

## RULE 15c2-12 FILING COVER SHEET

This cover sheet is sent with all submissions to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") pursuant to Securities and Exchange Commission (SEC) Rule 15c2-12 or any analogous state statutes.

**Issuer Name:** City of Fitchburg, Massachusetts

**Issue(s):**

\$ 4,875,000 General Obligation Municipal Purpose Loan of 2011 Bonds, Dated 6/29/11  
\$ 6,055,000 General Obligation Municipal Purpose Loan of 2013 Bonds, Dated 6/27/13  
\$ 9,395,000 General Obligation State Qualified Municipal Purpose Loan of 2016 Bonds,  
Dated 6/23/16  
\$ 4,610,000 General Obligation State Qualified Municipal Purpose Loan of 2019 Bonds,  
Dated 6/20/19  
\$ 16,580,000 General Obligation State Qualified Municipal Purpose Loan of 2020 Bonds,  
Dated 6/4/20  
\$ 8,475,000 General Obligation State Qualified Municipal Purpose Loan of 2021 Bonds,  
Dated 4/29/21

**Filing Format** X electronic \_\_\_ paper; If available on the Internet, give URL: \_\_\_\_\_

**CUSIP Numbers to which the information filed relates** (optional):

X Nine-digit number(s) (see following page(s)):

\_\_\_ Six-digit number if information filed relates to all securities of the issuer

### Financial & Operating Data Disclosure Information

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| At the time of filing the June 30, 2021 audit was not complete and will be posted once available |
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Annual Financial Report or ACFR

X Financial Information & Operating Data

Other (describe) \_\_\_\_\_

X Fiscal Period Covered: FYE 2021

Monthly    Quarterly    X Annual    Other: \_\_\_\_\_

I hereby represent that I am authorized by the issuer or its agent to distribute this information publicly:

Signature: /s/ Anne Cervantes

Name: Anne Cervantes Title: Treasurer

Employer: City of Fitchburg, Massachusetts

Telephone Number: 978-829-1830

Email Address: acervantes@fitchburgma.gov

## DESCRIPTION OF ISSUES COVERED BY THIS REPORT

### General Obligation Municipal Purpose Loan of 2011 Bonds, Dated 6/29/11

| Date     | Principal           | CUSIP     |
|----------|---------------------|-----------|
| 06/15/26 | \$ 500,000          | 3381532T5 |
| 06/15/31 | 500,000             | 3381532Y4 |
|          | <u>\$ 1,000,000</u> |           |

### General Obligation Municipal Purpose Loan of 2013 Bonds, Dated 6/27/13

| Date     | Principal           | CUSIP     |
|----------|---------------------|-----------|
| 06/15/22 | \$ 420,000          | 3381533U1 |
| 06/15/23 | 415,000             | 3381533V9 |
| 06/15/27 | 720,000             | 3381533Z0 |
| 06/15/30 | 540,000             | 3381534C0 |
| 06/15/33 | 540,000             | 3381534F3 |
|          | <u>\$ 2,635,000</u> |           |

### General Obligation State Qualified Municipal Purpose Loan of 2016 Bonds, Dated 6/23/16

| Date     | Principal           | CUSIP     |
|----------|---------------------|-----------|
| 09/01/22 | \$ 625,000          | 3381534R7 |
| 09/01/23 | 620,000             | 3381534S5 |
| 09/01/24 | 620,000             | 3381534T3 |
| 09/01/25 | 615,000             | 3381534U0 |
| 09/01/26 | 330,000             | 3381534V8 |
| 09/01/27 | 315,000             | 3381534W6 |
|          | <u>\$ 3,125,000</u> |           |

**General Obligation State Qualified Municipal Purpose Loan of 2019 Bonds, Dated  
6/20/19**

| Date     | Principal           | CUSIP     |
|----------|---------------------|-----------|
| 06/01/22 | \$ 300,000          | 3381535B1 |
| 06/01/23 | 300,000             | 3381535C9 |
| 06/01/24 | 300,000             | 3381535D7 |
| 06/01/25 | 295,000             | 3381535E5 |
| 06/01/26 | 295,000             | 3381535F5 |
| 06/01/27 | 295,000             | 3381535G0 |
| 06/01/28 | 295,000             | 3381535H8 |
| 06/01/29 | 295,000             | 3381535J4 |
| 06/01/30 | 170,000             | 3381535K1 |
| 06/01/31 | 170,000             | 3381535L9 |
| 06/01/32 | 165,000             | 3381535M7 |
| 06/01/33 | 165,000             | 3381535N5 |
| 06/01/34 | 160,000             | 3381535P0 |
| 06/01/35 | 160,000             | 3381535Q8 |
| 06/01/36 | 160,000             | 3381535S4 |
| 06/01/37 | 160,000             | 3381535S4 |
| 06/01/38 | 155,000             | 3381535U9 |
| 06/01/39 | 155,000             | 3381535U9 |
|          | <u>\$ 3,995,000</u> |           |

**General Obligation State Qualified Municipal Purpose Loan of 2020 Bonds, Dated  
6/4/20**

| Date     | Principal            | CUSIP     |
|----------|----------------------|-----------|
| 06/01/22 | \$ 1,020,000         | 3381535X3 |
| 06/01/23 | 1,020,000            | 3381535Y1 |
| 06/01/24 | 1,020,000            | 3381535Z8 |
| 06/01/25 | 1,015,000            | 3381536A2 |
| 06/01/26 | 1,015,000            | 3381536B0 |
| 06/01/27 | 1,015,000            | 3381536C8 |
| 06/01/28 | 1,015,000            | 3381536D6 |
| 06/01/29 | 1,010,000            | 3381536E4 |
| 06/01/30 | 680,000              | 3381536F1 |
| 06/01/31 | 675,000              | 3381536G9 |
| 06/01/32 | 675,000              | 3381536H7 |
| 06/01/33 | 675,000              | 3381536J3 |
| 06/01/34 | 675,000              | 3381536K0 |
| 06/01/35 | 675,000              | 3381536L8 |
| 06/01/36 | 675,000              | 3381536M6 |
| 06/01/37 | 675,000              | 3381536N4 |
| 06/01/38 | 675,000              | 3381536P9 |
| 06/01/39 | 675,000              | 3381536Q7 |
| 06/01/40 | 675,000              | 3381536R5 |
|          | <u>\$ 15,560,000</u> |           |

**General Obligation State Qualified Municipal Purpose Loan of 2021 Bonds, Dated 4/29/21**

| Date     | Principal           | CUSIP     |
|----------|---------------------|-----------|
| 03/01/23 | \$ 640,000          | 3381536U8 |
| 03/01/24 | 640,000             | 3381536V6 |
| 03/01/25 | 575,000             | 3381536W4 |
| 03/01/26 | 565,000             | 3381536X2 |
| 03/01/27 | 395,000             | 3381536Y0 |
| 03/01/28 | 395,000             | 3381536Z7 |
| 03/01/29 | 395,000             | 3381537A1 |
| 03/01/30 | 395,000             | 3381537B9 |
| 03/01/31 | 395,000             | 3381537C7 |
| 03/01/32 | 345,000             | 3381537D5 |
| 03/01/33 | 345,000             | 3381537E3 |
| 03/01/34 | 345,000             | 3381537F0 |
| 03/01/35 | 345,000             | 3381537G8 |
| 03/01/36 | 345,000             | 3381537H6 |
| 03/01/37 | 340,000             | 3381537J2 |
| 03/01/38 | 340,000             | 3381537K9 |
| 03/01/39 | 340,000             | 3381537L7 |
| 03/01/40 | 340,000             | 3381537M5 |
| 03/01/41 | 340,000             | 3381537N3 |
|          | <u>\$ 7,820,000</u> |           |

CONTINUING DISCLOSURE REPORT  
FOR THE  
FISCAL YEAR ENDED JUNE 30, 2021

CITY OF FITCHBURG, MASSACHUSETTS

GENERAL OBLIGATION



## **FINANCIAL STATEMENTS**

The audited financial statements for the City for the fiscal year ended June 30, 2021 are being filed directly with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA"), and are hereby incorporated by reference into this Annual Continuing Disclosure Report.

## **SIGNATURE OF ISSUER**

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as a promise or guarantee. This Annual Continuing Disclosure Report may contain, in part, estimates and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion contained herein are subject to change without notice, and the delivery of this Annual Continuing Disclosure Report will not, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described.

### **City of Fitchburg, Massachusetts**

/s/ Anne Cervantes

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Anne Cervantes

Treasurer

Approved for Submission:

03/16/2022

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Date

## **CERTIFICATE OF SUBMISSION OF ANNUAL REPORT**

Subject to the continuing disclosure requirements of SEC Rule 15c2-12, this Annual Continuing Disclosure Report for the City of Fitchburg, Massachusetts with respect to the issues listed on the report cover was submitted directly to the Municipal Securities Rulemaking Board's Electronic Municipal Market Access ("EMMA") listed below.

Municipal Securities Rulemaking Board ("MSRB")  
via the Electronic Municipal Market Access ("EMMA") system

HTS Continuing Disclosure Services, A Division of Hilltop Securities Inc.

Signed by:

/s/ Henriqueta Teixeira DaCosta

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# **Annual Report**

**CITY OF FITCHBURG, MASSACHUSETTS**

**For Fiscal Year Ended  
June 30, 2021**

CITY OF FITCHBURG, MASSACHUSETTS  
/s/ Anne Cervantes, Treasurer

Filing Date: March 16, 2022

# CITY OF FITCHBURG, MASSACHUSETTS

## General

Fitchburg is a residential and industrial city located in northern Worcester County, 46 miles west of the City of Boston and 25 miles north of the City of Worcester. The City has a population of approximately 40,318 (2010 United States Bureau of the Census) and it ranks as the second largest city in Worcester County. Fitchburg was established in 1764 and incorporated as a City in 1872.

## Government

The City is governed by an elected Mayor and an eleven member City Council. Six of the eleven Councilors are elected by wards and five are elected on an "at large" basis. The Mayor and City Council members are elected biennially. A mayoral veto of any ordinance, order or resolution may be overridden by a two-thirds vote of the City Council.

### PRINCIPAL CITY OFFICIALS

| City Title               | Name                | Selection/Term            | Term Expires |
|--------------------------|---------------------|---------------------------|--------------|
| Mayor                    | Stephen L. DiNatale | Elected                   | 2024         |
| Treasurer/Collector      | Anne Cervantes      | Appointed by the Mayor    | 2023         |
| Auditor/Finance Director | Calvin D. Brooks    | Appointed by the Mayor    | 2023         |
| Provisional City Clerk   | Amanda Alford       | Appointed by City Council | 2023         |
| City Solicitor           | Vincent Pusateri    | Appointed by the Mayor    | 2022         |

## Municipal Services

The City provides general governmental services for the territory within its limits, including police and fire protection, disposal of garbage and rubbish, a sanitary landfill, public education in grades K-12 (including vocational studies), water and sewer services, street maintenance, a municipal airport and numerous parks and recreational facilities.

The City owns and operates its own water supply and distribution system. Sources of water include water storage tanks and ten reservoirs. (Approximately one-third of the City's northern section is watershed land.) Water services are provided to approximately 92% of the City's residential, commercial and industrial users. In addition, in exchange for reservoir land, a limited supply of water is supplied to the Town of Westminster. Current water storage capacity of the City is approximately 4.9 billion gallons. The average daily usage is approximately 6 million gallons per day, and safe yield is approximately 12 million gallons per day.

The City's sewer department provides sewer services to more than 90% of the City's residential and industrial users. In addition, Fitchburg accepts limited wastewater from the Towns of Lunenburg and Westminster.

The City operates two wastewater treatment plants: the East Wastewater Treatment Plant and the West Wastewater Treatment Plant, both of which were completed in 1975. The East Wastewater Treatment Plant uses an advanced biological wastewater treatment system and currently treats 8.5 million gallons per day. It is designed to handle a maximum daily volume of 15 million gallons of waste. The West Wastewater Treatment plant ceased treatment operations in March 2010. The facility is currently utilized as a pump station with no treatment operations occurring.

The City's landfill, located in the Town of Westminster and managed by Resource Control, Inc., (Waste Management) has an estimated remaining life of approximately four years.

The Commonwealth of Massachusetts provides certain services formerly provided by the Worcester County government including judicial and penal facilities and a Registry of Deeds. The Montachusett Area Regional Transit Authority (MART) provides bus service within the City. Commuter rail service to Boston is provided by the Massachusetts Bay Transportation Authority (MBTA). The Montachusett Regional Vocational Technical School District (MRVTSD) provides vocational-technical education for students in grades 9-12. The Fitchburg Housing Authority provides public housing for the low-income and elderly residents in the City. The Office of the Planning Coordinator, the Industrial Development Commission, the Industrial Development Finance Authority and the Redevelopment Authority coordinate the industrial, commercial and residential development and expansion in Fitchburg.

## **Corona Virus (COVID-19) Disclosure**

COVID-19 is a respiratory disease caused by a novel coronavirus that has not previously been seen in humans. On March 10, 2020, the Governor of The Commonwealth of Massachusetts declared a state of emergency to support the Commonwealth's response to the outbreak of the virus. On March 11, 2020 the World Health Organization declared COVID-19 a pandemic. On March 13, 2020, the President declared a national emergency due to the outbreak, which has enabled disaster funds to be made available to states to fight the pandemic. The Governor has removed the remaining COVID-19 restrictions and the state of emergency in The Commonwealth expired on June 15, 2021.

In response to the COVID-19 pandemic, federal and state legislation was signed into law that provides various forms of financial assistance and other relief to state and local governments. For example, the U.S. Congress enacted the CARES Act which includes various forms of financial relief. The City was eligible to receive up to \$3,604,472 from the CARES Act and to date has incurred \$615,180 in COVID expenses.

Another action at the federal level was the American Rescue Plan Act of 2021 ("ARPA"). Among other provisions, ARPA provides \$350 billion to state and local governments to mitigate the fiscal disruptions created by the pandemic. Such funds may be used to replace revenues lost or reduced as a result of the pandemic and fund COVID-related costs, among other purposes. Although the actual amount allocable to the City has not yet been determined, the City expects to receive approximately \$31,238,459 in direct ARPA funds.

Pursuant to M.G.L. Chapter 44, Section 31, the City can set up a fund specifically related to COVID-19 expenses. This fund should capture all costs related to the COVID-19 pandemic and deficit spend for these costs, including but not limited to, overtime, cleaning and medical supplies, and IT equipment. At this time, the City has not created such fund.

The virus and the resulting actions by national, state and local governments is altering the behavior of businesses and people in a manner that will have negative impacts on global and local economies. There can be no assurances regarding the extent to which COVID-19 will impact the national and state economies and, accordingly, how it will adversely impact municipalities, including the City. These negative impacts are likely to include reduced collections of property taxes and other revenues, including local meals and rooms tax revenue, motor vehicle excise taxes and other fees and charges collected by the City.

In developing the FY2021 budget, the City had expected revenues to fall due to the pandemic and made appropriate reductions in expenses to recognize those revenue reductions. The city also used some available funds to fill the gaps. When FY2021 closed, city revenues had not dropped as much as expected and expenses were significantly less than budget, due in part to pandemic costs being absorbed by FEMA and CARES Act funds and in part due to a sizeable drop in school transportation costs because of the shift to remote learning.

For the FY2022 budget, the city continued for another year to rely on Available Funds to cover lost revenue, specifically the hotel excise tax revenue. The City anticipates being able to get through FY2022 without relying on stimulus funds to offset revenue shortfalls.

