

**CITY OF FRAMINGHAM, MASSACHUSETTS**

**INDEPENDENT AUDITORS' REPORT ON  
BASIC FINANCIAL STATEMENTS AND  
REQUIRED SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2020**



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## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council  
City of Framingham, Massachusetts

### **Report on the Financial Statements**

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

**Opinions**

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

**Other Matters**

*Required Supplementary Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2021 on our consideration of the City of Framingham, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Framingham, Massachusetts' internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Boston, Massachusetts  
June 18, 2021

**CITY OF FRAMINGHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

As management of the City of Framingham, Massachusetts (City), we offer readers of these financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2020.

***Financial Highlights***

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$147,160,201 (net position).
- The City's total net position decreased \$8,774,962.
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$47,933,673, or 14.9%, of total general fund expenditures and transfers out.
- The City's total outstanding debt decreased by \$15,175,945, or 5.5%, during the fiscal year.

***Overview of the Basic Financial Statements***

This discussion and analysis is intended to serve as an introduction to the *basic financial statements*, which consists of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements

This report also contains required supplementary information in addition to the basic financial statements, consisting of the following:

1. General Fund – Schedule of revenues, expenditures and changes in fund balance – non-GAAP budgetary basis - budget and actual
2. Other postemployment benefits schedules
3. Pension plan schedules

**Government-Wide Financial Statements**

The government-wide and enterprise fund financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The **statement of net position** presents information on all of the City's nonfiduciary assets and deferred outflows, and liabilities and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

**CITY OF FRAMINGHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

***Overview of the Basic Financial Statements (Continued)***

**Government-Wide Financial Statements (Continued)**

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

Governmental activities include general government, public safety, education, public works, health and human services, culture and recreation and debt service (interest). Business-type activities include the City's utility operations.

The government-wide financial statements can be found on pages 11-13 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds
2. Proprietary funds
3. Fiduciary funds

**Governmental funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City maintains hundreds of individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund and school capital projects fund (capital project), both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*.

The governmental funds basic financial statements can be found on pages 14-17 of this report.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**Proprietary funds**

The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its utility operations. *Internal service funds* are an accounting device used to accumulate and allocate the costs internally among the City's various functions related to self-insurance activities. The services provided by these funds predominately benefit the governmental rather than the business-type functions. Accordingly, the internal service funds have been included within *governmental activities* in the government-wide financial statements.

The proprietary funds basic financial statements can be found on pages 18-20 of this report.

**Fiduciary funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The fiduciary funds provide combined information for the City's pension and OPEB trust funds. Agency funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the caption "agency funds".

The fiduciary funds basic financial statements can be found on pages 21-22 of this report.

**Notes to the basic financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 23-65 of this report.

**Required supplementary information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Presented in this information is the general fund schedule of revenues, expenditures and changes in fund balance (budget and actual) and certain pension and other post-employment benefits information, which can be found on pages 66-73.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

***Government-Wide Financial Analysis***

The following tables present current and prior year data on the government-wide financial statements.

**Net Position**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$147,160,201 at the close of the fiscal year and is summarized as follows:

	2020	2019	2020	2019	2020	2019
<b>Assets</b>						
Current Assets	\$ 134,193,090	\$ 118,332,017	\$ 23,978,503	\$ 22,854,639	\$ 158,171,593	\$ 141,186,656
Noncurrent Assets (Excluding Capital Assets)	-	-	1,012,226	1,062,368	1,012,226	1,062,368
Capital Assets (Net)	240,825,523	225,055,892	262,725,038	252,494,298	503,550,561	477,550,190
Total Assets	<u>375,018,613</u>	<u>343,387,909</u>	<u>287,715,767</u>	<u>276,411,305</u>	<u>662,734,380</u>	<u>619,799,214</u>
<b>Deferred Outflows of Resources</b>	<u>117,377,891</u>	<u>128,147,560</u>	<u>2,932,660</u>	<u>2,752,302</u>	<u>120,310,551</u>	<u>130,899,862</u>
<b>Liabilities</b>						
Current Liabilities (Excluding Debt)	26,902,442	25,906,240	3,463,525	4,573,039	30,365,967	30,479,279
Noncurrent Liabilities (Excluding Debt)	507,717,216	499,721,817	13,233,426	10,827,929	520,950,642	510,549,746
Current Debt	43,009,297	13,708,385	32,192,646	15,188,840	75,201,943	28,897,225
Noncurrent Debt	68,794,259	80,050,507	162,682,060	171,864,435	231,476,319	251,914,942
Total Liabilities	<u>646,423,214</u>	<u>619,386,949</u>	<u>211,571,657</u>	<u>202,454,243</u>	<u>857,994,871</u>	<u>821,841,192</u>
<b>Deferred Inflows of Resources</b>	<u>70,390,615</u>	<u>65,615,512</u>	<u>1,819,646</u>	<u>1,627,611</u>	<u>72,210,261</u>	<u>67,243,123</u>
<b>Net Position</b>						
Net Investment in Capital Assets	138,305,290	134,457,238	76,658,600	67,605,133	214,963,890	202,062,371
Restricted	22,782,789	10,638,885	-	-	22,782,789	10,638,885
Unrestricted	(385,505,404)	(358,563,115)	598,524	7,476,620	(384,906,880)	(351,086,495)
Total Net Position	<u>\$ (224,417,325)</u>	<u>\$ (213,466,992)</u>	<u>\$ 77,257,124</u>	<u>\$ 75,081,753</u>	<u>\$ (147,160,201)</u>	<u>\$ (138,385,239)</u>

The largest portion of the City's net position reflects its net investment in capital assets (e.g., land, construction in progress, land improvements, buildings and improvements, vehicles, machinery and equipment and infrastructure). These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance represents a net deficit of \$384,906,880.

