2021, is presented below:

Net change in fund balance - budgetary basis.....	\$ 4,436,625
<u>Perspective differences:</u>	
Activity of the stabilization funds recorded in the general fund for GAAP.....	1,337,839
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	1,500,000
Net change in recording 60 day receipts.....	(109,416)
Net change in recording accrued payroll.....	(499,610)
Recognition of revenue for on-behalf payments.....	26,155,587
Recognition of expenditures for on-behalf payments....	(26,155,587)
Net change in fund balance - GAAP basis.....	<u>\$ 6,665,438</u>

Appropriation Deficits

During 2021, actual expenditures and encumbrances exceeded budgeted appropriations for City Council personnel services, information technology personnel services, veteran's services personnel services, accidental death and dismemberment insurance, and snow and ice. These over-expenditures will be funded by the subsequent years' tax levy.

Actual expenditures also exceeded appropriations for state and county charges. State and county charges are assessments from the Commonwealth, which are directly deducted from local receipts provided by the State. The City is not required to raise the state and county assessment deficit.

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 – None.

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 PlanThe 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, 2020
Actuarial cost method.....	Individual Entry Age.
Asset valuation method.....	Fair value of assets as of the measurement date, June 30, 2021.
Investment rate of return.....	6.07%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	2.18% as of June 30, 2021 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG). Previously 2.66%.
Single equivalent discount rate..	3.25%, net of OPEB plan investment expense, including inflation. Previously 3.75%.
Healthcare cost trend rate.....	Based upon amounts according to the Getzen Model of Long-Run Medical Cost Trends for Active and Medicare supplement plans.
General inflation rate.....	2.50% as of June 30, 2021, and for future periods.
Annual salary increases.....	3.00% annually as of June 30, 2021, 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:

- The discount rate decreased from 3.75% to 3.25%.
- The methodology for calculating expected claims was updated due to the implementation of ASOP 6.
- The Getzen model was adopted for future projected healthcare costs.

Changes in Provisions – None.

Combining Statements

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

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 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.

Other Special Revenue – This fund accounts for all other legally established special revenues where the funds are spent on governmental purposes.

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, 2021

	Special Revenue Funds					
	Other City Grants & Gifts	School Federal & State Grants	Other School Grants & Gifts	Revolving Fund	School Lunch	Receipts Reserved
ASSETS						
Cash and cash equivalents.....	\$ 1,495,570	\$ 1,661,664	\$ 262,093	\$ 3,996,120	\$ 2,253,777	\$ 1,610,687
Investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	-	-	-	-
Intergovernmental.....	-	671,112	-	254,135	229,372	-
TOTAL ASSETS.....	\$ 1,495,570	\$ 2,332,776	\$ 262,093	\$ 4,250,255	\$ 2,483,149	\$ 1,610,687
LIABILITIES						
Warrants payable.....	\$ 10,268	\$ 307,922	\$ 5,496	\$ 98,190	\$ 235,709	\$ 1,959
Due to other funds.....	-	-	-	-	-	-
Other liabilities.....	-	-	-	-	-	-
TOTAL LIABILITIES.....	10,268	307,922	5,496	98,190	235,709	1,959
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue.....	-	-	-	-	-	-
FUND BALANCES						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	1,485,302	2,024,854	256,597	4,152,065	2,247,440	1,608,728
TOTAL FUND BALANCES.....	1,485,302	2,024,854	256,597	4,152,065	2,247,440	1,608,728
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 1,495,570	\$ 2,332,776	\$ 262,093	\$ 4,250,255	\$ 2,483,149	\$ 1,610,687

Special Revenue Funds			Capital Project Funds			Permanent Funds	Total Nonmajor Governmental Funds
Community Development	Other Special Revenue	Subtotal	School Capital Projects	Highway Improvements	Subtotal	Trust Funds	
\$ 923,107	\$ -	\$ 12,203,018	\$ 855,644	\$ -	\$ 855,644	\$ 834,058	\$ 13,892,720
-	-	-	-	-	-	544,394	544,394
-	2,191,276	2,191,276	-	-	-	-	2,191,276
253,013	-	1,407,632	-	910,301	910,301	-	2,317,933
<u>\$ 1,176,120</u>	<u>\$ 2,191,276</u>	<u>\$ 15,801,926</u>	<u>\$ 855,644</u>	<u>\$ 910,301</u>	<u>\$ 1,765,945</u>	<u>\$ 1,378,452</u>	<u>\$ 18,946,323</u>
\$ 45,396	\$ 23,851	\$ 728,791	\$ -	\$ -	\$ -	\$ -	\$ 728,791
-	1,049,224	1,049,224	-	206,089	206,089	-	1,255,313
-	354,483	354,483	-	-	-	-	354,483
45,396	1,427,558	2,132,498	-	206,089	206,089	-	2,338,587
-	-	-	-	704,212	704,212	-	704,212
-	-	-	-	-	-	1,048,919	1,048,919
1,130,724	763,718	13,669,428	855,644	-	855,644	329,533	14,854,605
1,130,724	763,718	13,669,428	855,644	-	855,644	1,378,452	15,903,524
<u>\$ 1,176,120</u>	<u>\$ 2,191,276</u>	<u>\$ 15,801,926</u>	<u>\$ 855,644</u>	<u>\$ 910,301</u>	<u>\$ 1,765,945</u>	<u>\$ 1,378,452</u>	<u>\$ 18,946,323</u>