## **Climate Resiliency**

The City has been working diligently to build resilience and adapt to the impacts of climate change. In 2020, the Department of Public Works led efforts to create a Municipal Vulnerability Preparedness Plan (MVP) and a Hazard Mitigation Plan (HMP). The HMP's goals were to systematically identify policies, actions and tools that can be used to reduce the dangers of life and property from natural hazard events, while the MVP aims to mitigate the City's vulnerabilities to climate change. Both plans create a comprehensive set of recommended action items, many of which are now being implemented. Design plans have been created for a \$9m rebuild of the John Fitch Highway Corridor. This redesign includes green infrastructure, stormwater enhancements and flood storage, and is intended to reduce flooding impacts in the flood-prone corridor of the City. Through this design, the project has been added to the queue of regional priority projects for roadway funding, and is slated for a 2027 construction. The City is also in the middle of a nearly \$40+ million project to separate its combined sewer and stormwater systems, with a goal of 2030 completion. This will allow the City's stormwater system to be more resilient during high precipitation events. At the same time the City is working to implement several other projects within the HMP/MVP plan: an aggressive state-funded tree planting program, hydrologic modeling along the city's most flood-prone watershed, and an in-depth engineering analysis of various green infrastructure solutions explored in the HMP.

## Cybersecurity

The City has procedures and processes in place and regular employee training regarding cybersecurity.

## LARGEST EMPLOYERS

The following table sets forth the largest employers in Fitchburg, exclusive of the City itself, as of March 2022.

| Name  | Product/Function                                  | No. of Employees |
|---|---|------------------|
| Fitchburg State University                              | Higher Ed. (state university)                     | 800              |
| Great Wolf Lodge  | Hospitality (hotel/resort)                        | 500              |
| DeMoulas Super Markets Inc. ("Market Basket")           | Retail (grocery stores)                           | 475              |
| Making Opportunity Count (MOC)                          | Community Social Services                         | 280              |
| The Highlands   | Elder Services (skilled nursing & rehab.)         | 250              |
| Avery Dennison Corp.                                    | Manufacturing (plastics/fasteners)                | 220              |
| Montachusett Regional Vocational Tech. School           | Education (vocational/technical school)           | 217              |
| Community Health Connections (CHC)                      | Health Care (behavioral/individual/family)        | 200              |
| LUK, Inc.   | Community Social Services                         | 175              |
| Hillcrest Nursing & Rehabilitation Center               | Elder Services (assisted living/skilled nursing)  | 150              |
| Oliver Inc. (formerly "Boutwell Owens")                 | Manufacturing (specialty packaging/printing)      | 150              |
| First Student, Inc.                                     | Transportation (charter bus)                      | 140              |
| Golden Living Center - Fitchburg                        | Elder Services (assisted living/skilled nursing)  | 130              |
| Leonardo DRS  | Manufacturing (power system design/engineering)   | 120              |
| Greif, Inc. Fitchburg Paperboard (formerly "Caraustar") | Manufacturing (corrugated fiber board)            | 110              |
| Revolutionary Clinics Inc.                              | Manufacturing (cannabis cultivation & processing) | 110              |
| I-C Federal Credit Union                                | Financial Services (banking/credit union)         | 103              |
| UTZ Snack Foods (formerly "Wachusett Chip")             | Manufacturing (snack foods)                       | 100              |

## Industry and Commerce

The U.S. Department of Labor now uses the North American Industry Classification System (NAICS) as the basis for the assignment and tabulation of economic data by industry.

| Industry                           | Calendar Year  |                |                |                |                |
|------------------------------------|----------------|----------------|----------------|----------------|----------------|
|                                    | 2016           | 2017           | 2018           | 2019           | 2020           |
| Construction                       | 507            | 535            | 510            | 527            | 485            |
| Manufacturing                      | 1,444          | 1,283          | 1,280          | 1,218          | 1,141          |
| Trade, Transportation & Utilities  | 2,510          | 2,529          | 2,561          | 2,651          | 2,214          |
| Information                        | 94             | 82             | 83             | 79             | 60             |
| Financial Activities               | 498            | 477            | 499            | 492            | 433            |
| Professional and Business Services | 793            | 820            | 888            | 936            | 916            |
| Education and Health Services      | 4,619          | 4,765          | 4,940          | 5,063          | 4,837          |
| Leisure and Hospitality            | 1,976          | 1,667          | 1,591          | 1,660          | 1,055          |
| Other Services                     | 349            | 375            | 372            | 381            | 341            |
| Public Administration              | 494            | 497            | 483            | 492            | 491            |
| Total Employment                   | 13,284         | 13,030         | 13,207         | 13,499         | 11,973         |
| Number of Establishments           | 1,146          | 1,196          | 1,242          | 1,236          | 1,220          |
| Average Weekly Wages               | \$ 1,179       | \$ 858         | \$ 871         | \$ 887         | \$ 966         |
| Total Wages                        | \$ 580,688,426 | \$ 581,681,581 | \$ 603,802,304 | \$ 623,972,048 | \$ 604,147,689 |

Source: Massachusetts Department of Education and Training. Data based upon place of employment, not place of residence.

## Labor Force, Employment and Unemployment

According to the Massachusetts Department of Employment and Training preliminary data, as of December 2021, the City had a total labor force of 19,630 of which 18,588 were employed and 1,042 or 5.3% were unemployed as compared to 3.5% for the Commonwealth.

The following table sets forth the City's average labor force and unemployment rates for each of the calendar years indicated and the unemployment rates for the Commonwealth and country as a whole for the same period.

### UNEMPLOYMENT RATES

| Year | City of Fitchburg |                   | Massachusetts<br>Unemployment Rate |  | United States<br>Unemployment Rate |  |
|------|-------------------|-------------------|------------------------------------|--|------------------------------------|--|
|      | Labor Force       | Unemployment Rate |                                    |  |                                    |  |
| 2020 | 19,697            | 12.0 %            | 8.9 %                              |  | 8.1 %                              |  |
| 2019 | 20,205            | 4.0               | 2.9                                |  | 3.7                                |  |
| 2018 | 20,535            | 4.5               | 3.3                                |  | 3.9                                |  |
| 2017 | 19,533            | 5.0               | 3.7                                |  | 4.4                                |  |
| 2016 | 19,171            | 5.1               | 3.7                                |  | 4.9                                |  |

SOURCE: Mass. Department of Employment and Training and U.S. Bureau of Labor Statistics. Data based upon place of residence, not place of employment.

## Population and Income

The following table compares the most recent census figures to prior year's averages for Fitchburg, the Commonwealth and the United States.

### POPULATION AND INCOME

|                              | Fitchburg | Massachusetts | United States |
|------------------------------|-----------|---------------|---------------|
| <b>Median Age:</b>           |           |               |               |
| 2010                         | 34.7      | 39.1          | 37.2          |
| 2000                         | 34.1      | 36.5          | 35.3          |
| 1990                         | 31.3      | 33.6          | 32.9          |
| 1980                         | 30.1      | 31.2          | 30.0          |
| <b>Median Family Income:</b> |           |               |               |
| 2010                         | \$ 57,245 | \$ 81,165     | \$ 51,144     |
| 2000                         | 43,291    | 61,664        | 50,046        |
| 1990                         | 43,357    | 44,367        | 35,225        |
| 1980                         | 17,924    | 21,166        | 19,908        |
| <b>Per Capita Income:</b>    |           |               |               |
| 2010                         | \$ 22,972 | \$ 33,966     | \$ 27,344     |
| 2000                         | 17,256    | 25,952        | 21,587        |
| 1990                         | 12,140    | 17,224        | 14,420        |
| 1980                         | 6,074     | 7,459         | 7,313         |

On the basis of the 2010 Federal census, the City has a population density of approximately 1,452 persons per square mile.

### POPULATION TRENDS

| <u>2020</u> | <u>2010</u> | <u>2000</u> | <u>1990</u> | <u>1980</u> |
|-------------|-------------|-------------|-------------|-------------|
| 41,946      | 40,318      | 39,102      | 41,194      | 39,580      |

SOURCE: Federal Census.

## PROPERTY TAXATION

### Tax Levy Computation

The principal tax of Massachusetts cities and towns is the tax on real and personal property. The amount to be levied in each year is the amount appropriated or required by law to be raised for municipal expenditures less estimated receipts from other sources and less appropriations voted from funds on hand. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see *"Tax Limitations"* below.

The estimated receipts for a fiscal year from sources other than the property tax may not exceed the actual receipts during the preceding fiscal year from the same sources unless approved by the State Commissioner of Revenue. Excepting special funds the use of which is otherwise provided for by law, the deduction for appropriations voted from funds on hand for a fiscal year cannot exceed the "free cash" as of the beginning of the prior fiscal year as certified by the State Director of Accounts plus up to nine months' collections and receipts on account of earlier years' taxes after that date. Subject to certain adjustments, free cash is surplus revenue less uncollected overdue property taxes from earlier years.

Although an allowance is made in the tax levy for abatements (see "Abatements" below) no reserve is generally provided for uncollectible real property taxes. Since some of the levy is inevitably not collected, this creates a cash deficiency which may or may not be offset by other items (see "Taxation to Meet Deficits" below).

The following table illustrates the manner in which the tax levy was determined for the following fiscal years:

### TAX LEVY COMPUTATION

|                                       | Fiscal<br>2018 | Fiscal<br>2019 | Fiscal<br>2020 | Fiscal<br>2021 | Fiscal<br>2022 |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Total Appropriations(1)               | \$ 139,323,133 | \$ 149,114,559 | \$ 157,669,994 | \$ 156,394,012 | \$ 160,996,583 |
| Additions:                            |                |                |                |                |                |
| State and County Assessments          | 5,948,546      | 6,414,595      | 6,446,127      | 6,591,023      | 7,313,205      |
| Overlay Reserve                       | 950,000        | 950,000        | 950,000        | 950,000        | 950,000        |
| Other Local Expenditures              | 1,839,680      | 1,889,292      | 1,170,831      | 1,134,003      | 1,203,361      |
| Total Additions                       | 148,061,359    | 158,368,446    | 166,236,952    | 165,069,038    | 170,463,149    |
| Gross Amount to be Raised             | \$ 148,061,359 | \$ 158,368,446 | \$ 166,236,952 | \$ 165,069,038 | \$ 170,463,149 |
| Deductions:                           |                |                |                |                |                |
| Local Estimated Receipts              | 27,749,373     | 30,773,111     | 32,521,600     | 31,261,102     | 32,505,435     |
| State Aid(2):                         |                |                |                |                |                |
| Current Year                          | 63,193,811     | 66,082,245     | 68,161,365     | 69,304,430     | 73,389,756     |
| Available Funds(3):                   | -              | -              | 825,000        | 1,004,969      | 1,775,000      |
| Free Cash                             | 4,643,489      | 4,884,289      | 7,964,591      | 3,360,492      | 1,580,875      |
| Other                                 | 1,002,620      | 2,955,207      | 1,087,543      | 2,109,000      | 953,848        |
| Total Deductions                      | 96,589,293     | 104,694,852    | 110,560,099    | 107,039,993    | 110,204,914    |
| Net Amount to be Raised<br>(Tax Levy) | \$ 51,472,066  | \$ 53,673,594  | \$ 55,676,853  | \$ 58,029,045  | \$ 60,258,235  |

(1) Includes additional appropriations from taxation voted subsequent to adoption of the annual budget but prior to setting of the tax rate.

(2) Includes state aid as well as other payments from the Commonwealth.

(3) Transfers of federal revenue sharing and other available funds, including "free cash", generally made as an offset to a particular appropriation item. (See "CITY FINANCES - Free Cash".)

## Assessed Valuations and Tax Levies

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

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

Professional revaluations of all real and personal property in the City to full and fair cash value were most recently completed for use in fiscal year 2019.

The following table sets forth the trend in the City's assessed valuations, tax levies, and tax levies per capita.

| Fiscal Year | Real Estate Valuation | Personal Property Valuation | Total Assessed Valuation | Tax Levy      | Tax Levy Per Capita(1) |
|-------------|-----------------------|-----------------------------|--------------------------|---------------|------------------------|
| 2022        | \$ 3,188,995,687      | \$ 232,823,467              | \$ 3,421,819,154         | \$ 60,258,235 | \$ 1,437               |
| 2021        | 2,879,150,357         | 170,195,170                 | 3,049,345,527            | 58,029,045    | 1,383                  |
| 2020        | 2,664,049,729         | 160,752,567                 | 2,824,802,296            | 55,676,853    | 1,327                  |
| 2019 (2)    | 2,418,523,726         | 157,069,227                 | 2,575,592,953            | 53,673,594    | 1,280                  |
| 2018        | 2,221,496,355         | 144,288,061                 | 2,365,784,416            | 51,472,066    | 1,227                  |

(1) Based on 2020 federal census.

(2) Revaluation year.

The following is a breakdown of the City's tax rates for different classes of property for the fiscal years indicated:

| Fiscal Year | Tax Rate per \$1,000 Valuation |   |
|-------------|--------------------------------|---|
|             | Residential Property           | Commercial, Industrial & Persons Property |
| 2022        | \$ 17.61                       | \$ 17.61                                  |
| 2021        | 19.03                          | 19.03                                     |
| 2020        | 19.71                          | 19.71                                     |
| 2019        | 20.49                          | 22.09                                     |
| 2018        | 21.01                          | 24.37                                     |

## Classification of Property

The following is a breakdown of the City's assessed valuation of real estate and personal property in fiscal years 2020, 2021 and 2022.

| Property Type     | 2020                    |                | 2021                    |                | 2022                    |                |
|-------------------|-------------------------|----------------|-------------------------|----------------|-------------------------|----------------|
|                   | Amount                  | % of Total     | Amount                  | % of Total     | Amount                  | % of Total     |
| Residential       | \$ 2,227,334,435        | 78.8 %         | \$ 2,412,605,496        | 79.1 %         | \$ 2,699,993,971        | 78.9 %         |
| Commercial        | 281,214,494             | 10.0           | 293,213,361             | 9.6            | 306,430,216             | 9.0            |
| Industrial        | 155,500,800             | 5.5            | 173,331,500             | 5.7            | 182,571,500             | 5.3            |
| Personal Property | 160,752,567             | 5.7            | 170,195,170             | 5.6            | 232,823,467             | 6.8            |
| Total Valuation   | <u>\$ 2,824,802,296</u> | <u>100.0 %</u> | <u>\$ 3,049,345,527</u> | <u>100.0 %</u> | <u>\$ 3,421,819,154</u> | <u>100.0 %</u> |

(1) Revaluation year.

## LARGEST TAXPAYERS

The following table lists the largest taxpayers in the City based upon estimated assessed valuations for fiscal 2022. All of the taxpayers listed are current in their tax payments.

| Name                            | Nature of Business | Total Assessed Valuation for Fiscal 2022 | Tax                 | % of Total Tax Levy |
|---------------------------------|--------------------|--|---------------------|---------------------|
| Unitil/Fitchburg Gas            | Utility            | \$186,876,230                            | \$ 3,291,136        | 5.46 %              |
| Great Wolf Lodge/Resorts        | Hotel/Water Park   | 26,214,800                               | 461,677             | 0.77                |
| Verizon New England             | Communications     | 14,735,900                               | 259,519             | 0.43                |
| 245 River Street Place, LLC     | Apartment Complex  | 15,711,100                               | 309,666             | 0.51                |
| The Newark Group                | Paper Manufacturer | 10,135,300                               | 178,496             | 0.30                |
| Meadowbrook Village Associates  | Apartment Complex  | 9,290,600                                | 183,118             | 0.30                |
| MEC Fitchburg Associates        | Shopping Center    | 8,956,700                                | 157,739             | 0.26                |
| Delta MB, LLC                   | Shopping Center    | 8,869,900                                | 156,211             | 0.26                |
| Fitchburg Green, LLC            | Apartment Complex  | 9,149,500                                | 180,337             | 0.30                |
| Anwelt Heritage Secondary Condo | MM Grow Facilities | 8,645,300                                | 170,399             | 0.28                |
| Total                           |                    | <u>\$298,585,330</u>                     | <u>\$ 5,348,298</u> | <u>8.88 %</u>       |

## State Equalized Valuation

In order to determine appropriate relative values for the purposes of certain distributions to and assessments upon cities and towns, the Commissioner of Revenue biennially makes a redetermination of the fair cash value of the taxable property in each municipality. This is known as the "equalized value". The following table sets forth the trend in equalized valuations of the City.

| January 1, | State Equalized Valuations |
|------------|----------------------------|
| 2020       | \$ 3,008,407,300           |
| 2018       | 2,522,862,600              |
| 2016       | 2,306,844,100              |
| 2014       | 2,197,098,300              |
| 2012       | 2,327,173,900              |
| 2010       | 2,666,793,900              |



## Abatements and Overlay

A city or town is authorized to increase each tax levy by an amount approved by the State Commissioner of Revenue as an "overlay" to provide for tax abatements. If abatements are granted in excess of the applicable overlay, the excess is required to be added to the next tax levy.