The City has no unrestricted net position available for the support of governmental activities. Such resources have been consumed with the recognition of net pension and total other postemployment benefits liabilities. The City has \$598,524 that may be used to support business-type activities.



**CITY OF FRAMINGHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

**Government-Wide Financial Analysis (Continued)**

**Changes in Net Position**

For the fiscal year ended June 30, 2020, the City's total net position decreased \$8,774,962, compared to a decrease of \$5,965,982 in the prior fiscal year. These amounts are summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for Services	\$ 13,065,506	\$ 18,858,586	\$ 49,878,665	\$ 47,149,380	\$ 62,944,171	\$ 66,007,966
Operating Grants and Contributions	107,299,429	96,295,543	2,698,166	1,884,201	109,997,595	98,179,744
Capital Grants and Contributions	13,295,394	4,144,513	94,046	-	13,389,440	4,144,513
<i>General Revenues:</i>						
Real Estate and Personal Property Taxes	194,810,934	193,383,839	-	-	194,810,934	193,383,839
Tax Liens	1,438,172	1,131,887	-	-	1,438,172	1,131,887
Motor Vehicle and Other Excise Taxes	9,103,500	8,904,210	-	-	9,103,500	8,904,210
Meals Tax	1,405,231	1,527,407	-	-	1,405,231	1,527,407
Hotel/Motel Tax	1,180,790	1,475,090	-	-	1,180,790	1,475,090
Penalties and Interest on Taxes	958,472	970,439	-	-	958,472	970,439
Payments in Lieu of Taxes	479,660	694,814	-	-	479,660	694,814
Grants and Contributions not Restricted to Specific Programs	11,977,698	11,551,486	-	-	11,977,698	11,551,486
Unrestricted Investment Income	1,065,083	2,567,864	-	51,930	1,065,083	2,619,794
Other	-	896,297	-	-	-	896,297
<b>Total Revenues</b>	<b>356,079,869</b>	<b>342,401,975</b>	<b>52,670,877</b>	<b>49,085,511</b>	<b>408,750,746</b>	<b>391,487,486</b>
<b>Expenses</b>						
General Government	18,762,426	18,046,210	-	-	18,762,426	18,046,210
Public Safety	50,744,621	50,883,272	-	-	50,744,621	50,883,272
Education	254,290,106	238,449,332	-	-	254,290,106	238,449,332
Public Works	28,307,791	25,776,620	-	-	28,307,791	25,776,620
Health and Human Services	4,185,465	3,592,233	-	-	4,185,465	3,592,233
Culture and Recreation	11,275,768	11,767,679	-	-	11,275,768	11,767,679
Debt Service - Interest	2,386,263	2,291,569	-	-	2,386,263	2,291,569
Utility	-	-	47,573,268	46,646,553	47,573,268	46,646,553
<b>Total Expenses</b>	<b>369,952,440</b>	<b>350,806,915</b>	<b>47,573,268</b>	<b>46,646,553</b>	<b>417,525,708</b>	<b>397,453,468</b>
Change in Net Position Before Transfers	(13,872,571)	(8,404,940)	5,097,609	2,438,958	(8,774,962)	(5,965,982)
Transfers, Net	2,922,238	-	(2,922,238)	-	-	-
Change in Net Position	(10,950,333)	(8,404,940)	2,175,371	2,438,958	(8,774,962)	(5,965,982)
Net Position - Beginning of Year	(213,466,992)	(205,062,052)	75,081,753	72,642,795	(138,385,239)	(132,419,257)
Net Position - End of Year	<u>\$ (224,417,325)</u>	<u>\$ (213,466,992)</u>	<u>\$ 77,257,124</u>	<u>\$ 75,081,753</u>	<u>\$ (147,160,201)</u>	<u>\$ (138,385,239)</u>

Governmental activities decreased the City's net position by \$10,950,333, consistent with the prior year decrease of \$8,404,940.

Business-type activities increased the City's net position by \$2,175,371, consistent with the prior year increase of \$2,438,958.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

***Fund Financial Statement Analysis***

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements.

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$64,182,282 a decrease of \$17,998,608, in comparison with the prior year. \$30,277,984 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable - \$523,192
- Restricted - \$22,065,160
- Committed - \$10,037,177
- Assigned - \$1,278,769

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$47,933,673, while total fund balance was \$59,282,575. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures and transfers out. Unassigned fund balance represents 14.9% of total general fund expenditures and transfers out, while total fund balance represents 18.4% of that same amount.

The fund balance of the City's general fund decreased \$1,635,143 during fiscal year 2020. The City recognized a positive budget to actual variance (excluding encumbrances and continuing appropriations) totaling approximately \$8,256,000; and used approximately \$10,780,000 of reserves to fund the fiscal year 2020 budget.