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

YEAR ENDED JUNE 30, 2021

	Special Revenue Funds				
	Other City Grants & Gifts	School Federal & State Grants	Other School Grants & Gifts	Revolving Fund	School Lunch
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ 332,083	\$ -
Intergovernmental.....	-	10,466,843	-	340,296	1,479,190
Departmental and other.....	-	-	-	701,617	-
Contributions and donations.....	466,338	-	18,220	-	-
Investment income.....	-	-	-	-	-
TOTAL REVENUES.....	466,338	10,466,843	18,220	1,373,996	1,479,190
EXPENDITURES:					
Current:					
General government.....	101,261	-	-	81,516	-
Public safety.....	3,945	-	-	52,408	-
Education.....	-	10,878,956	54,149	946,899	1,905,990
City services and facilities.....	-	-	-	98,653	-
Community development.....	-	-	-	-	-
Human services.....	185,026	-	-	185,748	-
Library and recreation.....	8,310	-	-	74,891	-
TOTAL EXPENDITURES.....	298,542	10,878,956	54,149	1,440,115	1,905,990
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	167,796	(412,113)	(35,929)	(66,119)	(426,800)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds.....	-	-	-	-	-
Premium from issuance of bonds.....	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	167,796	(412,113)	(35,929)	(66,119)	(426,800)
FUND BALANCES AT BEGINNING OF YEAR, AS REVISED.....	1,317,506	2,436,967	292,526	4,218,184	2,674,240
FUND BALANCES AT END OF YEAR.....	\$ 1,485,302	\$ 2,024,854	\$ 256,597	\$ 4,152,065	\$ 2,247,440

Special Revenue Funds				Capital Project Funds			Permanent Funds	Total Nonmajor Governmental Funds
Receipts Reserved	Community Development	Other Special Revenue	Subtotal	School Capital Projects	Highway Improvements	Subtotal	Trust Funds	
\$ 66,559	\$ -	\$ -	\$ 398,642	\$ -	\$ -	\$ -	\$ -	\$ 398,642
-	984,284	-	13,270,613	-	502,450	502,450	-	13,773,063
-	-	5,345,019	6,046,636	-	-	-	-	6,046,636
-	-	-	484,558	-	-	-	7	484,565
-	2,375	-	2,375	-	-	-	16,575	18,950
<u>66,559</u>	<u>986,659</u>	<u>5,345,019</u>	<u>20,202,824</u>	<u>-</u>	<u>502,450</u>	<u>502,450</u>	<u>16,582</u>	<u>20,721,856</u>
178,023	-	-	360,800	-	-	-	-	360,800
-	-	5,085,370	5,141,723	-	-	-	-	5,141,723
-	-	38,359	13,824,353	8,100	-	8,100	-	13,832,453
-	-	-	98,653	-	502,450	502,450	-	601,103
-	812,375	-	812,375	-	-	-	-	812,375
-	-	-	370,774	-	-	-	-	370,774
-	-	-	83,201	-	-	-	-	83,201
<u>178,023</u>	<u>812,375</u>	<u>5,123,729</u>	<u>20,691,879</u>	<u>8,100</u>	<u>502,450</u>	<u>510,550</u>	<u>-</u>	<u>21,202,429</u>
<u>(111,464)</u>	<u>174,284</u>	<u>221,290</u>	<u>(489,055)</u>	<u>(8,100)</u>	<u>-</u>	<u>(8,100)</u>	<u>16,582</u>	<u>(480,573)</u>
-	-	-	-	450,000	-	450,000	-	450,000
<u>369,276</u>	<u>-</u>	<u>-</u>	<u>369,276</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369,276</u>
<u>369,276</u>	<u>-</u>	<u>-</u>	<u>369,276</u>	<u>450,000</u>	<u>-</u>	<u>450,000</u>	<u>-</u>	<u>819,276</u>
257,812	174,284	221,290	(119,779)	441,900	-	441,900	16,582	338,703
<u>1,350,916</u>	<u>956,440</u>	<u>542,428</u>	<u>13,789,207</u>	<u>413,744</u>	<u>-</u>	<u>413,744</u>	<u>1,361,870</u>	<u>15,564,821</u>
<u>\$ 1,608,728</u>	<u>\$ 1,130,724</u>	<u>\$ 763,718</u>	<u>\$ 13,669,428</u>	<u>\$ 855,644</u>	<u>\$ -</u>	<u>\$ 855,644</u>	<u>\$ 1,378,452</u>	<u>\$ 15,903,524</u>

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or custodial 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, 2021