Abatements are granted where exempt real or personal property has been assessed or where taxable real or personal property has been overvalued or disproportionately valued. The assessors may also abate uncollectible personal property taxes. They may abate real and personal property taxes on broad grounds (including inability to pay) with the approval of the State Commissioner of Revenue.

The following table sets forth the amount of the overlay reserve for the fiscal years indicated and total abatements granted against each levy as of June 30, 2021.

| Fiscal Year | Net Tax Levy (1) | Overlay Reserve |               | Abatements Granted Through June 30, 2021 |
|-------------|------------------|-----------------|---------------|--|
|             |                  | Dollar Amount   | % of Net Levy |  |
| 2021        | \$57,079,045     | \$950,000       | 1.7 %         | \$250,434                                |
| 2020        | 54,726,853       | 950,000         | 1.7           | 299,783                                  |
| 2019        | 52,723,594       | 950,000         | 1.8           | 295,248                                  |
| 2018        | 50,522,066       | 950,000         | 1.9           | 281,963                                  |
| 2017        | 48,644,762       | 950,000         | 2.0           | 246,324                                  |

(1) Net after the deduction of the overlay for abatement.

## Tax Collections

The City's tax bills are due in quarterly installments, payable August 1, November 1, February 1, and May 1 of each fiscal year. Interest accrues on delinquent taxes at the rate of 14 percent per annum. Real property (land and buildings) is subject to a lien for the taxes assessed upon it, subject to any paramount federal lien and subject to bankruptcy and insolvency laws. If the property has been transferred, an unenforced lien expires on the fourth December 31 after the end of the fiscal year to which the tax relates. If the property has not been transferred by the fourth December 31, an unenforced lien expires upon a later transfer of the property. Provision is made, however, for continuation of the lien where it could not be enforced because of a legal impediment. The persons against whom real or personal property taxes are assessed are personally liable for the tax (subject to bankruptcy and insolvency laws). In the case of real property, this personal liability is effectively extinguished by sale or taking of the property as described below.

The following table compares the City's net tax collections with its net (gross tax levy less overlay reserve for abatements) tax levies for the fiscal years indicated.

| Fiscal Year | Gross Tax Levy | Overlay Reserve for Abatements | Net Tax Levy  | Collections During Fiscal Year Payable (1) |               | Collections as of June 30, 2021 (2) |               |
|-------------|----------------|--------------------------------|---------------|--|---------------|-------------------------------------|---------------|
|             |                |                                |               | Dollar Amount                              | % of Net Levy | Dollar Amount                       | % of Net Levy |
| 2021        | \$ 58,029,045  | \$ 950,000                     | \$ 57,079,045 | \$ 56,551,731                              | 99.1 %        | \$ 56,551,731                       | 99.1 %        |
| 2020        | 55,676,853     | 950,000                        | 54,726,853    | 53,964,262                                 | 98.6          | 54,778,482                          | 100.1         |
| 2019        | 53,673,594     | 950,000                        | 52,723,594    | 52,059,068                                 | 98.7          | 52,726,613                          | 100.0         |
| 2018        | 51,472,066     | 950,000                        | 50,522,066    | 49,952,006                                 | 98.9          | 50,449,813                          | 99.9          |
| 2017        | 49,594,762     | 950,000                        | 48,644,762    | 47,847,292                                 | 98.4          | 48,384,998                          | 99.5          |

(1) Actual dollar collections net of refunds. Does not include abatements, proceeds for tax title or tax possessions attributable to each levy or other non-cash credits.

(2) Collections for the current fiscal year are comparable to previous fiscal years.

## Tax Titles and Possessions

Massachusetts law permits a municipality either to sell by public sale (at which the municipality may become the purchaser) or to take real property for non-payment of taxes. In either case the property owner can redeem the property by paying the unpaid taxes, with interest and other charges, but if the right of redemption is not exercised within six months (which may be extended an additional year in the case of certain installment payments) it can be foreclosed by petition to the Land Court.

Upon such foreclosure, a tax title purchased or taken by the municipality becomes a "tax possession" and may be held and disposed of in the same manner as other land held for municipal purposes. Uncollectible real property taxes are ordinarily not written off until they become municipal tax titles by purchase at the public sale or by taking, at which time the tax is written off in full by reserving the amount of tax and charging surplus.

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

| <u>Year</u> | <u>Tax Titles and Possessions</u> |
|-------------|-----------------------------------|
| 2021        | \$5,804,932                       |
| 2020        | 5,372,829                         |
| 2019        | 6,126,105                         |
| 2018        | 6,510,886                         |
| 2017        | 6,774,662                         |

## Sale of Tax Receivables

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

## Taxation to Meet Deficits

As noted elsewhere (see "Abatements and Overlay" above) overlay deficits, i.e., tax abatements in excess of the overlay included in the tax levy to cover abatements, are required to be added to the next tax levy. It is generally understood that revenue deficits, i.e., those resulting from non-property tax revenues being less than anticipated, are also required to be added to the next tax levy (at least to the extent not covered by surplus revenue). Amounts lawfully expended since the prior tax levy and not included therein are also required to be included in the annual tax levy. The circumstances under which this can arise are limited since municipal departments are generally prohibited from incurring liabilities in excess of appropriations except for major disasters, mandated items, contracts in aid of housing and renewal projects and other long-term contracts. In addition, utilities must be paid at established rates and certain established salaries, e.g., civil service, must legally be paid for work actually performed, whether or not covered by appropriations.

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

## Tax Limitations

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

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

For cities and towns at or below the primary limit, a secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2½ percent, subject to

exceptions for property added to the tax rolls or property which has had an increase, other than as part of a general revaluation, in its assessed valuation over the prior year's valuation.

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

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

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

Proposition 2 ½ further provides that the voters may exclude from the taxes subject to the tax limits and from the calculation of the maximum tax levy (a) the amount required to pay debt service on bonds and notes issued before November 4, 1980, if the exclusion is approved by a majority vote of the voters, and (b) the amount required to pay debt service on any specific subsequent issue for which similar approval is obtained. Even with voter approval, the holders of the obligations for which unlimited taxes may be assessed do not have a statutory priority or security interest in the portion of the tax levy attributable to such obligations. It should be noted that Massachusetts General Laws Chapter 44, Section 20 requires that the taxes excluded from the levy limit to pay debt service on any such bonds and notes be calculated based on the true interest cost of the issue. Accordingly, the Department of Revenue limits the amount of taxes which may be levied in each year to pay debt service on any such bonds and notes to the amount of such debt service, less a pro rata portion of any original issue premium received by the city or town that was not applied to pay costs of issuance.

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

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

The City has been in full compliance with Proposition 2 1/2 since its inception. To date the City has not attempted any general budget overrides or debt exemptions.

## Unused Levy Capacity

|                                  | For Fiscal Year |               |               |               |               |
|----------------------------------|-----------------|---------------|---------------|---------------|---------------|
|                                  | 2018            | 2019          | 2020          | 2021          | 2022          |
| Primary Levy Limit (1)           | \$ 59,144,610   | \$ 64,389,824 | \$ 70,620,057 | \$ 76,233,638 | \$ 85,545,479 |
| Prior Fiscal Year Levy Limit     | 49,602,326      | 51,485,090    | 53,682,908    | 55,682,046    | 58,053,016    |
| Amended Prior Year Growth        | -               | 51,456        | -             | -             | -             |
| 2.5% Levy Growth                 | 1,240,058       | 1,288,414     | 1,342,073     | 1,392,051     | 1,451,325     |
| New Growth (2)                   | 642,706         | 857,948       | 657,065       | 978,919       | 758,393       |
| Overrides                        | -               | -             | -             | -             | -             |
| Growth Levy Limit                | 51,485,090      | 53,682,908    | 55,682,046    | 58,053,016    | 60,262,734    |
| Debt Exclusions                  | -               | -             | -             | -             | -             |
| Capital Expenditure Exclusions   | -               | -             | -             | -             | -             |
| Other Adjustments                | -               | -             | -             | -             | -             |
| Tax Levy Limit                   | 51,485,090      | 53,682,908    | 55,682,046    | 58,053,016    | 60,262,734    |
| Tax Levy                         | 51,472,066      | 53,673,594    | 55,676,853    | 58,029,045    | 60,258,235    |
| Unused Levy Capacity (3)         | 13,024          | 9,314         | 5,193         | 23,971        | 4,499         |
| Unused Primary Levy Capacity (4) | \$ 7,659,520    | \$ 10,706,916 | \$ 14,938,011 | \$ 18,180,622 | \$ 25,282,745 |

Source: Massachusetts Department of Revenue.

(1) 2.5% of assessed valuation.

(2) Allowed for increase for new valuations (or required reduction) - certified by the Department of Revenue.

(3) Tax Levy Limit less Tax Levy.

(4) Primary Levy Limit less Growth Levy Limit.

## Pledged Taxes

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

## Initiative Petitions

Various proposals have been made in recent years for legislative amendments to the Massachusetts Constitution to impose limits on state and local taxes. To be adopted, such amendments must be approved by two successive legislatures and then by the voters at a state election.

## Community Preservation Act

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

A city or town may approve a surcharge of up to 3% (but not less than 1% under certain circumstances) and may make an additional commitment of funds by dedicating revenue other than state or federal funds, provided that the total funds collected do not exceed 3% of the real property tax levy, less any exemptions adopted (such as an exemption for low-income individuals and families and for low and moderate-income senior citizens, an exemption for \$100,000 of the value of each taxable parcel of residential real property or \$100,000 of the value of each taxable parcel of class three, commercial property, and class four, industrial property as defined in Chapter 59, Section 2A of the General Laws, and an exemption for commercial and industrial properties in cities and towns with classified tax rates). In the event that the municipality shall no longer dedicate all or part of the additional funds to community preservation, the surcharge on the real property tax levy of not less than 1% shall remain in effect, provided that any such change must be approved pursuant to the same process as acceptance of the CPA. The surcharge is not counted in the total taxes assessed for the purpose of determining the permitted levy amount under Proposition 2½ (see "Tax Limitations" under "PROPERTY

TAXATION" above). A city or town may revoke its acceptance of the provisions of the CPA at any time after 5 years from the date of such acceptance and may change the amount of the surcharge or the exemptions to the surcharge at any time, including reducing the surcharge to 1% and committing additional municipal funds as outlined above, provided that any such revocation or change must be approved pursuant to the same process as acceptance of the CPA.

Any city or town that accepts the provisions of the CPA will receive annual state matching grants to supplement amounts raised by its surcharge and dedication of revenue. The state matching funds are raised from certain recording and filing fees of the registers of deeds. Those amounts are deposited into a state trust fund and are distributed to cities and towns that have accepted the provisions of the CPA, which distributions are not subject to annual appropriation by the state legislature. The amount distributed to each city and town is based on a statutory formula and the total state distribution made to any city or town may not exceed 100% of the amount raised locally by the surcharge on the real property tax levy.

The amounts raised by the surcharge on taxes, the dedication of revenue and received in state matching funds are required to be deposited in a dedicated community preservation fund. Each city or town that accepts the provisions of the CPA is required to establish a community preservation committee to study the community preservation needs of the community and to make recommendations to the legislative body of the city or town regarding the community preservation projects that should be funded from the community preservation fund. Upon the recommendations of the committee, the legislative body of the city or town may appropriate amounts from the fund for permitted community preservation purposes or may reserve amounts for spending in future fiscal years, provided that at least 10% of the total annual revenues to the fund must be spent or set aside for open space purposes, 10% for historic resource purposes and 10% for affordable housing purposes.

The CPA authorizes cities and towns that accept its provisions to issue bonds and notes in anticipation of the receipt of surcharge and dedicated revenues to finance community preservation projects approved under the provisions of the CPA. Bonds and notes issued under the CPA are general obligations of the city or town and are payable from amounts on deposit in the community preservation fund. In the event that a city or town revokes its acceptance of the provisions of the CPA, the surcharge shall remain in effect until all contractual obligations incurred by the city or town prior to such revocation, including the payment of bonds or notes issued under the CPA, have been fully discharged.

The City has not adopted the Community Preservation Act.

## CITY FINANCES

### Budget and Appropriation Process

Within 170 days after the annual organization of the city government (which is ordinarily in early January), the Mayor is required to submit a budget of proposed expenditures for the fiscal year beginning on the next July 1. The City Council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the Mayor, the City Council may not increase any item or make an appropriation for a purpose not included in the proposed budget (except by a two-thirds vote in case of the failure of the Mayor to recommend an appropriation for such a purpose within 7 days after a request from the City Council). If the City Council fails to act on any item of the proposed budget within 45 days, that item takes effect.

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

If the Mayor does not make a timely budget submission, provision is made for preparation of a budget by the City Council. Provision is also made for supplementary appropriations upon recommendation of the Mayor. Water and wastewater department expenditures are required to be included in the budget adopted by the City Council. As a result of an initiative law adopted by voters in November 1980, school committees are no longer autonomous with respect to school expenditures for current purposes. The school budget is limited to the amount appropriated by the City Council, but the school committee retains full power to allocate the funds appropriated.

Mandatory items, such as state assessments, the overlay for abatements, abatements in excess of overlays, principal and interest not otherwise provided for and final judgments are included in the tax levy whether or not included in the budget. Revenues are not required to be set forth in the budget but estimated non-tax revenues are taken into account by the assessors in fixing the tax levy. (See "PROPERTY TAXATION - Tax Levy Computation".)

### Operating Budget

The following table lists the City's budgets for the following fiscal years.

#### BUDGET COMPARISON

|                | Fiscal 2018           | Fiscal 2019           | Fiscal 2020           | Fiscal 2021           | Fiscal 2022           |
|----------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| City Hall      | \$ 3,758,414          | \$ 4,021,757          | \$ 4,207,300          | \$ 4,271,404          | \$ 4,707,635          |
| Fire           | 7,273,135             | 7,341,122             | 7,874,457             | 8,005,014             | 8,296,477             |
| Health         | 3,549,497             | 3,843,529             | 3,990,981             | 4,526,900             | 4,127,641             |
| Human Services | 1,959,048             | 2,127,938             | 2,246,466             | 2,188,980             | 2,323,833             |
| Police         | 8,214,697             | 8,519,094             | 8,573,025             | 8,350,911             | 8,838,693             |
| Public Works   | 3,748,919             | 3,897,555             | 4,834,782             | 4,755,310             | 5,016,404             |
| Schools        | 56,081,186            | 58,356,968            | 63,667,987            | 65,217,482            | 68,254,057            |
| Debt Service   | 4,301,345             | 4,636,060             | 3,034,750             | 3,209,450             | 3,261,485             |
| Unclassified   | 29,456,840            | 31,362,597            | 32,645,545            | 33,871,575            | 34,653,268            |
| Total          | <u>\$ 118,343,081</u> | <u>\$ 124,106,620</u> | <u>\$ 131,075,293</u> | <u>\$ 134,397,026</u> | <u>\$ 139,479,493</u> |

### Revenues

Property Taxes: Property taxes are a major source of revenue for the City. The total amount levied is subject to certain limits prescribed by law; for a description of those limits see "PROPERTY TAXATION - Tax Limitations" above.