Financial highlights of the City's other major governmental fund is as follows:

The fund balance of the school projects fund (capital projects) decreased \$12,597,147 during the current fiscal year. The fund recognized \$11,901,037 of intergovernmental revenues and \$524,647 of bond proceeds and premiums. Expenditures totaled \$25,022,831.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the utility enterprise fund at the end of the year amounted to \$598,524. The utility enterprise fund had an increase in net position for the year of \$2,175,371. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Unrestricted net position of the internal service funds at the end of the year amounted to \$4,742,272. The internal service funds had a decrease in net position for the year of \$388,439.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

***Fund Financial Statement Analysis (Continued)***

**General Fund Budgetary Highlights**

The original General Fund budgeted expenditures (including transfers out) totaled \$296,837,150. During the year, supplemental appropriations totaling \$2,207,427 were authorized.

***Capital Assets and Debt Administration***

**Capital Assets**

The City's investment in capital assets for its governmental and business-type activities at the end of the fiscal year totaled \$503,550,561 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, vehicles, machinery and equipment and infrastructure. The total net increase in the investment in capital assets for the current fiscal year was \$26,000,371.

Major capital asset events that occurred during the current fiscal year include the following:

- Various road and sidewalk improvements (approximately \$12,850,000)
- Fuller Middle School construction in progress (approximately \$15,600,000)
- Various utility improvements (approximately \$16,150,000)

The following table summarizes the City's capital assets (net of accumulated depreciation):

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 20,592,724	\$ 20,561,440	\$ 1,486,313	\$ 1,389,073	\$ 22,079,037	\$ 21,950,513
Construction in Progress	20,049,266	4,483,311	6,519,110	8,111,792	26,568,376	12,595,103
Buildings and Improvements	113,932,806	126,233,798	50,283,803	49,581,391	164,216,609	175,815,189
Vehicles, Machinery, and Equipment	18,968,608	19,326,514	4,288,887	5,044,440	23,257,495	24,370,954
Infrastructure	67,282,119	54,450,829	200,146,925	188,367,602	267,429,044	242,818,431
Total Capital Assets	<u>\$ 240,825,523</u>	<u>\$ 225,055,892</u>	<u>\$ 262,725,038</u>	<u>\$ 252,494,298</u>	<u>\$ 503,550,561</u>	<u>\$ 477,550,190</u>

Additional information on the City's capital assets can be found in Note 5 of this report.

**Long-Term Debt**

At the end of the current fiscal year, total debt outstanding was \$258,362,181, which is backed by the full faith and credit of the City, and is summarized as follows:

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Bonds and Notes Payable	\$ 71,689,141	\$ 79,115,993	\$ 119,528,659	\$ 123,996,608	\$ 191,217,800	\$ 203,112,601
Direct Borrowings	408,316	468,439	48,989,339	53,294,169	49,397,655	53,762,608
Unamortized Bond Premiums	7,418,111	7,013,625	10,328,615	9,649,292	17,746,726	16,662,917
Total Debt	<u>\$ 79,515,568</u>	<u>\$ 86,598,057</u>	<u>\$ 178,846,613</u>	<u>\$ 186,940,069</u>	<u>\$ 258,362,181</u>	<u>\$ 273,538,126</u>

The City's total outstanding debt decreased by \$15,175,945, or 5.5%, during the fiscal year.

The City's most recent bond rating from Moody's Investors Services was Aa2. Additional information on the City's long-term debt can be found in Notes 8 and 9 of this report.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED JUNE 30, 2020**

***Requests for Information***

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Accountant, 150 Concord Street, Framingham, Massachusetts 01702.