	Health Insurance	Workers' Compensation & Other Insurance	Total Internal Service Funds
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 9,298,814	\$ 300,601	\$ 9,599,415
Investments.....	2,956,927	-	2,956,927
Working capital deposit.....	2,258,400	-	2,258,400
TOTAL ASSETS.....	14,514,141	300,601	14,814,742
LIABILITIES			
CURRENT:			
Warrants payable.....	983,879	-	983,879
Health claims payable.....	2,764,000	-	2,764,000
TOTAL LIABILITIES.....	3,747,879	-	3,747,879
NET POSITION			
Unrestricted.....	\$ 10,766,262	\$ 300,601	\$ 11,066,863

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2021

	Health Insurance	Workers' Compensation & Other Insurance	Total Internal Service Funds
OPERATING REVENUES:			
Employee contributions.....	\$ 4,965,424	\$ -	\$ 4,965,424
Employer contributions.....	21,567,010	94,718	21,661,728
TOTAL OPERATING REVENUES	26,532,434	94,718	26,627,152
OPERATING EXPENSES:			
Employee benefits.....	27,954,613	-	27,954,613
OPERATING INCOME.....	(1,422,179)	94,718	(1,327,461)
NONOPERATING REVENUES (EXPENSES):			
Investment income (loss).....	82,207	21	82,228
CHANGE IN NET POSITION.....	(1,339,972)	94,739	(1,245,233)
NET POSITION AT BEGINNING OF YEAR.....	12,106,234	205,862	12,312,096
NET POSITION AT END OF YEAR.....	\$ 10,766,262	\$ 300,601	\$ 11,066,863

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

	Health Insurance	Workers' Compensation & Other Insurance	Total
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Receipts from interfund services provided.....	\$ 26,532,434	\$ 94,718	\$ 26,627,152
Payments for interfund services used.....	(26,456,987)	-	(26,456,987)
NET CASH FROM OPERATING ACTIVITIES.....	75,447	94,718	170,165
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
Sales and (purchases) of investments, net.....	(451,131)	-	(451,131)
Investment income (loss).....	82,207	21	82,228
NET CASH FROM INVESTING ACTIVITIES.....	(368,924)	21	(368,903)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(293,477)	94,739	(198,738)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	9,592,291	205,862	9,798,153
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 9,298,814	\$ 300,601	\$ 9,599,415
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>			
Operating income (loss).....	\$ (1,422,179)	\$ 94,718	\$ (1,327,461)
Adjustments to reconcile operating income to net cash from operating activities:			
Changes in assets and liabilities:			
Warrants payable.....	983,626	-	983,626
Health claims payable.....	514,000	-	514,000
Total adjustments.....	1,497,626	-	1,497,626
NET CASH FROM OPERATING ACTIVITIES.....	\$ 75,447	\$ 94,718	\$ 170,165

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Statistical Section

Kearins Park – The Meadows



Statistical Section

This part of the Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

- These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

- These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity

- These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

- These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

SOURCES: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Net Position By Component

	Last Ten Years									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets.....	\$ 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	\$ 111,708,092
Restricted.....	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	8,197,497
Unrestricted.....	(2,010,411)	(13,084,410)	(129,678,355)	(141,164,221)	(121,066,940)	(261,991,447)	(295,012,309)	(314,042,435)	(312,431,865)	(321,197,419)
Total governmental activities net position.....	\$ 91,736,368	\$ 91,018,722	\$ (25,771,114)	\$ (39,887,846)	\$ (19,042,147)	\$ (157,274,416)	\$ (190,122,434)	\$ (201,336,494)	\$ (199,169,828)	\$ (201,291,830)
Business-type activities										
Net investment in capital assets.....	\$ 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	\$ 46,810,710
Unrestricted.....	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	2,474,674
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	\$ 49,285,384
Primary government										
Net investment in capital assets.....	\$ 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	\$ 158,518,802
Restricted.....	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	8,197,497
Unrestricted.....	779,871	(9,236,941)	(127,136,160)	(137,566,082)	(115,430,304)	(257,004,439)	(268,995,316)	(309,289,288)	(307,213,299)	(318,722,745)
Total primary government net position.....	\$ 138,027,755	\$ 137,267,996	\$ 19,653,617	\$ 6,677,198	\$ 30,590,675	\$ (107,102,409)	\$ (119,917,271)	\$ (152,064,236)	\$ (149,587,966)	\$ (152,006,446)

(A) 2014 and subsequent years reflect the implementation of GASB 68.

(B) 2017 and subsequent years reflect the implementation of GASB 75.

(C) 2019 and subsequent years reflect Everett Community Television as an enterprise fund, which was previously accounted for as a governmental fund.

(D) 2020 and subsequent years reflect the implementation of GASB 84.