State Distributions: In addition to grants for specified capital purposes (some of which are payable over the life of the bonds issued for the projects), the Commonwealth provides financial assistance to cities and towns for current purposes. Payments to cities and towns are derived primarily from a percentage of the State's personal income, sales and use, and corporate excise tax receipts, together with the net receipts from the State Lottery. A municipality's state aid entitlement is based on a number of different formulas, of which the "schools" and "lottery" formulas are the most important. Both of the major formulas tend to provide more state aid to poorer communities. The formulas for determining a municipality's state aid entitlement are

subject to amendment by the state legislature and, while a formula might indicate that a particular amount of state aid is owed, the amount of state aid actually paid is limited to the amount appropriated by the state legislature. The state annually estimates state aid, but the actual state aid payments may vary from the estimate.

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

In fiscal 2021 distributions from the state, inclusive of grants for capital projects, totaled \$87,505,412.

Education Reform. State legislation known as the Education Reform Act of 1993, as amended, imposes certain minimum expenditure requirements on municipalities with respect to funding for education and related programs, and may affect the level of state aid to be received for education. The requirements are determined on the basis of formulas affected by various measures of wealth and income, enrollments, prior levels of local spending and state aid, and other factors. Since its passage, the City has complied with the Act and appropriations for education have equaled or exceeded the minimum required level.

State School Building Assistance Program: Under its school building assistance program, the Commonwealth of Massachusetts provides grants to cities, towns and regional school districts for school construction projects. Until July 26, 2004, the State Board of Education was responsible for approving grants for school projects and otherwise administering the program. Grant amounts ranged from 50% to 90% of approved project costs. Municipalities generally issued bonds to finance the entire project cost, and the Commonwealth disbursed the grants in equal annual installments over the term of the related bonds.

Pursuant to legislation which became effective on July 26, 2004, the state legislature created the Massachusetts School Building Authority (the "Authority") to finance and administer the school building assistance program. The Authority has assumed all powers and obligations of the Board of Education with respect to the program. In addition to certain other amounts, the legislation dedicates a portion of Commonwealth sales tax receipts to the Authority to finance the program.

Projects previously approved for grants by the State Board of Education are entitled to receive grant payments from the Authority based on the approved project cost and reimbursement rate applicable under the prior law. The Authority has paid and is expected to continue to pay the remaining amounts of the grants for such projects either in annual installments to reimburse debt service on bonds issued by the municipalities to finance such projects, or as lump sum payments to contribute to the defeasance of such bonds.

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

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

Motor Vehicle Excise: An excise is imposed on the registration of motor vehicles (subject to exemptions) at the rate of \$25 per \$1,000 of valuation. The excise is collected by and for the benefit of the municipality in which the motor vehicle is customarily kept. Valuations are determined by a statutory formula based on manufacturer's list price and year of manufacture. Bills not paid when due bear interest at 12 per cent per annum. Provision is also made for suspension of

the owner's operating license or registration by the registrar of motor vehicles. The City's fiscal 2021 excise tax receipts totaled \$4,269,947.

Water Services: The City's Water Department provides water services to approximately 92% of the industrial, commercial and residential users within the City and charges them on the basis of metered consumption. The water department is operated on a self-supporting enterprise fund basis. On June 1, 2016, water rates increased by 54 cents to \$3.70 CCF. Rates increased by 30 cents to \$4.00 CCF on June 1, 2017 and by 20 cents to \$4.20 CCF on June 1, 2018.

Wastewater Rates and Services: The City's Wastewater Department provides wastewater services to approximately 90% of the industrial, commercial and residential users within the City and charges them on the basis of metered consumption. The department is operated on a self-supporting enterprise fund basis. On July 1, 2020 rates increased by \$0.60 to \$9.11 CCF.

### **Annual Audits**

The City has annual independent audits prepared through fiscal 2020. Prior audits are available upon request from Hilltop Securities Inc.

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

### **Financial Statements**

Set forth on the following pages are Governmental Funds Balance Sheets as of June 30, 2021 (unaudited), June 30, 2020, June 30, 2019 and June 30, 2018 and a Comparative Statement of General Fund Revenues, Expenditures and Changes in Fund Balances for fiscal years 2016 through 2021 (unaudited). Said financial statements were extracted from annual audits, with the exception of fiscal 2021 which is unaudited and therefore subject to revision and change, and then combined for purposes of this presentation.



## CITY OF FITCHBURG, MASSACHUSETTS

Governmental Funds  
Balance Sheet  
June 30, 2021

(Unaudited)

|   | General<br>Fund      | Community<br>Development<br>Block Grant<br>Fund | City<br>Grants<br>Fund | ARPA<br>Fund         | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|---|------------------------|----------------------|-----------------------------------|--------------------------------|
| <b>Assets</b>   |                      |   |                        |                      |                                   |                                |
| Cash and short-term investments   | \$ 25,193,499        | \$ 237,270                                      | \$ 32,211              | \$ 11,673,046        | \$ 13,473,523                     | \$ 50,609,549                  |
| Investments   | 7,581,616            | -   | -                      | -                    | 4,938,989                         | 12,520,605                     |
| Receivables:  |                      |   |                        |                      |                                   |                                |
| Property taxes  | 1,240,265            | -   | -                      | -                    | -                                 | 1,240,265                      |
| Excises   | 1,735,948            | -   | -                      | -                    | -                                 | 1,735,948                      |
| Departmental and other, net of allowance<br>for uncollectibles                | 52,716               | -   | -                      | -                    | 4,438                             | 57,154                         |
| Intergovernmental   | 459,488              | 1,893,554                                       | 851,002                | -                    | 1,495,909                         | 4,699,953                      |
| Tax title and demolition liens  | 3,871,885            | -   | -                      | -                    | -                                 | 3,871,885                      |
| Loans, net of allowance for uncollectibles                                    | -                    | 1,520,484                                       | 8,410,755              | -                    | -                                 | 9,931,239                      |
| Other assets  | 60,000               | -   | -                      | -                    | -                                 | 60,000                         |
| <b>Total Assets</b>   | <b>\$ 40,195,417</b> | <b>\$ 3,651,308</b>                             | <b>\$ 9,293,968</b>    | <b>\$ 11,673,046</b> | <b>\$ 19,912,859</b>              | <b>\$ 84,726,598</b>           |
| <b>Liabilities</b>  |                      |   |                        |                      |                                   |                                |
| Warrants payable  | \$ 1,912,288         | \$ 63,311                                       | \$ 60,536              | \$ -                 | \$ 1,045,764                      | \$ 3,081,899                   |
| Accrued payroll and withholdings  | 3,615,292            | -   | -                      | -                    | 160,768                           | 3,776,060                      |
| Unearned revenue  | -                    | -   | -                      | 11,672,502           | -                                 | 11,672,502                     |
| Other liabilities   | 60,548               | -   | -                      | -                    | -                                 | 60,548                         |
| <b>Total Liabilities</b>  | <b>5,588,128</b>     | <b>63,311</b>                                   | <b>60,536</b>          | <b>11,672,502</b>    | <b>1,206,532</b>                  | <b>18,591,009</b>              |
| <b>Deferred Inflows of Resources</b>  |                      |   |                        |                      |                                   |                                |
| Unavailable revenues  | 7,058,362            | 3,298,767                                       | 8,410,755              | -                    | 4,438                             | 18,772,322                     |
| <b>Fund Balances</b>  |                      |   |                        |                      |                                   |                                |
| Nonspendable  | -                    | -   | -                      | -                    | 2,319,528                         | 2,319,528                      |
| Restricted  | -                    | 289,230   | 1,065,537              | 544                  | 16,588,460                        | 17,943,771                     |
| Assigned  | 8,901,575            | -   | -                      | -                    | -                                 | 8,901,575                      |
| Unassigned  | 18,647,352           | -   | (242,860)              | -                    | (206,099)                         | 18,198,393                     |
| <b>Total Fund Balances</b>  | <b>27,548,927</b>    | <b>289,230</b>                                  | <b>822,677</b>         | <b>544</b>           | <b>18,701,889</b>                 | <b>47,363,267</b>              |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b> | <b>\$ 40,195,417</b> | <b>\$ 3,651,308</b>                             | <b>\$ 9,293,968</b>    | <b>\$ 11,673,046</b> | <b>\$ 19,912,859</b>              | <b>\$ 84,726,598</b>           |

SOURCE: Extracted from the City's unaudited financial statements, subject to revision and change.

## CITY OF FITCHBURG, MASSACHUSETTS

Governmental Funds  
Balance Sheet  
June 30, 2020

|   | General<br>Fund      | Community<br>Development<br>Block Grant Fund | City<br>Grants<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|--|------------------------|-----------------------------------|--------------------------------|
| <b>Assets</b>   |                      |  |                        |                                   |                                |
| Cash and short-term investments   | \$ 19,205,373        | \$ 340,963                                   | \$ 218,565             | \$ 6,599,682                      | \$ 26,364,583                  |
| Investments   | 7,163,629            | -  | -                      | 4,577,224                         | 11,740,853                     |
| Receivables:  |                      |  |                        |                                   |                                |
| Property taxes  | 2,478,254            | -  | -                      | -                                 | 2,478,254                      |
| Excises   | 1,617,252            | -  | -                      | -                                 | 1,617,252                      |
| Departmental and other, net of allowance<br>for uncollectibles                | 66,217               | -  | -                      | 50,821                            | 117,038                        |
| Intergovernmental   | 1,269,651            | 1,791,260                                    | 728,231                | 4,261,098                         | 8,050,240                      |
| Tax title and demolition liens  | 3,095,203            | -  | -                      | -                                 | 3,095,203                      |
| Loans, net of allowance for uncollectibles                                    | -                    | 1,433,336                                    | 8,425,947              | -                                 | 9,859,283                      |
| Other assets  | 60,000               | -  | -                      | -                                 | 60,000                         |
| <b>Total Assets</b>   | <b>\$ 34,955,579</b> | <b>\$ 3,565,559</b>                          | <b>\$ 9,372,743</b>    | <b>\$ 15,488,825</b>              | <b>\$ 63,382,706</b>           |
| <b>Liabilities</b>  |                      |  |                        |                                   |                                |
| Warrants payable  | \$ 732,075           | \$ 25,221                                    | \$ 431,158             | \$ 2,230,959                      | \$ 3,419,413                   |
| Accounts payable  | 75,112               | -  | -                      | -                                 | 75,112                         |
| Accrued payroll and withholdings  | 3,659,790            | -  | -                      | 253,408                           | 3,913,198                      |
| Notes payable   | -                    | -  | -                      | 600,000                           | 600,000                        |
| Other liabilities   | 755,455              | -  | -                      | -                                 | 755,455                        |
| <b>Total Liabilities</b>  | <b>5,222,432</b>     | <b>25,221</b>                                | <b>431,158</b>         | <b>3,084,367</b>                  | <b>8,763,178</b>               |
| <b>Deferred Inflows of Resources</b>  |                      |  |                        |                                   |                                |
| Unavailable revenues  | 7,027,843            | 3,224,596                                    | 8,425,947              | 50,821                            | 18,729,207                     |
| <b>Fund Balances</b>  |                      |  |                        |                                   |                                |
| Nonspendable  | -                    | -  | -                      | 2,267,738                         | 2,267,738                      |
| Restricted  | -                    | 315,742                                      | 865,396                | 11,932,102                        | 13,113,240                     |
| Assigned  | 5,837,138            | -  | -                      | -                                 | 5,837,138                      |
| Unassigned  | 16,868,166           | -  | (349,758)              | (1,846,203)                       | 14,672,205                     |
| <b>Total Fund Balances</b>  | <b>22,705,304</b>    | <b>315,742</b>                               | <b>515,638</b>         | <b>12,353,637</b>                 | <b>35,890,321</b>              |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b> | <b>\$ 34,955,579</b> | <b>\$ 3,565,559</b>                          | <b>\$ 9,372,743</b>    | <b>\$ 15,488,825</b>              | <b>\$ 63,382,706</b>           |

SOURCE: Extracted from the City's audited financial statements.

## CITY OF FITCHBURG, MASSACHUSETTS

## GOVERNMENTAL FUNDS

## BALANCE SHEET

JUNE 30, 2019

|   | General              | Community<br>Development<br>Block Grant | City<br>Grants<br>Fund | Capital<br>Projects<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|---|------------------------|-----------------------------|-----------------------------------|--------------------------------|
| <b>Assets</b>   |                      |   |                        |                             |                                   |                                |
| Cash and short-term investments   | \$ 14,894,856        | \$ 374,348                              | \$ -                   | \$ 9,786,447                | \$ 7,288,929                      | \$ 32,344,580                  |
| Investments   | 6,575,576            | -                                       | -                      | -                           | 4,389,959                         | 10,965,535                     |
| Receivables:  |                      |   |                        |                             |                                   |                                |
| Property taxes  | 1,170,095            | -                                       | -                      | -                           | -                                 | 1,170,095                      |
| Excises   | 1,503,333            | -                                       | -                      | -                           | -                                 | 1,503,333                      |
| Departmental and other, net of allowance<br>for uncollectibles                | 77,074               | -                                       | -                      | -                           | 73,439                            | 150,513                        |
| Intergovernmental   | 5,418,318            | 975,479                                 | 698,472                | -                           | 2,055,701                         | 9,147,970                      |
| Tax title and demolition liens  | 3,956,454            | -                                       | -                      | -                           | -                                 | 3,956,454                      |
| Loans, net of allowance for uncollectibles                                    | -                    | 1,523,246                               | 8,432,986              | -                           | -                                 | 9,956,232                      |
| Due from other funds  | 327,062              | -                                       | -                      | -                           | -                                 | 327,062                        |
| Other assets  | 60,000               | -                                       | -                      | -                           | -                                 | 60,000                         |
| <b>Total Assets</b>   | <b>\$ 33,982,768</b> | <b>\$ 2,873,073</b>                     | <b>\$ 9,131,458</b>    | <b>\$ 9,786,447</b>         | <b>\$ 13,808,028</b>              | <b>\$ 69,581,774</b>           |
| <b>Liabilities</b>  |                      |   |                        |                             |                                   |                                |
| Warrants payable  | \$ 1,922,676         | \$ 49,432                               | \$ 45,455              | \$ 44,076                   | \$ 1,331,847                      | \$ 3,393,486                   |
| Accounts payable  | 97,518               | -                                       | -                      | -                           | -                                 | 97,518                         |
| Accrued payroll and withholdings  | 2,892,143            | -                                       | -                      | -                           | 262,237                           | 3,154,380                      |
| Due to other funds  | -                    | -                                       | 327,062                | -                           | -                                 | 327,062                        |
| Notes payable   | -                    | -                                       | -                      | 11,100,000                  | -                                 | 11,100,000                     |
| Other liabilities   | 648,851              | -                                       | -                      | -                           | -                                 | 648,851                        |
| <b>Total Liabilities</b>  | <b>5,561,188</b>     | <b>49,432</b>                           | <b>372,517</b>         | <b>11,144,076</b>           | <b>1,594,084</b>                  | <b>18,721,297</b>              |
| <b>Deferred Inflows of Resources</b>  |                      |   |                        |                             |                                   |                                |
| Unavailable revenues  | 7,056,376            | 2,498,725                               | 8,432,986              | -                           | 73,439                            | 18,061,526                     |
| <b>Fund Balances</b>  |                      |   |                        |                             |                                   |                                |
| Nonspendable  | -                    | -                                       | -                      | -                           | 2,235,885                         | 2,235,885                      |
| Restricted  | -                    | 324,916                                 | 325,955                | 190,915                     | 9,904,620                         | 10,746,406                     |
| Assigned  | 4,578,115            | -                                       | -                      | -                           | -                                 | 4,578,115                      |
| Unassigned  | 16,787,089           | -                                       | -                      | (1,548,544)                 | -                                 | 15,238,545                     |
| <b>Total Fund Balances</b>  | <b>21,365,204</b>    | <b>324,916</b>                          | <b>325,955</b>         | <b>(1,357,629)</b>          | <b>12,140,505</b>                 | <b>32,798,951</b>              |
| <b>Total Liabilities, Deferred Inflows of<br/>Resources and Fund Balances</b> | <b>\$ 33,982,768</b> | <b>\$ 2,873,073</b>                     | <b>\$ 9,131,458</b>    | <b>\$ 9,786,447</b>         | <b>\$ 13,808,028</b>              | <b>\$ 69,581,774</b>           |

SOURCE: Extracted from the City's audited financial statements.