**CITY OF FRAMINGHAM, MASSACHUSETTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	\$ 68,349,094	10,249,249	\$ 78,598,343
Restricted Cash and Cash Equivalents	27,285,168	-	27,285,168
Investments	8,119,851	-	8,119,851
Restricted Investments	17,513,684	-	17,513,684
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes	3,000,777	-	3,000,777
Tax, Trash and Utility Liens	2,231,126	-	2,231,126
Motor Vehicle and Other Excise Taxes	1,876,175	-	1,876,175
User Charges	-	13,727,861	13,727,861
Special Assessments	-	1,393	1,393
Departmental and Other	300,901	-	300,901
Loans	184,722	-	184,722
Intergovernmental	5,284,046	-	5,284,046
Other Assets	47,546	-	47,546
<b>Total Current Assets</b>	<b>134,193,090</b>	<b>23,978,503</b>	<b>158,171,593</b>
Noncurrent Assets:			
Receivables, Net of Allowance for Uncollectible Amounts:			
Special Assessments	-	253,500	253,500
Intergovernmental	-	758,726	758,726
Capital Assets not being Depreciated	40,641,990	8,005,423	48,647,413
Capital Assets, Net of Accumulated Depreciation	200,183,533	254,719,615	454,903,148
<b>Total Noncurrent Assets</b>	<b>240,825,523</b>	<b>263,737,264</b>	<b>504,562,787</b>
<b>Total Assets</b>	<b>375,018,613</b>	<b>287,715,767</b>	<b>662,734,380</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to OPEB	100,544,593	2,224,542	102,769,135
Related to Pension	16,833,298	708,118	17,541,416
<b>Total Deferred Outflows of Resources</b>	<b>117,377,891</b>	<b>2,932,660</b>	<b>120,310,551</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Warrants Payable	11,648,901	2,337,312	13,986,213
Accrued Payroll	13,286,232	200,333	13,486,565
Other Liabilities	927,370	10,401	937,771
Accrued Interest	372,086	910,969	1,283,055
Capital Lease Obligations	577,029	-	577,029
Compensated Absences	90,824	4,510	95,334
Short Term Notes Payable	32,287,988	16,028,093	48,316,081
Bonds and Notes Payable	10,721,309	16,164,553	26,885,862
<b>Total Current Liabilities</b>	<b>69,911,739</b>	<b>35,656,171</b>	<b>105,567,910</b>
Noncurrent Liabilities:			
Capital Lease Obligations	4,813,342	-	4,813,342
Compensated Absences	4,450,333	221,010	4,671,343
Net Pension Liability	99,479,412	4,184,751	103,664,163
Net OPEB Liability	398,974,129	8,827,665	407,801,794
Bonds and Notes Payable	68,794,259	162,682,060	231,476,319
<b>Total Noncurrent Liabilities</b>	<b>576,511,475</b>	<b>175,915,486</b>	<b>752,426,961</b>
<b>Total Liabilities</b>	<b>646,423,214</b>	<b>211,571,657</b>	<b>857,994,871</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to OPEB	57,237,150	1,266,326	58,503,476
Related to Pension	13,153,465	553,320	13,706,785
<b>Total Deferred Inflows of Resources</b>	<b>70,390,615</b>	<b>1,819,646</b>	<b>72,210,261</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	138,305,290	76,658,600	214,963,890
Restricted for:			
School State Grants	5,036,098	-	5,036,098
School Special Revenue	4,614,479	-	4,614,479
Other Special Revenue	5,810,968	-	5,810,968
Debt Service	32,956	-	32,956
Permanent Funds:			
Expendable	3,092,678	-	3,092,678
Nonexpendable	523,192	-	523,192
Other Specific Purposes	3,672,418	-	3,672,418
Unrestricted	(385,505,404)	598,524	(384,906,880)
<b>Total Net Position</b>	<b>\$ (224,417,325)</b>	<b>\$ 77,257,124</b>	<b>\$ (147,160,201)</b>

See accompanying Notes to Financial Statements.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020**

Functions/Programs	Expenses	Program Revenues		Net (Expense)/ Revenue	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Primary Government:</b>					
Governmental Activities:					
General Government	\$ 18,762,426	\$ 2,688,563	\$ 4,240,237	\$ -	\$ (11,833,626)
Public Safety	50,744,621	3,763,645	1,432,651	-	(45,548,325)
Education	254,290,106	5,064,824	99,511,277	10,451,607	(139,262,398)
Public Works	28,307,791	525,473	813,093	2,843,787	(24,125,438)
Health and Human Services	4,185,465	199,262	676,464	-	(3,309,739)
Culture and Recreation	11,275,768	823,739	625,707	-	(9,826,322)
Debt Service-Interest	2,386,263	-	-	-	(2,386,263)
Total Governmental Activities	<u>369,952,440</u>	<u>13,065,506</u>	<u>107,299,429</u>	<u>13,295,394</u>	<u>(236,292,111)</u>
Business-Type Activities:					
Utility	<u>47,573,268</u>	<u>49,878,665</u>	<u>2,698,166</u>	<u>94,046</u>	<u>5,097,609</u>
Total Primary Government	<u>\$ 417,525,708</u>	<u>\$ 62,944,171</u>	<u>\$ 109,997,595</u>	<u>\$ 13,389,440</u>	<u>\$ (231,194,502)</u>

See accompanying Notes to Financial Statements.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>CHANGES IN NET POSITION</b>			
Net (Expense) Revenue (From Previous Page)	<u>\$(236,292,111)</u>	<u>\$ 5,097,609</u>	<u>\$ (231,194,502)</u>
General Revenues:			
Real Estate and Personal Property Taxes	194,810,934	-	194,810,934
Tax Liens	1,438,172	-	1,438,172
Motor Vehicle and Other Excise Taxes	9,103,500	-	9,103,500
Meals Tax	1,405,231	-	1,405,231
Hotel/Motel Tax	1,180,790	-	1,180,790
Penalties and Interest on Taxes	958,472	-	958,472
Payments in Lieu of Taxes	479,660	-	479,660
Grants and Contributions Not Restricted to Specific Programs	11,977,698	-	11,977,698
Unrestricted Investment Income	1,065,083	-	1,065,083
Transfers, Net	<u>2,922,238</u>	<u>(2,922,238)</u>	<u>-</u>
Total General Revenues and Transfers	<u>225,341,778</u>	<u>(2,922,238)</u>	<u>222,419,540</u>
<b>CHANGE IN NET POSITION</b>	(10,950,333)	2,175,371	(8,774,962)
Net Position - Beginning of Year	<u>(213,466,992)</u>	<u>75,081,753</u>	<u>(138,385,239)</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$(224,417,325)</u></u>	<u><u>\$ 77,257,124</u></u>	<u><u>\$ (147,160,201)</u></u>

See accompanying Notes to Financial Statements.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2020**