Changes in Net Position

Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities:										
General government (A).....	\$ 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	\$ 14,052,730
Public safety.....	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	55,780,910
Education.....	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	165,564,038
City services and facilities.....	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	19,738,412
Community development (A).....	-	492,590	1,006,713	945,813	57,625	405,349	338,165	1,381,422	593,893	642,411
Human services.....	2,093,982	2,986,073	3,096,636	3,972,247	4,354,088	4,590,737	5,904,607	5,318,314	7,156,255	12,323,126
Libraries and recreation.....	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	2,804,070
Interest.....	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	2,287,686
Intergovernmental (B).....	9,180,689	-	-	-	-	-	-	-	-	-
Total government activities expenses.....	<u>175,214,640</u>	<u>182,654,725</u>	<u>195,229,101</u>	<u>206,713,936</u>	<u>218,313,827</u>	<u>232,397,045</u>	<u>242,537,775</u>	<u>251,897,405</u>	<u>255,283,135</u>	<u>273,193,383</u>
Business-type activities:										
Water & Sewer.....	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	22,871,038
Everett community television (D).....	-	-	-	-	-	-	-	-	479,675	306,937
Total business type activities expenses.....	<u>12,776,972</u>	<u>13,942,389</u>	<u>13,150,909</u>	<u>15,656,873</u>	<u>15,920,781</u>	<u>16,922,887</u>	<u>17,671,575</u>	<u>18,264,477</u>	<u>20,475,395</u>	<u>23,177,975</u>
Total primary government expenses.....	<u>\$ 187,991,612</u>	<u>\$ 196,597,114</u>	<u>\$ 208,380,010</u>	<u>\$ 222,370,809</u>	<u>\$ 234,234,608</u>	<u>\$ 249,319,932</u>	<u>\$ 260,209,350</u>	<u>\$ 270,161,882</u>	<u>\$ 275,758,530</u>	<u>\$ 296,371,358</u>
Program Revenues										
Governmental activities:										
Charges for services - general government.....	\$ 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	\$ 982,258
Charges for services - public safety.....	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	10,135,326
Charges for services - education.....	994,766	829,899	1,207,084	777,691	820,905	1,212,679	841,973	1,360,397	953,862	183,974
Charges for services - other.....	433,779	373,782	404,817	444,615	704,944	793,374	1,137,413	1,066,886	723,044	406,276
Operating grants and contributions - public safety.....	922,474	881,640	1,372,560	2,249,481	987,308	1,557,869	1,538,943	983,974	1,913,275	1,875,580
Operating grants and contributions - education.....	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	115,036,461
Operating grants and contributions - other.....	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	8,971,594
Capital grants and contributions - city services and facilities.....	1,461,575	1,307,829	832,729	420,987	1,014,442	1,323,158	978,476	2,494,563	1,278,505	1,012,545
Capital grants and contributions - other.....	677,021	670,947	1,346,296	256,910	333,540	747,557	567,889	-	486,469	58,814
Total government activities program revenues.....	<u>72,308,748</u>	<u>82,053,035</u>	<u>93,970,967</u>	<u>91,543,726</u>	<u>103,144,810</u>	<u>113,017,767</u>	<u>114,117,558</u>	<u>119,880,584</u>	<u>123,455,806</u>	<u>138,662,828</u>
Business-type activities:										
Charges for services - Water & Sewer.....	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	20,039,434
Charges for services - Everett community television (D)...	-	-	-	-	-	-	-	-	600,353	435,199
Operating grants and contributions - Water & Sewer.....	-	8,636	21,018	29,849	43,646	90,731	142,235	185,033	56,884	11,004
Capital grants and contributions - Water & Sewer.....	-	-	-	-	939,600	1,065,750	-	-	-	2,338,260
Total business-type activities program revenues.....	<u>11,133,398</u>	<u>13,900,276</u>	<u>13,967,366</u>	<u>16,797,186</u>	<u>18,988,559</u>	<u>18,736,355</u>	<u>17,638,976</u>	<u>17,384,912</u>	<u>19,026,427</u>	<u>22,823,897</u>
Total primary government program revenues.....	<u>\$ 83,442,146</u>	<u>\$ 95,953,311</u>	<u>\$ 107,938,333</u>	<u>\$ 108,340,912</u>	<u>\$ 122,133,369</u>	<u>\$ 131,754,122</u>	<u>\$ 131,756,534</u>	<u>\$ 137,265,496</u>	<u>\$ 142,482,233</u>	<u>\$ 161,486,725</u>
Net (Expense)/Revenue										
Governmental activities.....	\$ (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)	\$ (134,530,555)
Business-type activities.....	<u>(1,643,574)</u>	<u>(42,113)</u>	<u>816,457</u>	<u>1,701,504</u>	<u>3,586,166</u>	<u>1,813,468</u>	<u>(32,599)</u>	<u>(879,565)</u>	<u>(1,448,968)</u>	<u>(354,078)</u>
Total primary government net expense.....	<u>\$ (104,549,466)</u>	<u>\$ (100,643,803)</u>	<u>\$ (100,441,677)</u>	<u>\$ (114,029,897)</u>	<u>\$ (112,101,239)</u>	<u>\$ (117,565,810)</u>	<u>\$ (128,452,816)</u>	<u>\$ (132,896,386)</u>	<u>\$ (133,276,297)</u>	<u>\$ (134,884,633)</u>