## CITY OF FITCHBURG, MASSACHUSETTS

## GOVERNMENTAL FUNDS

## BALANCE SHEET

JUNE 30, 2018

|   | <u>General</u>       | <u>Community<br/>Development<br/>Block Grant</u> | <u>City<br/>Grants<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|----------------------|--|---------------------------------|--|---|
| <b>ASSETS</b>   |                      |  |                                 |  |   |
| Cash and short-term investments   | \$ 20,371,303        | \$ 348,769                                       | \$ 29,956                       | \$ 10,029,982                              | \$ 30,780,010                           |
| Investments   | 5,986,801            | -  | -                               | 4,369,254                                  | 10,356,055                              |
| Receivables:  |                      |  |                                 |  |   |
| Property taxes  | 1,021,682            | -  | -                               | -  | 1,021,682                               |
| Excises   | 1,384,899            | -  | -                               | -  | 1,384,899                               |
| Departmental and other, net of allowance for uncollectibles                   | 73,163               | -  | -                               | 56,105                                     | 129,268                                 |
| Intergovernmental   | 612,022              | 944,679  | 489,942                         | 2,239,328                                  | 4,285,971                               |
| Tax title and demolition liens  | 5,035,306            | -  | -                               | -  | 5,035,306                               |
| Loans, net of allowance for uncollectibles                                    | -                    | 1,500,186  | 8,657,842                       | -  | 10,158,028                              |
| Other assets  | 73,779               | -  | -                               | -  | 73,779                                  |
| <b>TOTAL ASSETS</b>   | <b>\$ 34,558,955</b> | <b>\$ 2,793,634</b>                              | <b>\$ 9,177,740</b>             | <b>\$ 16,694,669</b>                       | <b>\$ 63,224,998</b>                    |
| <b>LIABILITIES</b>  |                      |  |                                 |  |   |
| Warrants payable  | \$ 2,449,267         | \$ 10,276  | \$ 143,811                      | \$ 632,910                                 | \$ 3,236,264                            |
| Accounts payable  | 108,106              | -  | -                               | -  | 108,106                                 |
| Accrued payroll and withholdings  | 2,632,165            | -  | -                               | 235,205                                    | 2,867,370                               |
| Notes payable   | -                    | -  | -                               | 3,400,000                                  | 3,400,000                               |
| Intergovernmental payable   | 66,749               | -  | -                               | -  | 66,749                                  |
| Other liabilities   | 646,739              | -  | -                               | -  | 646,739                                 |
| <b>TOTAL LIABILITIES</b>  | <b>5,903,026</b>     | <b>10,276</b>                                    | <b>143,811</b>                  | <b>4,268,115</b>                           | <b>10,325,228</b>                       |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                      |  |                                 |  |   |
| Unavailable revenues  | 7,944,878            | 2,444,865  | 8,657,842                       | 56,105                                     | 19,103,690                              |
| <b>FUND BALANCES</b>  |                      |  |                                 |  |   |
| Nonspendable  | -                    | -  | -                               | 2,199,270                                  | 2,199,270                               |
| Restricted  | -                    | 338,493  | 376,087                         | 10,887,180                                 | 11,601,760                              |
| Assigned  | 4,942,330            | -  | -                               | -  | 4,942,330                               |
| Unassigned  | 15,768,721           | -  | -                               | (716,001)                                  | 15,052,720                              |
| <b>TOTAL FUND BALANCES</b>  | <b>20,711,051</b>    | <b>338,493</b>                                   | <b>376,087</b>                  | <b>12,370,449</b>                          | <b>33,796,080</b>                       |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES AND FUND BALANCES</b> | <b>\$ 34,558,955</b> | <b>\$ 2,793,634</b>                              | <b>\$ 9,177,740</b>             | <b>\$ 16,694,669</b>                       | <b>\$ 63,224,998</b>                    |

SOURCE: Extracted from the City's audited financial statements.

## CITY OF FITCHBURG, MASSACHUSETTS

Governmental Funds  
Statement of Revenues, Expenditures and Changes in Fund Balances  
For the Year Ended June 30, 2021

(Unaudited)

|   | General<br>Fund      | Community<br>Development<br>Block Grant<br>Fund | City<br>Grants<br>Fund | ARPA<br>Fund  | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|---|------------------------|---------------|-----------------------------------|--------------------------------|
| <b>Revenues</b>                                   |                      |   |                        |               |                                   |                                |
| Property taxes                                    | \$ 57,968,451        | \$ -  | \$ -                   | \$ -          | \$ -                              | \$ 57,968,451                  |
| Excises   | 4,544,884            | -   | -                      | -             | -                                 | 4,544,884                      |
| Penalties, interest and other taxes               | 1,953,375            | -   | -                      | -             | -                                 | 1,953,375                      |
| Charges for services                              | 6,010,069            | -   | 37,276                 | -             | 3,266,637                         | 9,313,982                      |
| Intergovernmental                                 | 76,388,657           | 1,559,683                                       | 4,360,929              | -             | 20,886,916                        | 103,196,185                    |
| Licenses and permits                              | 1,239,252            | -   | -                      | -             | -                                 | 1,239,252                      |
| Fines and forfeitures                             | 104,737              | -   | -                      | -             | -                                 | 104,737                        |
| Investment income                                 | 104,890              | -   | 75                     | 544           | 338,232                           | 443,741                        |
| Miscellaneous                                     | 848,989              | 115,494   | -                      | -             | 7,500                             | 971,983                        |
| <b>Total Revenues</b>                             | <b>149,163,304</b>   | <b>1,675,177</b>                                | <b>4,398,280</b>       | <b>544</b>    | <b>24,499,285</b>                 | <b>179,736,590</b>             |
| <b>Expenditures</b>                               |                      |   |                        |               |                                   |                                |
| Current:  |                      |   |                        |               |                                   |                                |
| General government                                | 5,160,214            | 1,701,689                                       | 1,089,003              | -             | 6,576,590                         | 14,527,496                     |
| Public safety                                     | 17,153,269           | -   | 923,009                | -             | 1,959,326                         | 20,035,604                     |
| Education   | 71,294,579           | -   | -                      | -             | 15,009,075                        | 86,303,654                     |
| Public works                                      | 4,278,005            | -   | 1,660,743              | -             | 2,748,813                         | 8,687,561                      |
| Health and human services                         | 4,123,466            | -   | 283,300                | -             | 28,560                            | 4,435,326                      |
| Culture and recreation                            | 1,154,692            | -   | 135,186                | -             | 74,496                            | 1,364,374                      |
| Employee benefits                                 | 31,658,667           | -   | -                      | -             | -                                 | 31,658,667                     |
| Miscellaneous                                     | 1,206,909            | -   | -                      | -             | -                                 | 1,206,909                      |
| Debt service:                                     |                      |   |                        |               |                                   |                                |
| Principal   | 1,460,000            | -   | -                      | -             | -                                 | 1,460,000                      |
| Interest  | 665,176              | -   | -                      | -             | -                                 | 665,176                        |
| Intergovernmental                                 | 6,457,605            | -   | -                      | -             | -                                 | 6,457,605                      |
| <b>Total Expenditures</b>                         | <b>144,612,582</b>   | <b>1,701,689</b>                                | <b>4,091,241</b>       | <b>-</b>      | <b>26,396,860</b>                 | <b>176,802,372</b>             |
| Excess (Deficiency) of Revenues Over Expenditures | 4,550,722            | (26,512)  | 307,039                | 544           | (1,897,575)                       | 2,934,218                      |
| <b>Other Financing Sources (Uses)</b>             |                      |   |                        |               |                                   |                                |
| Issuance of bonds                                 | -                    | -   | -                      | -             | 7,757,000                         | 7,757,000                      |
| Bond premiums                                     | -                    | -   | -                      | -             | 781,728                           | 781,728                        |
| Transfers in                                      | 1,085,664            | -   | -                      | -             | 792,763                           | 1,878,427                      |
| Transfers out                                     | (792,763)            | -   | -                      | -             | (1,085,664)                       | (1,878,427)                    |
| <b>Total Other Financing Sources (Uses)</b>       | <b>292,901</b>       | <b>-</b>  | <b>-</b>               | <b>-</b>      | <b>8,245,827</b>                  | <b>8,538,728</b>               |
| Change in Fund Balance                            | 4,843,623            | (26,512)  | 307,039                | 544           | 6,348,252                         | 11,472,946                     |
| Fund Balances, at Beginning of Year               | 22,705,304           | 315,742   | 515,638                | -             | 12,353,637                        | 35,890,321                     |
| Fund Balances, at End of Year                     | <u>\$ 27,548,927</u> | <u>\$ 289,230</u>                               | <u>\$ 822,677</u>      | <u>\$ 544</u> | <u>\$ 18,701,889</u>              | <u>\$ 47,363,267</u>           |

SOURCE: Extracted from the City's unaudited financial statements, subject to revision and change.

**CITY OF FITCHBURG, MASSACHUSETTS**  
Governmental Funds  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Year Ended June 30, 2020

|   | General<br>Fund      | Community<br>Development<br>Block Grant Fund | City<br>Grants<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|----------------------|--|------------------------|-----------------------------------|--------------------------------|
| <b>Revenues</b>                                     |                      |  |                        |                                   |                                |
| Property taxes                                      | \$ 55,342,815        | \$ -   | \$ -                   | \$ -                              | \$ 55,342,815                  |
| Excises   | 4,110,633            | -  | -                      | -                                 | 4,110,633                      |
| Penalties, interest and other taxes                 | 1,073,376            | -  | -                      | -                                 | 1,073,376                      |
| Charges for services                                | 6,291,322            | -  | -                      | 1,054,508                         | 7,345,830                      |
| Intergovernmental                                   | 75,755,287           | 698,910                                      | 3,868,515              | 27,787,287                        | 108,109,999                    |
| Licenses and permits                                | 928,108              | -  | -                      | -                                 | 928,108                        |
| Fines and forfeitures                               | 150,306              | -  | -                      | -                                 | 150,306                        |
| Investment income                                   | 562,699              | -  | 146                    | 244,916                           | 807,761                        |
| Miscellaneous                                       | <u>444,369</u>       | <u>164,892</u>                               | <u>-</u>               | <u>6,500</u>                      | <u>615,761</u>                 |
| Total Revenues                                      | 144,658,915          | 863,802                                      | 3,868,661              | 29,093,211                        | 178,484,589                    |
| <b>Expenditures</b>                                 |                      |  |                        |                                   |                                |
| Current:  |                      |  |                        |                                   |                                |
| General government                                  | 4,785,454            | 872,976                                      | 575,099                | 16,004,907                        | 22,238,436                     |
| Public safety                                       | 17,557,345           | -  | 1,948,842              | 324,677                           | 19,830,864                     |
| Education   | 69,483,516           | -  | -                      | 13,396,121                        | 82,879,637                     |
| Public works  | 4,818,106            | -  | 867,765                | 14,561,873                        | 20,247,744                     |
| Health and human services                           | 4,014,172            | -  | 249,871                | 37,440                            | 4,301,483                      |
| Culture and recreation                              | 1,396,435            | -  | 37,401                 | 104,966                           | 1,538,802                      |
| Employee benefits                                   | 30,791,023           | -  | -                      | -                                 | 30,791,023                     |
| Miscellaneous                                       | 1,129,042            | -  | -                      | -                                 | 1,129,042                      |
| Debt service:                                       |                      |  |                        |                                   |                                |
| Principal   | 787,500              | -  | -                      | -                                 | 787,500                        |
| Interest  | 534,253              | -  | -                      | -                                 | 534,253                        |
| Intergovernmental                                   | <u>6,114,409</u>     | <u>-</u>                                     | <u>-</u>               | <u>-</u>                          | <u>6,114,409</u>               |
| Total Expenditures                                  | <u>141,411,255</u>   | <u>872,976</u>                               | <u>3,678,978</u>       | <u>44,429,984</u>                 | <u>190,393,193</u>             |
| Excess (Deficiency) of Revenues Over Expenditures   | 3,247,660            | (9,174)                                      | 189,683                | (15,336,773)                      | (11,908,604)                   |
| <b>Other Financing Sources (Uses)</b>               |                      |  |                        |                                   |                                |
| Issuance of bonds                                   | -                    | -  | -                      | 13,550,000                        | 13,550,000                     |
| Bond premiums                                       | -                    | -  | -                      | 1,449,974                         | 1,449,974                      |
| Transfers in  | 287,775              | -  | -                      | 2,195,335                         | 2,483,110                      |
| Transfers out                                       | <u>(2,195,335)</u>   | <u>-</u>                                     | <u>-</u>               | <u>(287,775)</u>                  | <u>(2,483,110)</u>             |
| Total Other Financing Sources (Uses)                | <u>(1,907,560)</u>   | <u>-</u>                                     | <u>-</u>               | <u>16,907,534</u>                 | <u>14,999,974</u>              |
| Change in Fund Balance                              | 1,340,100            | (9,174)                                      | 189,683                | 1,570,761                         | 3,091,370                      |
| Fund Balance, at Beginning of Year, as reclassified | <u>21,365,204</u>    | <u>324,916</u>                               | <u>325,955</u>         | <u>10,782,876</u>                 | <u>32,798,951</u>              |
| Fund Balance, at End of Year                        | \$ <u>22,705,304</u> | \$ <u>315,742</u>                            | \$ <u>515,638</u>      | \$ <u>12,353,637</u>              | \$ <u>35,890,321</u>           |

SOURCE: Extracted from the City's audited financial statements.