	General	School Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 68,349,094	\$ -	\$ -	\$ 68,349,094
Investments	8,119,851	-	-	8,119,851
Receivables, Net of Allowance for Uncollectible Amounts:				
Real Estate and Personal Property Taxes	3,000,777	-	-	3,000,777
Tax and Trash Liens	2,231,126	-	-	2,231,126
Motor Vehicle and Other Excise Taxes	1,876,175	-	-	1,876,175
Departmental and Other	210,480	-	9,715	220,195
Intergovernmental	104,079	913,118	4,266,849	5,284,046
Loans	-	-	184,722	184,722
Other Assets	47,546	-	-	47,546
Restricted Assets:				
Cash and Cash Equivalents	32,956	14,945,653	12,306,559	27,285,168
Investments	-	-	12,839,536	12,839,536
Total Assets	<u>\$ 83,972,084</u>	<u>\$ 15,858,771</u>	<u>\$ 29,607,381</u>	<u>\$ 129,438,236</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Warrants Payable	\$ 3,925,294	\$ 4,334,769	\$ 3,376,256	\$ 11,636,319
Accrued Payroll	12,953,943	-	332,289	13,286,232
Other Liabilities	886,663	-	40,707	927,370
Short-Term Notes Payable	-	23,224,848	9,063,140	32,287,988
Total Liabilities	<u>17,765,900</u>	<u>27,559,617</u>	<u>12,812,392</u>	<u>58,137,909</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue	<u>6,923,609</u>	<u>-</u>	<u>194,436</u>	<u>7,118,045</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	523,192	523,192
Restricted	32,956	-	22,032,204	22,065,160
Committed	10,037,177	-	-	10,037,177
Assigned	1,278,769	-	-	1,278,769
Unassigned	<u>47,933,673</u>	<u>(11,700,846)</u>	<u>(5,954,843)</u>	<u>30,277,984</u>
Total Fund Balances	<u>59,282,575</u>	<u>(11,700,846)</u>	<u>16,600,553</u>	<u>64,182,282</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 83,972,084</u>	<u>\$ 15,858,771</u>	<u>\$ 29,607,381</u>	<u>\$ 129,438,236</u>

See accompanying Notes to Financial Statements.



**CITY OF FRAMINGHAM, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TOTAL FUND  
BALANCES TO THE STATEMENT OF NET POSITION  
YEAR ENDED JUNE 30, 2020**

Total Governmental Fund Balances	\$ 64,182,282
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	240,825,523
The net activity of the internal service funds is reported within Governmental Activities	4,742,272
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds	7,118,045
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due	(372,086)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds and Notes Payable, Net	(79,515,568)
Capital Lease Obligations	(5,390,371)
Compensated Absences	(4,541,157)
Net Pension Liability	(99,479,412)
Net OPEB Liability	(398,974,129)
In the statement of net position, deferred outflows and inflows of resources are reported for amounts related to OPEB. This amount represents the net deferrals.	43,307,443
In the statement of net position, deferred outflows and inflows of resources are reported for amounts related to pensions. This amount represents the net deferrals.	<u>3,679,833</u>
Net Position of Governmental Activities	<u><u>\$(224,417,325)</u></u>

See accompanying Notes to Financial Statements.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED JUNE 30, 2020**

	General	School Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
Real Estate and Personal Property Taxes	\$ 193,622,777	\$ -	\$ -	\$ 193,622,777
Motor Vehicle and Other Excise Taxes	8,662,323	-	-	8,662,323
Meals Tax	1,405,231	-	-	1,405,231
Tax and Trash Liens	1,708,292	-	-	1,708,292
Payments in Lieu of Taxes	479,660	-	-	479,660
Fees and Rentals	1,880,821	-	1,974,380	3,855,201
Intergovernmental	66,177,196	11,901,037	22,219,699	100,297,932
State Grant for Teachers' Retirement	33,110,720	-	-	33,110,720
Hotel/Motel Tax	1,180,790	-	-	1,180,790
Penalties and Interest on Taxes	958,472	-	-	958,472
Licenses and Permits	3,371,273	-	69,925	3,441,198
Fines and Forfeitures	481,118	-	52,604	533,722
Departmental and Other	917,846	-	3,636,516	4,554,362
Contributions	-	-	754,364	754,364
Investment Income	715,748	-	244,466	960,214
Miscellaneous	855,725	-	1,003,057	1,858,782
Total Revenues	<u>315,527,992</u>	<u>11,901,037</u>	<u>29,955,011</u>	<u>357,384,040</u>
<b>EXPENDITURES</b>				
Current:				
General Government	11,404,136	-	2,911,670	14,315,806
Public Safety	30,585,851	-	3,121,510	33,707,361
Education	147,945,540	25,022,831	18,174,834	191,143,205
Public Works	13,629,098	-	9,925,690	23,554,788
Health and Human Services	2,172,772	-	695,801	2,868,573
Culture and Recreation	6,255,221	-	2,510,986	8,766,207
Pension Benefits	18,802,616	-	-	18,802,616
Pension Benefits - Teachers' Retirement	33,110,720	-	-	33,110,720
Employee Benefits	34,341,152	-	-	34,341,152
State and County Charges	8,063,175	-	-	8,063,175
Debt Service:				
Principal	11,176,714	-	-	11,176,714
Interest	3,407,004	-	-	3,407,004
Total Expenditures	<u>320,893,999</u>	<u>25,022,831</u>	<u>37,340,491</u>	<u>383,257,321</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>(5,366,007)</u>	<u>(13,121,794)</u>	<u>(7,385,480)</u>	<u>(25,873,281)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds of Bonds and Notes	-	514,214	3,175,525	3,689,739
Premium from Issuance of Bonds and Notes	4,119	10,433	1,248,144	1,262,696
Transfers In	4,411,545	-	184,800	4,596,345
Transfers Out	(684,800)	-	(989,307)	(1,674,107)
Total Other Financing Sources (Uses)	<u>3,730,864</u>	<u>524,647</u>	<u>3,619,162</u>	<u>7,874,673</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,635,143)	(12,597,147)	(3,766,318)	(17,998,608)
Fund Balances - Beginning of Year	<u>60,917,718</u>	<u>896,301</u>	<u>20,366,871</u>	<u>82,180,890</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 59,282,575</u>	<u>\$ (11,700,846)</u>	<u>\$ 16,600,553</u>	<u>\$ 64,182,282</u>

See accompanying Notes to Financial Statements.