(Continued)

Changes in Net Position

Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 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	\$ 92,546,236
Tax liens (C).....	-	1,387,186	1,217,971	676,286	779,186	197,134	613,280	220,384	788,037	249,441
Motor vehicle excise taxes.....	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	4,389,002
Chapter 121A excise payments in lieu of taxes.....	-	-	-	-	-	-	-	438,356	20,000,000	20,500,000
Community impact fee.....	-	-	-	-	-	-	-	109,589	5,000,000	5,125,000
Hotel/motel tax (E).....	-	-	-	-	-	-	-	237,109	3,295,972	24,363
Meals tax.....	-	457,561	488,112	501,327	550,625	545,969	622,963	712,076	1,090,679	669,333
Penalties and interest on taxes.....	6,783,311	932,498	878,084	582,610	513,731	351,992	389,436	410,658	367,259	637,495
Payments in lieu of taxes.....	-	-	-	-	-	-	-	14,112	14,112	14,112
Grants and contributions not restricted to specific programs.....	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	7,951,587
Unrestricted investment income.....	82,234	87,761	118,278	109,028	223,517	216,416	348,974	1,072,733	806,559	359,584
Miscellaneous.....	1,893,325	23,521	22,449	87,532	47,839	173,572	227,717	-	-	-
Transfers, net.....	-	-	-	-	-	-	-	-	-	(57,600)
Capital transfers, net.....	-	-	-	-	-	-	-	-	(1,758,572)	-
Special item.....	-	-	-	-	30,000,000	-	-	-	-	-
Total governmental activities.....	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	132,408,553
Business-type activities:										
Transfers, net.....	-	-	-	-	-	-	-	-	-	57,600
Capital transfers, net.....	-	-	-	-	-	-	-	-	1,758,572	-
Total business-type activities.....	-	-	-	-	-	-	-	-	1,758,572	57,600
Total primary government.....	\$ 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	\$ 132,466,153
Changes in Net Position										
Governmental activities.....	\$ (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	\$ (2,122,002)
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	(296,478)
Total primary government.....	\$ (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	\$ (2,418,480)

(A) Prior to 2013, community development expenditures were reported as general government expenditures.

(B) Prior to 2013, state and county charges (intergovernmental) were not charged to functional line-items.

(C) Prior to 2013, governmental tax liens were reported as penalties and interest on taxes.

(D) Prior to 2020, Everett Community Television activities were accounted for as general government expenses in the governmental funds.

(E) Prior to 2019, hotel/motel tax was combined with meals tax.

(Concluded)

Fund Balances, Governmental Funds

Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund										
Nonspendable.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,599,547
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	952,573
Assigned.....	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	12,008,455
Unassigned.....	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	15,498,108
Total general fund.....	\$ 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	\$ 46,058,683
All Other Governmental Funds										
Nonspendable.....	\$ 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	\$ 1,048,919
Restricted.....	8,781,762	10,790,455	14,321,721	10,412,616	20,528,449	26,666,806	31,412,478	44,832,001	22,297,429	31,036,732
Unassigned.....	(235,241)	(311,932)	-	-	-	-	-	-	-	-
Total all other governmental funds....	\$ 9,774,009	\$ 11,658,716	\$ 15,554,072	\$ 11,641,105	\$ 21,757,018	\$ 27,895,805	\$ 32,461,397	\$ 45,880,920	\$ 23,346,503	\$ 32,085,651

Prior to 2020 Everett Community Television activities were accounted for in governmental funds.
2020 and subsequent years reflect the implementation of GASB 84.