**CITY OF FITCHBURG, MASSACHUSETTS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

|   | <u>General</u>     | <u>Community<br/>Development<br/>Block Grant</u> | <u>City<br/>Grants<br/>Fund</u> | <u>Capital<br/>Projects<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|--------------------|--|---------------------------------|--------------------------------------|--|---|
| <b>Revenues</b>                                     |                    |  |                                 |                                      |  |   |
| Property taxes                                      | \$ 53,572,438      | \$ -   | \$ -                            | \$ -                                 | \$ -                                       | \$ 53,572,438                           |
| Excises   | 4,211,789          | -  | -                               | -                                    | -  | 4,211,789                               |
| Penalties, interest and other taxes                 | 1,598,103          | -  | -                               | -                                    | -  | 1,598,103                               |
| Charges for services                                | 6,574,401          | -  | -                               | -                                    | 1,579,571                                  | 8,153,972                               |
| Intergovernmental                                   | 72,864,933         | 949,627  | 4,154,783                       | 202,064                              | 17,200,964                                 | 95,372,371                              |
| Licenses and permits                                | 1,058,836          | -  | -                               | -                                    | -  | 1,058,836                               |
| Fines and forfeitures                               | 188,824            | -  | -                               | -                                    | -  | 188,824                                 |
| Investment income                                   | 620,320            | -  | 207                             | -                                    | 284,356                                    | 904,883                                 |
| Miscellaneous                                       | 211,206            | 126,238  | 30,000                          | -                                    | -  | 367,444                                 |
| <b>Total Revenues</b>                               | <b>140,900,850</b> | <b>1,075,865</b>                                 | <b>4,184,990</b>                | <b>202,064</b>                       | <b>19,064,891</b>                          | <b>165,428,660</b>                      |
| <b>Expenditures</b>                                 |                    |  |                                 |                                      |  |   |
| Current:  |                    |  |                                 |                                      |  |   |
| General government                                  | 6,294,062          | 1,089,442  | 1,372,339                       | 2,761,388                            | 473,023                                    | 11,990,254                              |
| Public safety                                       | 16,327,941         | -  | 826,493                         | -                                    | 287,104                                    | 17,441,538                              |
| Education   | 64,903,624         | -  | -                               | 1,730,348                            | 15,860,087                                 | 82,494,059                              |
| Public works  | 5,444,559          | -  | 1,446,868                       | -                                    | 2,304,553                                  | 9,195,980                               |
| Health and human services                           | 4,162,677          | -  | 335,748                         | -                                    | 51,932                                     | 4,550,357                               |
| Culture and recreation                              | 1,352,070          | -  | 253,674                         | -                                    | 221,990                                    | 1,827,734                               |
| Employee benefits                                   | 29,321,157         | -  | -                               | -                                    | -  | 29,321,157                              |
| Miscellaneous                                       | 1,098,995          | -  | -                               | -                                    | -  | 1,098,995                               |
| Debt service  | 4,294,794          | -  | -                               | -                                    | -  | 4,294,794                               |
| Intergovernmental                                   | 5,872,416          | -  | -                               | -                                    | -  | 5,872,416                               |
| <b>Total Expenditures</b>                           | <b>139,072,295</b> | <b>1,089,442</b>                                 | <b>4,235,122</b>                | <b>4,491,736</b>                     | <b>19,198,689</b>                          | <b>168,087,284</b>                      |
| Excess (Deficiency) of Revenues Over Expenditures   | 1,828,555          | (13,577)   | (50,132)                        | (4,289,672)                          | (133,798)                                  | (2,658,624)                             |
| <b>Other Financing Sources (Uses)</b>               |                    |  |                                 |                                      |  |   |
| Issuance of bonds                                   | -                  | -  | -                               | 776,000                              | 511,500                                    | 1,287,500                               |
| Bond premiums                                       | -                  | -  | -                               | 124,000                              | 249,995                                    | 373,995                                 |
| Transfers in  | 543,350            | -  | -                               | 1,367,000                            | 350,752                                    | 2,261,102                               |
| Transfers out                                       | (1,717,752)        | -  | -                               | -                                    | (543,350)                                  | (2,261,102)                             |
| <b>Total Other Financing Sources (Uses)</b>         | <b>(1,174,402)</b> | <b>-</b>   | <b>-</b>                        | <b>2,267,000</b>                     | <b>568,897</b>                             | <b>1,661,495</b>                        |
| Change in Fund Balance                              | 654,153            | (13,577)   | (50,132)                        | (2,022,672)                          | 435,099                                    | (997,129)                               |
| Fund Balance, at Beginning of Year, as reclassified | 20,711,051         | 338,493  | 376,087                         | 665,043                              | 11,705,406                                 | 33,796,080                              |
| Fund Balance, at End of Year                        | \$ 21,365,204      | \$ 324,916                                       | \$ 325,955                      | \$ (1,357,629)                       | \$ 12,140,505                              | \$ 32,798,951                           |

SOURCE: Extracted from the City's audited financial statements.



## CITY OF FITCHBURG, MASSACHUSETTS

## GOVERNMENTAL FUNDS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2018

|   | <u>General</u>     | <u>Community<br/>Development<br/>Block Grant</u> | <u>City<br/>Grants<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|---|--------------------|--|---------------------------------|--|---|
| <b>Revenues:</b>                            |                    |  |                                 |  |   |
| Property taxes                              | \$ 51,699,549      | \$ -   | \$ -                            | \$ -                                       | \$ 51,699,549                           |
| Excises                                     | 4,162,566          | -  | -                               | -  | 4,162,566                               |
| Penalties, interest and other taxes         | 1,286,811          | -  | -                               | -  | 1,286,811                               |
| Charges for services                        | 6,287,405          | -  | -                               | 1,594,865                                  | 7,882,270                               |
| Intergovernmental                           | 69,929,989         | 628,998  | 7,768,019                       | 18,407,650                                 | 96,734,656                              |
| Licenses and permits                        | 1,048,571          | -  | -                               | -  | 1,048,571                               |
| Fines and forfeitures                       | 182,976            | -  | -                               | -  | 182,976                                 |
| Investment income                           | 199,962            | -  | 74                              | 49,373                                     | 249,409                                 |
| Miscellaneous                               | 111,217            | 173,217  | -                               | -  | 284,434                                 |
| <b>Total Revenues</b>                       | <b>134,909,046</b> | <b>802,215</b>                                   | <b>7,768,093</b>                | <b>20,051,888</b>                          | <b>163,531,242</b>                      |
| <b>Expenditures:</b>                        |                    |  |                                 |  |   |
| <b>Current:</b>                             |                    |  |                                 |  |   |
| General government                          | 5,040,783          | 678,357  | 2,488,131                       | 813,180                                    | 9,020,451                               |
| Public safety                               | 15,557,017         | -  | 619,544                         | 258,933                                    | 16,435,494                              |
| Education                                   | 64,603,291         | -  | -                               | 14,548,947                                 | 79,152,238                              |
| Public works                                | 4,483,865          | -  | 1,554,080                       | 1,722,431                                  | 7,760,376                               |
| Health and human services                   | 3,858,354          | -  | 366,006                         | 50,766                                     | 4,275,126                               |
| Culture and recreation                      | 1,230,543          | -  | 2,505,444                       | 198,445                                    | 3,934,432                               |
| Employee benefits                           | 27,268,119         | -  | -                               | -  | 27,268,119                              |
| Miscellaneous                               | 973,914            | -  | -                               | -  | 973,914                                 |
| Debt service                                | 4,278,545          | -  | -                               | -  | 4,278,545                               |
| Intergovernmental                           | 5,742,027          | -  | -                               | -  | 5,742,027                               |
| <b>Total Expenditures</b>                   | <b>133,036,458</b> | <b>678,357</b>                                   | <b>7,533,205</b>                | <b>17,592,702</b>                          | <b>158,840,722</b>                      |
| Excess of revenues over expenditures        | 1,872,588          | 123,858  | 234,888                         | 2,459,186                                  | 4,690,520                               |
| <b>Other Financing Sources (Uses):</b>      |                    |  |                                 |  |   |
| Transfers in                                | 2,160,035          | -  | -                               | 1,125,303                                  | 3,285,338                               |
| Transfers out                               | (1,125,303)        | -  | -                               | (2,160,035)                                | (3,285,338)                             |
| <b>Total Other Financing Sources (Uses)</b> | <b>1,034,732</b>   | <b>-</b>   | <b>-</b>                        | <b>(1,034,732)</b>                         | <b>-</b>                                |
| Change in fund balance                      | 2,907,320          | 123,858  | 234,888                         | 1,424,454                                  | 4,690,520                               |
| Fund Balance, at Beginning of Year          | 17,803,731         | 214,635  | 141,199                         | 10,945,995                                 | 29,105,560                              |
| Fund Balance, at End of Year                | \$ 20,711,051      | \$ 338,493                                       | \$ 376,087                      | \$ 12,370,449                              | \$ 33,796,080                           |

SOURCE: Extracted from the City's audited financial statements.



## CITY OF FITCHBURG, MASSACHUSETTS

## GOVERNMENTAL FUNDS

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2017

|  | <u>General</u> | <u>Community<br/>Development<br/>Block Grant</u> | <u>City<br/>Grants<br/>Fund</u> | <u>Nonmajor<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|----------------|--|---------------------------------|--|---|
| <b>Revenues:</b>                                     |                |  |                                 |  |   |
| Property taxes                                       | \$ 49,262,062  | \$ -   | \$ -                            | \$ -                                       | \$ 49,262,062                           |
| Excises  | 3,958,177      | -  | -                               | -  | 3,958,177                               |
| Penalties, interest and other taxes                  | 1,065,063      | -  | -                               | -  | 1,065,063                               |
| Charges for services                                 | 6,077,950      | -  | -                               | 1,623,092                                  | 7,701,042                               |
| Intergovernmental                                    | 71,689,716     | 836,387  | 6,314,890                       | 16,529,910                                 | 95,370,903                              |
| Licenses and permits                                 | 879,734        | -  | -                               | -  | 879,734                                 |
| Fines and forfeitures                                | 166,771        | -  | -                               | -  | 166,771                                 |
| Investment income                                    | 137,897        | -  | -                               | 48,051                                     | 185,948                                 |
| Miscellaneous  | 13,553         | 173,812  | -                               | -  | 187,365                                 |
| Total Revenues                                       | 133,250,923    | 1,010,199  | 6,314,890                       | 18,201,053                                 | 158,777,065                             |
| <b>Expenditures:</b>                                 |                |  |                                 |  |   |
| Current:   |                |  |                                 |  |   |
| General government                                   | 4,883,574      | 1,169,097  | 3,751,356                       | 301,694                                    | 10,105,721                              |
| Public safety  | 14,810,464     | -  | 492,670                         | 429,252                                    | 15,732,386                              |
| Education  | 67,028,272     | -  | -                               | 15,170,026                                 | 82,198,298                              |
| Public works   | 4,070,633      | -  | 1,326,673                       | 4,635,962                                  | 10,033,268                              |
| Health and human services                            | 3,554,971      | -  | 403,637                         | 58,030                                     | 4,016,638                               |
| Culture and recreation                               | 1,240,953      | -  | 283,830                         | 280,699                                    | 1,805,482                               |
| Employee benefits                                    | 26,168,647     | -  | -                               | -  | 26,168,647                              |
| Miscellaneous  | 800,392        | -  | -                               | -  | 800,392                                 |
| Debt service   | 4,257,435      | -  | -                               | -  | 4,257,435                               |
| Intergovernmental                                    | 5,541,208      | -  | -                               | -  | 5,541,208                               |
| Total Expenditures                                   | 132,356,549    | 1,169,097  | 6,258,166                       | 20,875,663                                 | 160,659,475                             |
| Excess (deficiency) of revenues<br>over expenditures | 894,374        | (158,898)  | 56,724                          | (2,674,610)                                | (1,882,410)                             |
| <b>Other Financing Sources (Uses):</b>               |                |  |                                 |  |   |
| Transfers in   | 245,756        | -  | -                               | -  | 245,756                                 |
| Transfers out  | -              | -  | -                               | (245,756)                                  | (245,756)                               |
| Total Other Financing Sources (Uses)                 | 245,756        | -  | -                               | (245,756)                                  | -                                       |
| Change in fund balance                               | 1,140,130      | (158,898)  | 56,724                          | (2,920,366)                                | (1,882,410)                             |
| Fund Balance, at Beginning of Year                   | 16,663,601     | 373,533  | 84,475                          | 13,866,361                                 | 30,987,970                              |
| Fund Balance, at End of Year                         | \$ 17,803,731  | \$ 214,635                                       | \$ 141,199                      | \$ 10,945,995                              | \$ 29,105,560                           |

SOURCE: Extracted from the City's audited financial statements.

**CITY OF FITCHBURG, MASSACHUSETTS**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**

|                                      | <u>General Fund(1)</u> |
|--------------------------------------|------------------------|
|                                      | <u>2016</u>            |
| <b>REVENUES:</b>                     |                        |
| Property taxes                       | \$ 47,202,010          |
| Excises                              | 3,769,006              |
| Penalties, interest and other taxes  | 1,119,894              |
| Charges for Services                 | 6,017,574              |
| Intergovernmental                    | 58,309,960             |
| Licenses and permits                 | 879,755                |
| Fines and Forfeits                   | 167,957                |
| Investment Income                    | 73,914                 |
| Miscellaneous                        | 172,957                |
| Total Revenues                       | <u>117,713,027</u>     |
| <b>EXPENDITURES:</b>                 |                        |
| General Government                   | 4,662,446              |
| Public Safety                        | 14,722,098             |
| Education                            | 52,047,266             |
| Public Works                         | 3,325,106              |
| Health and Human Services            | 3,469,967              |
| Culture and Recreation               | 1,063,761              |
| Employee Benefits                    | 25,744,491             |
| Miscellaneous                        | 736,631                |
| Debt Service                         | 4,213,300              |
| Intergovernmental                    | 5,220,302              |
| Total Expenditures                   | <u>115,205,368</u>     |
| Excess (deficiency) of Revenues      |                        |
| Over Expenditures                    | <u>2,507,659</u>       |
| Other Financing Sources (Uses):      |                        |
| Proceeds of refunding bond           | 1,099,204              |
| Payment to refunding agent           | (1,099,204)            |
| Transfer In                          | 236,957                |
| Transfer Out                         | (145,000)              |
| Total Other Financing Sources (Uses) | <u>91,957</u>          |
| Change in Fund Balance               | 2,599,616              |
| Fund Equity, at Beginning of Year    | 14,063,985             |
| Fund Equity, at End of Year          | <u>\$ 16,663,601</u>   |

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

## Unassigned Fund Balance and Free Cash

Under Massachusetts law an amount known as "free cash" is certified as of the beginning of each fiscal year by the State Bureau of Accounts and this, together with certain subsequent tax receipts, is used as the basis for subsequent appropriations from available funds, which are not required to be included in the annual tax levy. Subject to certain adjustments, free cash is surplus revenue (or, in the City's case, Unreserved Fund Balance) less uncollected and overdue property taxes from prior years. The following table sets forth the trend in Unassigned Fund Balances and free cash as certified by the Bureau of Accounts.

| <u>Fiscal<br/>Year</u> | <u>Unassigned<br/>Fund Balance<br/>(June 30)</u> | <u>Free Cash<br/>(July 1)</u> |
|------------------------|--|-------------------------------|
| 2021                   | \$ 18,647,352 (est.)                             | \$ 8,682,198                  |
| 2020                   | 16,868,166                                       | 3,368,823 (1)                 |
| 2019                   | 16,787,089                                       | 7,750,632                     |
| 2018                   | 15,768,721                                       | 6,819,611                     |
| 2017                   | 13,701,445                                       | 4,948,341                     |

Source: Audited financial statements, except as noted.

(1) Reflects in part, the reduction in revenue caused by COVID-19, but also \$1.6M of free cash used to direct capital outlay. The City expects to close fiscal 2021 with a surplus.