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

Net Change in Fund Balances - Total Governmental Funds	\$(17,998,608)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These amounts represent the related activity of the current period.</p>	
Capital Outlays	35,176,943
Depreciation	(19,407,312)
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.</p>	
	(1,409,039)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. Also, governmental funds report the effect of material premiums and discounts when debt is first issued, whereas these amounts are amortized in the statement of activities. These amounts represent the related activity of the current period.</p>	
Proceeds of Bonds	(3,689,739)
Bond Maturities	11,176,714
Net Amortization of Bond Premiums	(404,487)
Amortization of Deferred Gains on Refundings	175,365
Capital Lease Maturities	555,725
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.</p>	
	(12,845)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>	
Compensated Absences	(185,629)
Net Pension Liability	20,328,588
Net OPEB Liability	(19,147,422)
<p>In the statement of activities, deferred outflows and inflows of resources related to OPEB are amortized and recognized as OPEB expense. This amount represents the net change in deferred outflows and inflows of resources related to OPEB.</p>	
	4,337,369
<p>In the statement of activities, deferred outflows and inflows of resources related to pensions are amortized and recognized as pension expense. This amount represents the net change in deferred outflows and inflows related to pensions.</p>	
	(20,057,517)
<p>The net activity of internal service funds is reported with Governmental Activities</p>	
	(388,439)
Changes in Net Position of Governmental Activities	\$(10,950,333)

See accompanying Notes to Financial Statements.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2020**

	Business-Type Activities Enterprise Fund Utility Enterprise	Internal Service Funds
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 10,249,249	\$ -
Restricted Investments	-	4,674,148
Receivables, Net of Allowance for Uncollectible Amounts:		
User Charges	13,727,861	-
Special Assessments	1,393	-
Departmental and Other	-	80,706
Total Current Assets	23,978,503	4,754,854
Noncurrent Assets:		
Receivables, Net of Allowance for Uncollectible Amounts:		
Special Assessments	253,500	-
Intergovernmental	758,726	-
Capital Assets not being Depreciated	8,005,423	-
Capital Assets, Net of Accumulated Depreciation	254,719,615	-
Total Noncurrent Assets	263,737,264	-
Total Assets	287,715,767	4,754,854
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Related to OPEB	2,224,542	-
Related to Pension	708,118	-
Total Deferred Outflows of Resources	2,932,660	-
<b>LIABILITIES</b>		
Current Liabilities:		
Warrants Payable	2,337,312	12,582
Accrued Payroll	200,333	-
Other Liabilities	10,401	-
Accrued Interest	910,969	-
Compensated Absences	4,510	-
Short-Term Notes Payable	16,028,093	-
Long-Term Bonds and Notes Payable	16,164,553	-
Total Current Liabilities	35,656,171	12,582
Noncurrent Liabilities:		
Compensated Absences	221,010	-
Net Pension Liability	4,184,751	-
Net OPEB Liability	8,827,665	-
Long-Term Bonds and Notes Payable	162,682,060	-
Total Noncurrent Liabilities	175,915,486	-
Total Liabilities	211,571,657	12,582
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Related to OPEB	1,266,326	-
Related to Pension	553,320	-
Total Deferred Inflows of Resources	1,819,646	-
<b>NET POSITION</b>		
Net Investment in Capital Assets	76,658,600	-
Unrestricted	598,524	4,742,272
Total Net Position	\$ 77,257,124	\$ 4,742,272

See accompanying Notes to Financial Statements.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
 YEAR ENDED JUNE 30, 2020**

	Business-Type Activities <u>Enterprise Fund</u> Utility <u>Enterprise</u>	Internal Service Funds <u>                    </u>
<b>OPERATING REVENUES</b>		
Charges for Services	\$ 49,878,665	\$ -
Employee Contributions	-	500,635
Total Operating Revenues	<u>49,878,665</u>	<u>500,635</u>
<b>OPERATING EXPENSES</b>		
Cost of Service and Administration	6,860,221	-
MWRA Assessment	22,010,381	-
Salaries and Wages Expenses	6,533,162	-
Depreciation	7,854,436	-
Employee Benefits	-	993,942
Total Operating Expenses	<u>43,258,200</u>	<u>993,942</u>
<b>OPERATING INCOME (LOSS)</b>	<u>6,620,465</u>	<u>(493,307)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Intergovernmental	2,620,821	-
Investment Income	77,345	104,868
Interest Expense	(4,315,068)	-
Total Nonoperating Revenues (Expenses), Net	<u>(1,616,902)</u>	<u>104,868</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	<u>5,003,563</u>	<u>(388,439)</u>
Capital Contributions	94,046	-
Transfers In	500,000	-
Transfers Out	(3,422,238)	-
Total Capital Contributions and Transfers	<u>(2,828,192)</u>	<u>-</u>
<b>CHANGE IN FUND NET POSITION</b>	2,175,371	(388,439)
Net Position - Beginning of Year	<u>75,081,753</u>	<u>5,130,711</u>
<b>FUND NET POSITION - END OF YEAR</b>	<u>\$ 77,257,124</u>	<u>\$ 4,742,272</u>