Changes in Fund Balances, Governmental Funds

Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Real estate and personal property taxes,										
net of tax refunds.....	\$ 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	\$ 92,067,808
Tax liens (C).....	-	1,387,186	1,217,971	676,286	670,234	329,151	533,003	315,595	446,224	414,853
Motor vehicle excise taxes.....	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	4,693,384
Chapter 121A excise payments in lieu of taxes.....	-	-	-	-	-	-	-	438,356	20,000,000	20,500,000
Community impact fee.....	-	-	-	-	-	-	-	109,589	5,000,000	5,125,000
Hotel/motel tax (I).....	-	-	-	-	-	-	-	237,109	3,295,972	24,363
Meals tax (B).....	-	457,561	488,112	501,327	550,625	545,969	622,963	712,076	1,090,679	669,333
Charges for services.....	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	398,642
Penalties and interest on taxes (C).....	2,195,506	918,384	878,084	582,610	513,731	351,992	389,436	424,770	367,259	637,495
Payments in lieu of taxes.....	-	-	-	-	-	-	-	14,112	14,112	14,112
Licenses and permits.....	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	3,010,071
Fines and forfeitures.....	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	1,353,414
Intergovernmental.....	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	133,158,641
Departmental and other (B).....	-	414,673	1,204,203	1,359,930	2,919,528	4,817,578	5,327,744	8,071,478	5,300,341	8,292,834
Contributions and donations (B).....	-	407,191	692,386	592,185	856,519	1,211,266	1,542,796	1,136,571	928,383	484,565
Investment income.....	121,509	90,054	119,077	110,716	231,004	217,212	358,925	890,554	705,616	277,354
Other (B).....	2,172,710	-	22,449	87,532	47,839	173,572	227,717	-	-	-
Total Revenue.....	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	271,121,869
Expenditures:										
General government.....	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	7,471,979
Public safety.....	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	36,255,576
Education.....	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	92,113,441
City services and facilities.....	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	13,325,162
Community development (D).....	-	492,590	1,006,713	840,934	50,171	450,076	274,621	1,110,215	401,008	221,683
Human services.....	1,661,168	2,027,407	2,157,424	2,767,966	2,932,500	3,066,086	4,323,053	3,629,780	5,436,032	10,832,601
Libraries and recreation.....	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	1,060,258
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	42,898,910
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	3,129,546
Employee benefits.....	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	23,144,643
Claims and judgments.....	-	-	-	-	-	251,692	14,465	-	-	-
State and county charges.....	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	14,117,639
Capital outlay.....	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	21,253,510
Debt service:										
Principal.....	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	8,610,414
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	2,859,616
Total Expenditures.....	168,577,507	176,790,515	195,532,517	205,875,284	215,440,895	233,402,957	251,884,064	255,131,702	277,462,081	277,294,978
Excess of revenues over (under) expenditures.....	1,667,314	2,821,077	(1,712,493)	(12,206,471)	(5,879,266)	(11,164,923)	(20,560,149)	(14,798,073)	(17,029,252)	(6,173,109)

(Continued)

Changes in Fund Balances, Governmental Funds

Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Other Financing Sources (Uses):										
Issuance of bonds.....	-	4,370,000	8,591,000	6,025,000	17,857,000	12,417,000	13,525,450	17,613,000	-	18,706,000
Issuance of refunding bonds.....	-	2,445,000	-	6,190,000	13,805,000	-	-	-	-	759,000
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	2,932,079
Premium from issuance of refunding bonds.....	-	-	-	716,132	938,681	-	-	-	-	138,216
Payments to refunded bond escrow agent.....	-	(2,464,779)	-	(6,810,161)	(14,623,490)	-	-	-	-	(900,000)
Transfers in.....	202,033	360,493	1,178,544	650,000	740,100	881,761	1,040,605	-	-	(57,600)
Transfers out.....	(202,033)	(360,493)	(1,178,544)	(650,000)	(740,100)	(881,761)	(1,040,605)	-	(1,758,572)	-
Total other financing sources (uses).....	-	4,454,245	9,232,248	6,463,085	19,696,681	13,489,664	14,665,900	19,366,000	(1,666,106)	21,577,695
Net change in fund balance before special item.....	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)	15,404,586
Special Item.....	-	-	-	-	5,000,000	12,500,000	12,500,000	-	-	-
Net change in fund balance..... \$	\$ 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)	\$ 15,404,586
Debt service as a percentage of noncapital expenditures.....	4.96%	4.50%	4.07%	4.41%	4.39%	4.90%	4.89%	5.89%	6.48%	4.48%

(A) Prior to 2020, Everett Community Television activities were accounted for as general government expenditures in the governmental funds.

(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.

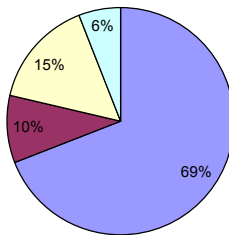
(Concluded)

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

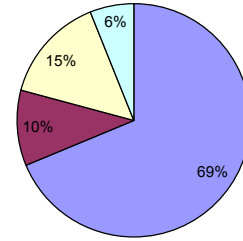
Last Ten Years

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
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
2021	4,764,415,799	9.87	726,729,191	1,025,699,462	419,604,100	2,172,032,753	23.20	14.04	6,936,448,552

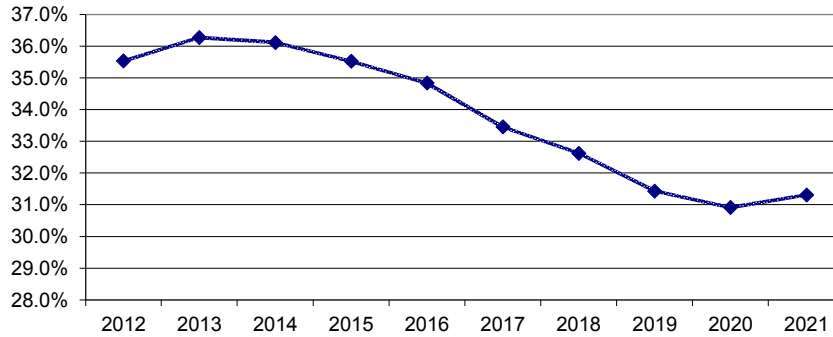
Total Assessed Value by Classification Year Ended June 30, 2020