## Stabilization Fund

The City maintains a stabilization fund that is accounted for in the Trust Funds. The stabilization fund is funded by City Council appropriations. The Stabilization Fund plus interest may be appropriated at any City Council meeting for any purpose for which funds can be appropriated. The following table sets for the trend in the Stabilization Fund.

| <u>Fiscal<br/>Year</u> | <u>Stabilization<br/>Fund Balance<br/>(June 30)</u> |
|------------------------|---|
| 2021                   | \$ 7,515,897  |
| 2020                   | 7,058,570   |
| 2019                   | 6,573,149   |
| 2018                   | 6,153,641   |
| 2017                   | 5,794,574   |

## **Investment of City Funds**

All funds of the City, except for trust funds and funds of the Retirement System are invested in accordance with Section 55 of Chapter 44, of the Massachusetts General Laws (MGL). This statute permits investments of available revenue funds and bond and note proceeds in term deposits and certificates of deposits of banks and trust companies, in obligations issued or unconditionally guaranteed by the federal government or an agency thereof with a maturity of not more than one year, in repurchase agreements with a maturity of not more than 90 days secured by federal or federal agency securities, in participation units in the Massachusetts Municipal Depository Trust ("MMDT"), or in shares in SEC-registered money market funds with the highest possible rating from at least one nationally recognized rating organization.

MMDT is an investment pool created by the Commonwealth. The State Treasurer is the sole Trustee, and the fund is managed under a contract by Fidelity Management Company of Boston. According to the State Treasurer the MMDT's investment policy is designed to maintain an average weighted maturity of 90 days or less and is limited to high-quality, readily marketable fixed income instruments, including U.S. government obligations and highly-rated corporate securities with maturities of one year or less.

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

## **Tax Increment Financing for Development Districts**

Under recent legislation, cities and towns are authorized to establish development districts to encourage increased residential, industrial and commercial activity. All or a portion of the taxes on growth in assessed value in such districts may be pledged and used solely to finance economic development projects pursuant to the city or town's development program for the district. This includes pledging such "tax increments" for the payment of bonds issued to finance such projects. As a result of any such pledge, tax increments raised from new growth properties in development districts are not available for other municipal purposes. Tax increments are taken into account in determining the total taxes assessed for the purpose of calculating the maximum permitted tax levy under Proposition 2 ½ (see "Tax Limitations" under "PROPERTY TAXATION" above.) The City currently has two active tax increment financing districts, Great Wolf Lodge and M.A.S. Realty Trust (1 Nursery Lane). The City's active development districts, in the aggregate, contained approximately 0.953% of the City's assessed valuation in tax year 2021.

## INDEBTEDNESS

### Authorization Procedure and Limitations

Serial bonds and notes are authorized by vote of two-thirds of all the members of a city council (subject to the mayor's veto where the mayor has a veto power) or a two-thirds vote of the town meeting. Provision is made in some cities and towns for a referendum on the borrowing authorization if there is a timely filing of a petition bearing the requisite number of signatures. Refunding bonds and notes are authorized by the city council or the selectmen. Borrowings for some purposes require State administrative approval.

When serial bonds or notes have been authorized, bond anticipation notes may be issued by the officers authorized to issue the serial bonds or notes. Temporary debt in anticipation of the revenue of the fiscal year in which the debt is incurred or in anticipation of authorized federal and state aid generally may be incurred by the treasurer with the approval of the selectmen, mayor or city manager as the case may be.

### Debt Limits

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

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

Revenue Anticipation Notes. These are issued to meet current expenses in anticipation of taxes and other revenues. They must mature within one year, may be refunded from time to time up to one year from the original date of issue. The fiscal year ends on June 30. Notes may mature in the following fiscal year, and notes may be refunded into the following fiscal year to the extent of the uncollected, unabated current tax levy and certain other items, including revenue deficits, overlay deficits, final judgments and lawful unappropriated expenditures, which are to be added to the next tax levy, but excluding deficits arising from a failure to collect taxes of earlier years. (See "Taxation to Meet Deficits" under "PROPERTY TAX" above.) In any event, the period from an original borrowing to its final maturity cannot exceed one year.

### Types of Obligations

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

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

Serial bonds may be issued as "qualified bonds" with the approval of the state Municipal Finance Oversight Board composed of the State Treasurer, the State Auditor, the Attorney General and the Director of Accounts, subject to such conditions and limitations (including restrictions on future indebtedness) as may be required by the Board. Qualified bonds may mature not

less than 10 nor more than 30 years from their dates and are not subject to the amortization requirements described above. The State Treasurer is required to pay the debt service on qualified bonds and thereafter to withhold the amount of the debt service paid by the State from state aid or other state payments; administrative costs and any loss of interest income to the State are to be assessed upon the city or town.

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

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

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

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

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

### **Direct Debt Summary As of June 30, 2021**

**General Obligation Bonds Outstanding: (1)**

|                          |                   |               |
|--------------------------|-------------------|---------------|
| Water (2)                | \$ 6,283,000      |               |
| School                   | 593,000           |               |
| General                  | 20,424,000        |               |
| Sewer (3)                | 7,025,000         |               |
| Airport (4)              | 1,090,000         |               |
| MCWT (5)                 | <u>54,337,873</u> |               |
| Total Bonds Outstanding: |                   | \$ 89,752,873 |

**Short-Term Loans Outstanding**

|                                       |                |                             |
|---------------------------------------|----------------|-----------------------------|
| Bond Anticipation Notes (6)           | <u>800,000</u> |                             |
| Total Notes Outstanding:              |                | 800,000                     |
| <b>Total Direct Debt Outstanding:</b> |                | <u><u>\$ 90,552,873</u></u> |

- (1) Principal amount only. Excludes lease and installment purchase obligations, overlapping debt, unfunded pension liability and other post-employment benefits liability.  
(2) Outside the City’s debt limit.  
(3) \$2,5605,000 is outside the City’s debt limit.  
(4) Outside the City’s debt limit.  
(5) Does not reflect MCWT subsidy. \$42,167,485 is outside the City’s debt limit.  
(6) Payable June 30, 2022.

## Debt Ratios

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

| Fiscal<br>Year End | General<br>Obligation Bonds<br>Outstanding | Population<br>(Federal<br>Census) | State<br>Equalized<br>Valuation (1) | Per Capita<br>Debt | Debt as a %<br>of Full<br>Valuation |
|--------------------|--|-----------------------------------|-------------------------------------|--------------------|-------------------------------------|
| 2021               | \$ 89,752,873                              | 41,946                            | \$ 3,008,407,300                    | \$ 2,140           | 3.0 %                               |
| 2020               | 87,790,872                                 | 41,946                            | 2,522,862,600                       | 2,093              | 3.5                                 |
| 2019               | 66,514,727                                 | 41,946                            | 2,522,862,600                       | 1,586              | 2.6                                 |
| 2018               | 69,665,629                                 | 41,946                            | 2,306,844,100                       | 1,661              | 3.0                                 |
| 2017               | 69,357,743                                 | 41,946                            | 2,306,844,100                       | 1,654              | 3.0                                 |

(1) 2016 equalized valuation is used for fiscal years 2017 and 2018; 2018 equalized valuation is used for fiscal years 2019 and 2020; 2020 equalized valuation is used for fiscal year 2021.

## Debt Service Requirements

The following table sets forth the required principal and interest payments on outstanding general obligation bonds of the City of Fitchburg, grant payments expected to be received by the City from the Massachusetts School Building Authority and subsidies to be received from the Massachusetts Clean Water Trust.

### GENERAL OBLIGATION BONDS DEBT SERVICE REQUIREMENTS As of June 30, 2021

| Fiscal<br>Year | Outstanding   |               | Total Debt<br>Service | Estimated<br>MCWT<br>Subsidy | Net<br>Debt<br>Service |
|----------------|---------------|---------------|-----------------------|------------------------------|------------------------|
|                | Principal     | Interest      |                       |                              |                        |
| 2022           | \$ 7,126,588  | \$ 2,316,389  | \$ 9,442,977          | \$ (149,815)                 | \$ 9,293,162           |
| 2023           | 7,188,552     | 2,151,996     | 9,340,549             | (143,334)                    | 9,197,214              |
| 2024           | 7,031,945     | 1,926,340     | 8,958,285             | (136,550)                    | 8,821,735              |
| 2025           | 7,036,796     | 1,709,761     | 8,746,557             | (125,174)                    | 8,621,382              |
| 2026           | 6,658,136     | 1,514,022     | 8,172,158             | -                            | 8,172,158              |
| 2027           | 5,425,655     | 1,328,626     | 6,754,281             | -                            | 6,754,281              |
| 2028           | 5,377,495     | 1,168,267     | 6,545,763             | -                            | 6,545,763              |
| 2029           | 5,123,590     | 1,012,087     | 6,135,677             | -                            | 6,135,677              |
| 2030           | 4,286,955     | 862,469       | 5,149,423             | -                            | 5,149,423              |
| 2031           | 4,341,847     | 740,525       | 5,082,372             | -                            | 5,082,372              |
| 2032           | 4,168,388     | 635,425       | 4,803,813             | -                            | 4,803,813              |
| 2033           | 4,229,316     | 535,608       | 4,764,924             | -                            | 4,764,924              |
| 2034           | 4,106,567     | 442,967       | 4,549,534             | -                            | 4,549,534              |
| 2035           | 4,170,173     | 358,975       | 4,529,148             | -                            | 4,529,148              |
| 2036           | 3,444,221     | 272,862       | 3,717,083             | -                            | 3,717,083              |
| 2037           | 2,621,061     | 201,093       | 2,822,156             | -                            | 2,822,156              |
| 2038           | 2,571,971     | 145,444       | 2,717,415             | -                            | 2,717,415              |
| 2039           | 2,602,441     | 90,146        | 2,692,587             | -                            | 2,692,587              |
| 2040           | 1,798,257     | 40,698        | 1,838,955             | -                            | 1,838,955              |
| 2041           | 442,919       | 8,858         | 451,778               | -                            | 451,778                |
| Total          | \$ 89,752,873 | \$ 17,462,560 | \$ 107,215,435        | \$ (554,873)                 | \$ 106,660,562         |

## Principal Payments by Purpose

The following table sets forth the principal payments by purpose for the City's outstanding debt:

### GENERAL OBLIGATION BONDS PRINCIPAL PAYMENTS BY PURPOSE As of June 30, 2021

| Fiscal<br>Year | School            | Sewer               | General              | MCWT                 | Water               | Airport             | Total<br>Outstanding |
|----------------|-------------------|---------------------|----------------------|----------------------|---------------------|---------------------|----------------------|
| 2022           | \$ 273,000        | \$ 915,000          | \$ 1,139,000         | \$ 4,006,588         | \$ 603,000          | \$ 190,000          | \$ 7,126,588         |
| 2023           | 260,000           | 915,000             | 1,135,000            | 4,088,552            | 600,000             | 190,000             | 7,188,552            |
| 2024           | 60,000            | 910,000             | 1,105,000            | 4,171,945            | 595,000             | 190,000             | 7,031,945            |
| 2025           | -                 | 910,000             | 1,100,000            | 4,251,796            | 590,000             | 185,000             | 7,036,796            |
| 2026           | -                 | 900,000             | 1,100,000            | 3,888,136            | 585,000             | 185,000             | 6,658,136            |
| 2027           | -                 | 580,000             | 1,100,000            | 3,110,655            | 585,000             | 50,000              | 5,425,655            |
| 2028           | -                 | 565,000             | 1,100,000            | 3,077,495            | 585,000             | 50,000              | 5,377,495            |
| 2029           | -                 | 250,000             | 1,100,000            | 3,143,590            | 580,000             | 50,000              | 5,123,590            |
| 2030           | -                 | 250,000             | 1,025,000            | 2,761,955            | 250,000             | -                   | 4,286,955            |
| 2031           | -                 | 250,000             | 1,020,000            | 2,821,847            | 250,000             | -                   | 4,341,847            |
| 2032           | -                 | 145,000             | 1,020,000            | 2,803,388            | 200,000             | -                   | 4,168,388            |
| 2033           | -                 | 145,000             | 1,020,000            | 2,864,316            | 200,000             | -                   | 4,229,316            |
| 2034           | -                 | 50,000              | 1,020,000            | 2,926,567            | 110,000             | -                   | 4,106,567            |
| 2035           | -                 | 50,000              | 1,020,000            | 2,990,173            | 110,000             | -                   | 4,170,173            |
| 2036           | -                 | 50,000              | 1,020,000            | 2,264,221            | 110,000             | -                   | 3,444,221            |
| 2037           | -                 | 50,000              | 1,015,000            | 1,446,061            | 110,000             | -                   | 2,621,061            |
| 2038           | -                 | 45,000              | 1,015,000            | 1,401,971            | 110,000             | -                   | 2,571,971            |
| 2039           | -                 | 45,000              | 1,015,000            | 1,432,441            | 110,000             | -                   | 2,602,441            |
| 2040           | -                 | -                   | 1,015,000            | 783,257              | -                   | -                   | 1,798,257            |
| 2041           | -                 | -                   | 340,000              | 102,919              | -                   | -                   | 442,919              |
|                | <u>\$ 593,000</u> | <u>\$ 7,025,000</u> | <u>\$ 20,424,000</u> | <u>\$ 54,337,873</u> | <u>\$ 6,283,000</u> | <u>\$ 1,090,000</u> | <u>\$ 89,752,873</u> |



## Coverage of State Qualified Debt Service

It is projected that state aid distributions from the Commonwealth to the City will provide ample coverage of outstanding state qualified bonds.

The following table presents projected qualified debt service, projected state aid and the coverage ratio of total state aid to projected qualified debt service.

| Fiscal Year | Outstanding Qualified Debt Service (1) | Total State Aid (2) | Coverage Ratio Total State Aid to Qualified Debt Service |
|-------------|--|---------------------|--|
| 2022        | \$ 2,135,490                           | \$ 73,389,756       | 34.37  |
| 2023        | 2,096,750                              | 74,857,551          | 35.70  |
| 2024        | 2,019,850                              | 76,354,702          | 37.80  |
| 2025        | 1,878,050                              | 77,881,796          | 41.47  |
| 2026        | 1,794,850                              | 79,439,432          | 44.26  |
| 2027        | 1,279,600                              | 81,028,221          | 63.32  |
| 2028        | 1,225,950                              | 82,648,785          | 67.42  |
| 2029        | 877,250                                | 84,301,761          | 96.10  |
| 2030        | 721,700                                | 85,987,796          | 119.15   |
| 2031        | 699,100                                | 87,707,552          | 125.46   |
| 2032        | 625,450                                | 89,461,703          | 143.04   |
| 2033        | 608,500                                | 91,250,937          | 149.96   |
| 2034        | 588,200                                | 93,075,956          | 158.24   |
| 2035        | 576,500                                | 94,937,475          | 164.68   |
| 2036        | 564,800                                | 96,836,224          | 171.45   |
| 2037        | 548,100                                | 98,772,949          | 180.21   |
| 2038        | 531,500                                | 100,748,408         | 189.55   |
| 2039        | 520,050                                | 102,763,376         | 197.60   |
| 2040        | 353,600                                | 104,818,644         | 296.43   |
| 2041        | 346,800                                | 106,915,016         | 308.29   |
| Total       | \$ 19,992,090                          |                     |  |

(1) Total principal and interest projected as of June 30, 2021.

(2) Includes total state aid available for coverage. State aid is taken from the fiscal 2022 cherry sheet estimate and is increased at a rate of 2% each year thereafter. The State aid figures above no longer reflect school building assistance grants as such grants are no longer paid by the Commonwealth; they are now paid by the Massachusetts School Building Authority. Therefore, such payments no longer constitute "distributable aid" of the Commonwealth under Chapter 44A of the General Laws.

## Overlapping Debt

The City is a member of the Montachusett Area Regional Transit Authority (MART) and the Montachusett Regional Vocational Technical School District (MRVTSD). The following is the long term general obligation debt outstanding for each of the overlapping entities. Temporary loans such as revenue anticipation notes are not included.

| Overlapping Entity  | Debt outstanding As of June 30, 2021 | Fiscal 2022 Assessment(1) |
|---|--------------------------------------|---------------------------|
| Montachusett Area Regional Transit Authority(2)               | \$ -                                 | \$ 933,130                |
| Montachusett Regional Vocational Technical School District(3) | -                                    | 1,673,538                 |

(1) Estimated Assessment based on total operating expenses, inclusive of debt service.