See accompanying Notes to Financial Statements.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020**

	Business-Type Activities - Utility Fund	Governmental Activities- Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers and Users	\$ 49,552,158	\$ -
Receipts from Interfund Services Provided	-	539,180
Payments to Vendors	(27,215,454)	(62,204)
Payments to Employees	(6,461,196)	-
Payments for Interfund Services Used	-	(1,036,593)
Net Cash Provided (Used) by Operating Activities	<u>15,875,508</u>	<u>(559,617)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Transfers In	500,000	-
Transfers Out	(3,422,238)	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,922,238)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from the Issuance of Bonds and Notes	31,037,442	-
Premium from the Issuance of Bonds and Notes	1,660,299	-
Intergovernmental Revenues	2,620,821	-
Capital Contributions	94,046	-
Acquisition and Construction of Capital Assets	(18,085,176)	-
Principal Payments on Bonds and Notes	(23,895,334)	-
Interest Paid	(5,586,809)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(12,154,711)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Investments	-	174,490
Investment Income	77,345	104,868
Net Cash Provided (Used) by Investing Activities	<u>77,345</u>	<u>279,358</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	875,904	(280,259)
Cash and Cash Equivalents - Beginning of Year	<u>9,373,345</u>	<u>280,259</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 10,249,249</u>	<u>\$ -</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES</b>		
Operating Income (Loss)	\$ 6,620,465	\$ (493,307)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Changes in Assets and Liabilities not Requiring Current Cash Flows:		
Depreciation	7,854,436	-
Net Pension Liability	1,112,751	-
Deferred Outflows Related to Pension	(36,593)	-
Deferred Inflows Related to Pension	490,445	-
Total OPEB Liability	1,076,100	-
Deferred Outflows Related to Pension	(143,765)	-
Deferred Inflows Related to Pension	(19,144)	-
Effect of Changes in Operating Assets and Liabilities:		
User Charges	(326,507)	-
Special Assessments	52,511	-
Departmental and Other	-	38,545
Intergovernmental	76,179	-
Warrants Payable	(944,851)	(62,204)
Accrued Payroll	64,688	-
Other Liabilities	(8,485)	-
Accrued Health Claims Payable	-	(42,651)
Compensated Absences	7,278	-
Total Adjustments	<u>9,255,043</u>	<u>(66,310)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 15,875,508</u>	<u>\$ (559,617)</u>
<b>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Capital-Related Accounts Payable	<u>\$ 1,766,917</u>	<u>-</u>

See accompanying Notes to Financial Statements.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET POSITION  
JUNE 30, 2020**

<b>ASSETS</b>	Pension and OPEB Trust Funds	Agency Funds
Cash and Cash Equivalents	\$ 8,938,375	\$ 8,816,814
Investments:		
Equity Mutual Funds	2,148,078	-
Fixed Income Mutual Funds	580,084	-
Equity Securities	3,302,685	-
Fixed Income Securities	883,594	-
External Investment Pool (PRIT)	346,330,756	-
Receivables, Net of Allowance for Uncollectible Amounts:		
Other	-	924,372
Other Assets	103,605	-
Total Assets	362,287,177	9,741,186
 <b>LIABILITIES</b>		
Warrants Payable	175,809	401,298
Accrued Payroll	-	95,875
Other Liabilities	-	4,575,787
Liabilities Due Depositors	-	4,668,226
Total Liabilities	175,809	\$ 9,741,186
 <b>NET POSITION</b>		
Restricted for Pension and OPEB Benefits	\$ 362,111,368	

\* Except for the Pension Trust Fund (December 31, 2019)

See accompanying Notes to Financial Statements.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
FIDUCIARY FUNDS  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED JUNE 30, 2020**

	<u>Pension and OPEB Trust Funds</u>
<b>ADDITIONS</b>	
Contributions:	
Employer	\$ 31,230,404
Plan Members	7,371,785
Transfers from other systems	1,722,326
Total Contributions	<u>40,324,515</u>
Net Investment Income:	
Net Appreciation in Fair Value of Investments	41,281,535
Interest	8,977,707
Total Investment Income	<u>50,259,242</u>
Less: Investment Expense	<u>(1,676,957)</u>
Net Investment Income	<u>48,582,285</u>
Intergovernmental	<u>588,085</u>
Total Additions	<u>89,494,885</u>
<b>DEDUCTIONS</b>	
Administration	354,704
Retirement Benefits, Including Reimbursements and Refunds	39,884,318
Transfers to other systems	2,010,681
Total Deductions	<u>42,249,703</u>
<b>CHANGE IN NET POSITION</b>	47,245,182
Net Position - Beginning of Year	<u>314,866,186</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 362,111,368</u></u>

\* Except for the Pension Trust Fund (December 31, 2019)

See accompanying Notes to Financial Statements.