Total Assessed Value by Classification Year Ended June 30, 2021



Commercial Value as % of Total Value



(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	2021		Percentage of Total Taxable Assessed Value	2012		Percentage of Total Taxable Assessed Value
		Assessed Valuation	Rank		Assessed Valuation	Rank	
Constellation Mystic Power LLC (Exelon)	Power Plant	\$ 606,796,117	1	8.7%	\$ 362,493,950	1	10.3%
MFREVF II - Batch Yard LLC	Class A Apartments	\$ 125,929,000	2	1.8%	\$ -	-	-
DDRC Gateway LLC	Gateway Mall	\$ 115,686,900	3	1.7%	\$ 72,196,600	2	2.0%
NSTAR Electric Company (1)	Utility	\$ 112,270,000	4	1.6%	\$ -	-	-
Pioneer Owner LLC	Office Building	\$ 105,637,300	5	1.5%	\$ -	-	-
Distrigas of Massachusetts Corp. (Exelon)	LNG Terminal (Personal)	\$ 96,489,900	6	1.4%	\$ 39,073,400	3	1.1%
Massachusetts Electric Company	Utility	\$ 86,803,100	7	1.3%	\$ -	-	-
Boston Gas Co./DBA National Grid	Utility	\$ 82,814,200	8	1.2%	\$ 8,905,900	9	-
Parkside Holdings LLC	Company/Enterprise Management	\$ 58,996,900	9	0.9%	\$ -	-	-
Exxon/Mobil Corporation	Fuel Distribution	\$ 43,576,300	10	0.6%	\$ 36,742,339	4	1.0%
GP Portland Investment Company LLC	Class A Apartments	\$ -	-	-	\$ 26,256,800	5	0.7%
Harbor Bear LLC	Factory	\$ -	-	-	\$ 16,581,900	6	0.5%
Prolerized New England Company	Scrap Exporter	\$ -	-	-	\$ 16,077,100	7	0.5%
JP Food Service	Food Processing	\$ -	-	-	\$ 14,678,200	8	0.4%
New England Produce	Produce Importer/Distributor	\$ -	-	-	\$ 7,895,300	10	0.2%
Totals		\$ 1,434,999,717		20.7%	\$ 600,901,489		16.7%

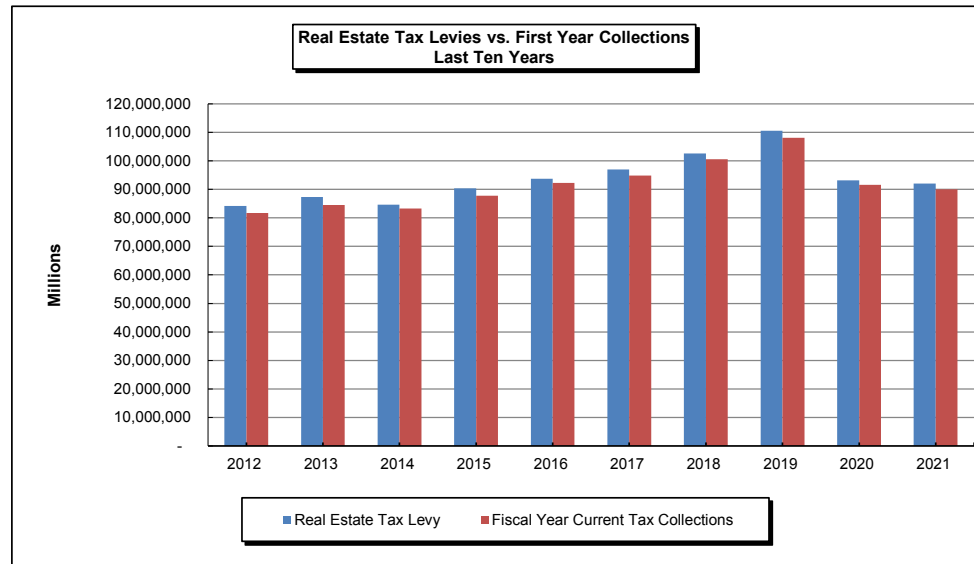
Source: Official Statement

(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 - 2021.

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
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%	251,493	92,497,520	100.0%
2017	96,907,071	1,286,247	95,620,824	94,871,830	99.2%	633,935	95,505,765	99.9%
2018	102,566,340	1,745,836	100,820,504	100,569,895	99.8%	19,383	100,589,278	99.8%
2019	110,566,340	2,092,903	108,473,437	108,086,682	99.6%	114,502	108,201,184	99.7%
2020	93,125,938	832,652	92,293,286	91,575,396	99.2%	717,890	92,293,286	100.0%
2021	91,966,655	1,497,889	90,468,766	89,959,328	99.4%	-	89,959,328	99.4%



(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		Total Debt Outstanding	Percentage of Personal Income	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (2)	Direct Borrowings	General Obligation Bonds (1)	Direct Borrowings				
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
2021	85,431,332	653,000	2,463,144	12,087,685	100,635,161	7.78%	49,075	2,051

(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

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
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
2021	87,894,476	1.27%	1,791