(2) SOURCE: Montachusett Area Regional Transit Authority. MART serves 16 municipalities in northern Worcester County including the cities of Fitchburg, Gardner and Leominster and the towns of Ashburnham, Ashby, Ayer, Hardwick, Hubbardston, Lancaster, Littleton, Lunenburg, Royalston, Shirley, Templeton, Westminster and Winchendon. The municipal share is based on a percentage furnished by the Authority and is based on the most recent assessment of the net cost of service of the Authority, including debt service and operating expenses. Shares vary from year to year. Although the Commonwealth is not bound to do so, it is anticipated that the Commonwealth will provide contract assistance to the Authority from year to year absorbing up to 50 per cent of the aggregate net cost of service.

(3) SOURCE: Montachusett Regional Vocational Technical School District. The MRVTSD serves 17 municipalities in northern Worcester County including the cities of Fitchburg and Gardner and towns of Ashburnham, Ashby, Athol, Barre, Harvard, Hubbardston, Lunenburg, Petersham, Phillipston, Princeton, Royalston, Shirley, Templeton, Westminster and Winchendon. Towns may organize regional school districts to carry out general or specialized educational functions. Pursuant to special laws, a number of cities may also participate in regional school districts, primarily for vocational education. The operating expenses and debt service of regional school districts are apportioned among the member municipalities in accordance with the agreements establishing the districts. Assessments of member municipalities vary from year to year and are based upon the prior year's percent of each member's pupil enrollment relative to total pupil enrollment.

## **Authorized Unissued Debt and Potential Future Borrowing**

The City has approximately \$86,267,566 million in authorized unissued debt consisting of approximately \$65.05 million for Crocker Elementary School improvements, \$8.4 million for sewer, \$3.3 million for various school improvements, \$4.5 million for water, and \$5.8 million for airport improvements.

The City entered into a Consent Decree with the EPA and Mass DEP which was approved by the court in October of 2012 (the "Consent Decree"). The Consent Decree requires that the City adhere to judicially enforceable schedules to implement a number of measures designed to remedy the alleged violations including but not limited to development and implementation of enhanced sewer system operations and maintenance measures, measures to optimize performance of the East Fitchburg Wastewater Treatment Plant, measures to eliminate discharges from combination manholes, additional combined sewer separation projects, and measures to identify and eliminate illicit connections to the City's storm sewer system. The Consent Decree also proposes stipulated penalties for failure to comply with the remedial measures scheduled in the Consent Decree. The City is currently in compliance with the Consent Decree. City officials and its contracted engineers have been working hard to implement the requirements of the Consent Decree. The proposed remediation could cost a total of \$100 million over a seventeen year period. The projected cost of the project is within the EPA's rate impact guidelines when spread out over the period of the project. The City implemented an initial sewer rate increase in 2011 in order to support the beginning phases of the project. Additional sewer rate increases over the term of the project will be necessary in order to fully support all anticipated costs of the project.

## **Contractual Obligations**

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

Municipal contracts relating to solid waste disposal facilities may contain provisions requiring the delivery of minimum amounts of waste and payments based thereon and requiring payments in certain circumstances without regard to the operational status of the facilities.

Municipal electric departments have statutory power to enter into long-term contracts for joint ownership and operation of generating and transmission of facilities and for the purchase or sale of capacity, including contracts requiring payments without regard to the operational status of the facilities.

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

The City has two significant contractual obligations which are described below.

On February 12, 1992, the City entered into a twenty-five (25) year contract with Waste Management Inc. (WM), a subsidiary of Resource Control Inc. (RCI) for solid waste disposal services. In 2010 the contract was amended and restated to include additional time beyond the twenty-five years until capacity is reached which is now estimated to be July 2024. WM and the City are currently exploring short-term and long-term expansion beyond 2024. The contract provided a long term integrated solution to the solid waste needs of the City and requires WM to provide closure and maintenance for thirty (30) years after closure. WM provides host fees to the City based on the tonnage received at the landfill. The net payment to the City in FY21 was \$2,461,355 and budgeted to be \$2,524,774 in FY22.

The City also has a new (5) year contract with WM for curbside removal which became effective, July 1, 2018 and runs to June 30, 2023. Payments made by the City under this agreement are subject to annual appropriation by the City Council. The City cost was \$1,619,734 in FY21, and the City budgeted \$1,739,774 in FY22.

## RETIREMENT PLAN

The Massachusetts General Laws provide for the establishment of contributory retirement systems for state employees, for teachers and for county, city and town employees other than teachers. Teachers are assigned to a separate statewide teachers' system and not to the city and town systems. For all employees other than teachers, this law is subject to acceptance in each city and town. Substantially all employees of an accepting city or town are covered. If a town has a population of less than 10,000 when it accepts the statute, its non-teacher employees participate through the county system and its share of the county cost is proportionate to the aggregate annual rate of regular compensation of its covered employees. In addition to the contributory systems, cities and towns provide non-contributory pensions to a limited number of employees, primarily persons who entered service prior to July 1, 1937 and their dependents. The Public Employee Retirement Administration Commission ("PERAC") provides oversight and guidance for and regulates all state and local retirement systems.

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

If a city or town, or each member city and town of a county retirement system, has accepted the applicable law, it is required to annually appropriate an amount sufficient to pay not only its current pension obligations, but also a portion of its future pension liability. The portion of each such annual payment allocable to future pension obligations is required to be deposited in the pension reserve fund. The amount of the annual city or town appropriation for each such system is prescribed by a retirement system funding schedule which is periodically reviewed and approved by PERAC. Each system's retirement funding schedule is designed to reduce the unfunded actuarial pension liability of the system to zero by not later than June 30, 2030, with annual increases in the scheduled payment amounts of not more than 4.5 percent. The funding schedule must provide that payment in any year of the schedule is not less than 95 percent of the amount appropriated in the previous fiscal year. City, town and county systems which have an approved retirement funding schedule receive annual pension funding grants from the Commonwealth for the first 16 years of such funding schedule. Pursuant to recent legislation, a system (other than the state employees' retirement system and the teachers' retirement system) which conducts an actuarial valuation as of January 1, 2009, or later, may establish a revised schedule which reduces the unfunded actuarial liability to zero by not later than June 30, 2040, subject to certain conditions. If the schedule is so extended under such provisions and a later updated valuation allows for the development of a revised schedule with reduced payments, the revised schedule shall be adjusted to provide that the appropriation for each year shall not be less than that for such year under the prior schedule thus providing for a shorter schedule rather than reduced payments.

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

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

In addition to the contributing retirement system, Fitchburg currently provides a non-contributing pension to one survivor of a person who entered service prior to July 1, 1937.

As of January 1, 2020, the unfunded actuarial accrued liability (UAAL) of the Fitchburg Retirement System was approximately \$147,697,333 assuming an actuarial value of assets of \$131,246,880 and a 7.00% annual investment rate of return. The funding schedule for this liability is expected to be fully amortized by fiscal 2034 as shown in the schedule below. For further information on the Retirement System see the audited financial statements of the City for the fiscal year ended June 30, 2020 attached hereto as Appendix A.

The following table sets forth the City's annual contributions to its retirement system for the fiscal years indicated.

| Fiscal Year     | Contributory  | Non Contributory | Total         |
|-----------------|---------------|------------------|---------------|
| 2022 (budgeted) | \$ 14,486,866 | \$ -             | \$ 14,486,866 |
| 2021            | 13,831,012    | -                | 13,831,012    |
| 2020            | 13,189,700    | 16,112           | 13,205,812    |
| 2019            | 12,052,887    | 15,300           | 12,068,187    |
| 2018            | 11,096,890    | 14,908           | 11,111,798    |
| 2017            | 10,194,122    | 14,588           | 10,208,710    |

SOURCE: City Auditor.

### Fitchburg Retirement System Current Funding Schedule

| Fiscal Year | Unfunded Liability | Recognition of asset (loss)/gain* | Normal Cost | Funding Amortization of UAAL | Net 3(8)(c) Payments | Schedule Contribution** | % Change |
|-------------|--------------------|-----------------------------------|-------------|------------------------------|----------------------|-------------------------|----------|
| 2022        | 147,697,333        | -                                 | 2,075,966   | 13,078,521                   | 109,305              | 15,263,793              | 6.00%    |
| 2023        | 144,042,128        | 2,857,416                         | 2,159,005   | 13,911,310                   | 109,305              | 16,179,620              | 6.00%    |
| 2024        | 136,382,560        | -                                 | 2,245,365   | 14,795,727                   | 109,305              | 17,150,397              | 6.00%    |
| 2025        | 130,097,910        | -                                 | 2,335,179   | 15,734,937                   | 109,305              | 18,179,421              | 6.00%    |
| 2026        | 122,368,382        | -                                 | 2,428,587   | 16,732,295                   | 109,305              | 19,270,186              | 6.00%    |
| 2027        | 113,030,613        | -                                 | 2,525,730   | 17,791,362                   | 109,305              | 20,426,398              | 6.00%    |
| 2028        | 101,905,998        | -                                 | 2,626,759   | 18,915,917                   | 109,305              | 21,651,982              | 6.00%    |
| 2029        | 88,799,387         | -                                 | 2,731,830   | 20,109,966                   | 109,305              | 22,951,100              | 6.00%    |
| 2030        | 73,497,681         | -                                 | 2,841,103   | 21,377,758                   | 109,305              | 24,328,166              | 6.00%    |
| 2031        | 55,768,317         | -                                 | 2,954,747   | 22,723,804                   | 109,305              | 25,787,856              | 6.00%    |
| 2032        | 35,357,628         | -                                 | 3,072,937   | 24,152,886                   | 109,305              | 27,335,128              | 6.00%    |
| 2033        | 11,989,075         | -                                 | 3,195,854   | 11,989,075                   | 109,305              | 15,294,234              | -44.05%  |
| 2034        | -                  | -                                 | 3,323,688   | -                            | 109,305              | 3,432,994               | -77.55%  |

### Amortization of Unfunded Liability as of July 1, 2021

\* The currently unrecognized asset gains of \$2,762,368 will be recognized in the 1/1/2022 valuation. The asset gain will be adjusted with interest to the beginning of Fiscal 2023 to the amount shown in the schedule and will reduce the Fiscal 2024 Unfunded Liability

\*\* Contributions are set to be the amount resulting from a 6% increase on the prior year's contribution. The contribution in FY2033 decreases by -44.05%.

### Bases in the funding schedule:

- Amortization of the unfunded actuarial accrued liability: 12 years.

Source: January 1, 2020 Actuarial Valuation Report of the Fitchburg Retirement System, Stone Consulting.

### Other Post-Employment Benefits

In addition to pension benefits, cities and towns may provide retired employees with health care and life insurance benefits. The portion of the cost of such benefits paid by cities or towns is generally provided on a pay-as-you-go basis. The City does not currently keep separate records for such benefits paid on account of its retirees.

The Governmental Accounting Standards Board ("GASB") promulgated its Statement Nos. 43 and 45, which require public sector entities to report the future costs of these non-pension, post-employment benefits in their financial statements. These accounting standards do not require pre-funding the payments of these costs as the liability for such costs accrues, but the

basis applied by the standards for measurement of costs and liabilities for these benefits is conservative if they continue to be funded on a pay-as-you-go basis and will result in larger yearly cost and liability accruals than if such benefits were pre-funded in a trust fund in the same manner as traditional pension benefits. Although cities and towns that choose to self-insure all or a portion of the cost of the health care benefits they provide to employees and retirees may establish a trust fund for the purpose of paying claims, Massachusetts General Laws do not currently provide cities and towns with general legal authority to establish a trust fund for the purpose of pre-funding this liability in the same manner as traditional pension benefits.

The City was required to implement the GASB reporting requirements for other post-employment benefits beginning in fiscal year 2009. The City hired Danziger & Markhoff LLP to perform an actuarial valuation of its non-pension, post-employment benefit liability as of June 30, 2020. The valuation has been completed and the full report is available upon request. As of June 30, 2020, the net OPEB liability is approximately \$184,263,858 and the actuarially determined contribution (ADC) is \$18,222,204, assuming a 2.66% investment rate of return. The pay-as-you-go cost to the City for fiscal 2021 was \$5,035,291.

The City and the Public Employee Committee (PEC) were able to come to an agreement for health plan design modifications that increased co-pays for hospital stays, doctor visits, and prescription drugs, resulting in a drop in premiums. The City and the PEC also agreed that employees would pay a greater share (30%) of premiums on all plans, except the least expensive HMO which required a 25% share for employees. In addition, changes in Massachusetts retirement laws will lead to later retirements. All these changes have had a beneficial effect on the City's health care cost and OPEB liability. In June, 2015, the City created an OPEB Trust Fund and appropriated \$250,000 into it. The balance in the fund as of June 30, 2021 is \$1,997,633.

## EMPLOYEE RELATIONS

The City employs approximately 1,302 full and part-time workers: 877 are employed by the School Department; 90 are employed by the Fire department; 94 by the Police Department; 94 by the Public Works Department and 147 by various other City departments. City employees (other than managerial and confidential employees) are entitled to join unions and bargain collectively on questions of wages, hours and other terms and conditions of employment.

Approximately 977 of the City's full-time employees are represented by the following unions:

| Contract<br>Expiration<br>Dates (1) | Bargaining Union                      | Union   | Approximate<br>Number of<br>Employees |
|-------------------------------------|---------------------------------------|---|---------------------------------------|
| 6/30/2021                           | School Teachers (Unit A)              | Fitchburg Education Association   | 425                                   |
| 6/30/2022                           | Firefighters                          | IAFF-Local 3128   | 84                                    |
| 6/30/2022                           | Police                                | Fitchburg Police Union  | 72                                    |
| 6/30/2024                           | Cafeteria Workers                     | S.E.I.U. Local 888  | 46                                    |
| 6/30/2020                           | Public Works                          | MLDC Local 39   | 40                                    |
| 6/30/2020                           | Clerical Workers (City)               | A.F.S.C.M.E. Local 2034   | 20                                    |
| 6/30/2020                           | Wastewater Treatment Facilities       | SEIU 888  | 19                                    |
| 6/30/2020                           | Board of Health & Building Inspectors | SEIU Local 888  | 15                                    |
| 6/30/2021                           | School Custodians                     | Fitchburg School Custodians Assn.                                       | 22                                    |
| 6/30/2022                           | Administration (City Hall)            | Fitchburg Association of Managers,<br>Administrators and Special Skills | 36                                    |
| 6/30/2021                           | Library                               | Fitchburg Library Association   | 18                                    |
| 6/30/2020                           | Dispatchers/Linesmen/Pkg Control      | MassCOP   | 12                                    |
| 6/30/2021                           | School Nurses                         | Fitchburg Nurses Association  | 16                                    |
| 6/30/2024                           | Para-Educators                        | Mass Teachers Assn/NEA  | 88                                    |
| 6/30/2021                           | School Administrators                 | Fitchburg Administrators Assoc.   | 38                                    |
| 6/30/2024                           | School Clerical                       | Fitchburg P.S. Clerical Assoc.  | 26                                    |

(1) The City is in the process of negotiating expired contracts.

## **LITIGATION**

On an ongoing basis, there are typically pending legal issues in which the City is involved. In the opinion of the City Solicitor, there are no cases pending or threatened in which the future settlement or liability thereof, will have a material effect on the City's financial statements taken as a whole.

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CITY OF FITCHBURG, MASSACHUSETTS  
/s/ Anne Cervantes, Treasurer/Collector

March 16, 2022