(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, 2021

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Massachusetts Bay Transportation Authority.....	\$ 5,478,860,000	1.795%	\$ <u>98,345,537</u>
City debt:			
General obligations bonds payable.....			85,431,332
Direct borrowings payable.....			<u>653,000</u>
City total direct debt.....			<u>86,084,332</u>
Total direct and overlapping debt.....			\$ <u><u>184,429,869</u></u>

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 City'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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Equalized Valuation.....	\$ 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	\$ 7,029,819,300
Debt Limit -5% of Equalized Valuation.....	\$ 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	\$ 351,490,965
Less:										
Outstanding debt applicable to limit.....	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	77,532,388
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	24,385,903
Legal debt margin.....	\$ 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	\$ 249,572,674
Total debt applicable to the limit as a percentage of debt limit.....	40.87%	18.99%	17.20%	29.95%	24.93%	29.17%	26.65%	30.75%	30.24%	29.00%

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
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%
2021	49,075	1,293,799,446	26,364	35.9	6,883	5.7%

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	2021			2012		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Wynn MA LLC	Resort Casino	4,000	1	18.3%	-	-	-
Mellon Bank	Banking/Financial Institution	1,200	2	5.5%	1,286	1	6.6%
Cambridge Health Alliance	Hospital	800	3	3.7%	825	2	4.2%
MBTA	Transportation	600	4	2.7%	600	3	3.1%
Boston Coach	Transportation	300	5	1.4%	299	4	1.5%
Target	Retail	200	6	0.9%	235	5	1.2%
Alliance Detection	Security	200	6	0.9%	150	9	0.8%
Everett Nursing and Rehab Center	Health Care/Long Term & Rehabilitation	150	7	0.7%	165	7	0.8%
Home Depot	Retail	150	7	0.7%	150	8	0.8%
COSTCO	Wholesale	100	8	0.5%	-	-	-
Best Buy	Retail	100	8	0.5%	-	-	-
Schnitzer Northeaster	Metal Recycling	100	8	0.5%	139	10	-
Texas Roadhouse	Resturant	100	8	0.5%	-	-	-
Dunkin Donuts	Coffee/Fast Food	100	8	0.5%	-	-	-
Resturant Depot	Wholesale	90	9	0.4%	-	-	-
Honda Cars of Boston	Car Dealership	80	10	0.4%	-	-	-
Dunkin Galvanizing	Metal Fabrication	80	10	0.4%	-	-	-
Eagle Bank	Banking	80	10	0.4%	-	-	-
TGIF Friday's	Resturant	80	10	0.4%	-	-	-
Distrigas GDF/SUEZ	LNG Terminal	-	-	-	170	6	0.9%
		<u>8,510</u>		<u>38.9%</u>	<u>4,019</u>		<u>19.9%</u>

Source: Official Statement

Full-time Equivalent City Employees by Function

Last Ten Years

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function										
General government.....	43	43	46	49	58	75	55	66	49	56
Public safety.....	235	245	253	256	282	309	292	288	276	298
Education.....	823	635	700	730	813	832	1,020	1,066	843	889
City services and facilities.....	43	45	47	52	59	58	60	63	61	62
Human services.....	30	32	28	32	33	37	40	38	32	26
Libraries and recreation.....	15	16	16	19	20	23	20	19	18	5
Total	<u>1,188</u>	<u>1,015</u>	<u>1,090</u>	<u>1,138</u>	<u>1,265</u>	<u>1,334</u>	<u>1,487</u>	<u>1,540</u>	<u>1,279</u>	<u>1,336</u>

Source: Various City Departments

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
Marriage recordings.....	385	384	332	303	395	463	673	536	404	339
Birth recordings.....	613	637	592	478	473	684	608	621	500	446
Death recordings.....	441	423	398	386	438	388	431	430	518	283
Police										
Physical arrests.....	833	752	810	922	801	722	809	784	886	587
Motor vehicle violations.....	4,135	3,262	3,889	3,307	2,881	2,516	3,190	3,383	1,987	1,388
Police personnel and officers.....	89	94	100	106	119	134	141	138	127	138
Fire										
Inspections.....	4,413	2,988	2,650	3,198	1,625	3,840	3,500	3,369	3,682	3,972
Emergency responses.....	4,781	5,167	5,259	5,752	5,728	5,521	5,599	6,019	6,440	6,279
Fire personnel and officers.....	95	95	95	103	105	109	110	98	106	117
Education										
Number of students.....	6,498	6,796	7,008	7,071	7,125	7,078	7,068	7,107	7,057	6,883
Number of graduates.....	348	408	404	490	430	461	492	487	430	415
Number of teachers.....	464	463	485	522	690	659	650	617	565	562
Health and human services										
Number of persons using COA transportation.....	185	212	218	217	200	182	151	148	137	91

Source: Various City Departments; Massachusetts Department of Education

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
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

<u>Year</u>	<u>Free Cash</u>	<u>Stabilization Accounts</u>
2021.....	\$ 11,760,957	\$ 10,908,236
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

Source: City Records & Annual Report from Hilltop Securities