**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. General**

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

**B. Reporting Entity**

The City of Framingham, Massachusetts (City) is a municipal corporation that is governed by an elected Mayor and the City Council.

For financial reporting purposes, the basic financial statements include all funds, organizations, agencies, boards, commissions, and institutions that are not legally separate from the City.

The City has also considered all potential component units for which it is financially accountable as well as other organizations for which the nature and/or significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete.

Fiduciary Fund Component Unit

The City has included the Framingham Contributory Retirement System (System) as a component unit (blended) in the reporting entity because of the significance of its operational and financial relationship with the City. Fiduciary fund component units are entities that are legally separate from the City, but are so related that they are, in substance, the same as the City or entities providing services entirely or almost entirely for the benefit of the City.

The System was established to provide retirement benefits to City employees and their respective beneficiaries. The System is governed by a five-member board comprised of the City Accountant (ex-officio), two members elected by the System's participants, a fourth member appointed by the City Council and a fifth member appointed by the Retirement Board's members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary funds financial statements.

The System does not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 150 Concord Street, Framingham, MA 01702.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Implementation of New Accounting Principles**

For the year ended June 30, 2020, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*

The implementation of this GASB Statement postponed the implementation dates of certain GASB Statements and had no reporting impact for the City.

**D. Government-Wide and Fund Financial Statements**

Government-Wide Financial Statements

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

Fund Financial Statements

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

**E. Measurement Focus, Basis of Accounting and Basis of Presentation**

Government-Wide Financial Statements

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

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

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that is restricted to meeting the operational requirements of a specific function or segment.
- Grants and contributions that is restricted to meeting the capital requirements of a specific function or segment.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

The *General fund* is used to account for and report all financial resources not accounted for and reported in another fund.

The *School Capital Projects fund* is a capital projects fund used to account for and report financial resources that are restricted to expenditures for school capital outlays, including the acquisition or construction of major capital facilities and other capital assets of the governmental funds.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

Fund Financial Statements (Continued)

The nonmajor governmental funds consist of other special revenue, capital projects, and permanent funds that are aggregated and presented in the nonmajor governmental funds column on the governmental funds financial statements. The following describes the general use of these fund types:

*Special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

*Capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

*Permanent funds* are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

**Proprietary funds** financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, whereby revenues are recorded when earned and expenses are recorded when the liabilities are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The following major proprietary funds are reported:

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

The *Internal Service fund* is used to account for risk financing activities related to employees' dental insurance, life insurance, and used to account for unanticipated run-off claims from when the City converted from a self-insured employee health program to GIC insurance plan in fiscal year 2015.

**Internal service funds** of the City (which provide services primarily to other funds of the City) are presented, in summary form, as part of the proprietary funds financial statements. Since the principal users of the internal services are the City's governmental activities, financial statements of the internal service funds are presented in the governmental activities column when presented at the government-wide level.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)**

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

The following fiduciary fund types are reported:

The *pension and OPEB trust funds* are used to account for the activities of the System and OPEB trust fund, which accumulate resources to provide pension and OPEB benefits to eligible retirees and their beneficiaries.

The *agency fund* is used to account for assets held in a custodial capacity. Such assets consist of bid deposits and payroll withholdings. Agency funds do not present the results of operations or have a measurement focus.

**F. Cash and Investments**

Government-Wide and Fund Financial Statements

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

Investments are carried at fair value, net asset value (NAV), or amortized cost, as further discussed in Note 3.

**G. Accounts Receivable**

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

**Real Estate Taxes, Personal Property Taxes, and Tax Liens**

Real estate and personal property taxes are levied and based on values assessed on January 1<sup>st</sup> of every year. Assessed values are established by the Board of Assessor's for 100% of the estimated fair market value. Taxes are due on August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup> and May 1<sup>st</sup> and are subject to penalties and interest if they are not paid by the respective due date.

Real estate tax liens are processed in accordance with Massachusetts General Law (MGL) on delinquent properties and are recorded as receivables in the fiscal year they are processed.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Accounts Receivable (Continued)**

**Motor Vehicle Excise Taxes**

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

**User Charges (Utility)**

User charges are levied quarterly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Utility liens are processed in accordance with MGL and are included as a lien on the property owner's tax bill. Utility charges are recorded as receivables when levied.

**Departmental and Other**

Departmental and other receivables consist primarily of uncollected trash fees and police details and are recorded as receivables in the fiscal year accrued.

**Intergovernmental**

Various state and federal operating and capital grants are applied for and received annually. Grant revenue is recognized as soon as all eligibility requirements imposed by the provider have been met.

**H. Allowance for Uncollectible Amounts**

Government-Wide and Fund Financial Statements

The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis for the following accounts receivable:

- Personal property taxes
- Motor vehicle and other excise taxes
- Departmental and other

At June 30, 2020, the allowances for uncollectible amounts for departmental and other receivables are immaterial and therefore not reported.

The following types of accounts receivable are secured via the lien process and are considered 100% collectible. Accordingly, an allowance for uncollectible amounts is not reported.

- Real estate taxes and tax liens
- User charges (Utility)
- Utility liens

Intergovernmental receivables are considered 100% collectible.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Inventories**

Government-Wide and Fund Financial Statements

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

**J. Restricted Assets**

Government-Wide and Fund Financial Statements

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**K. Capital Assets**

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which consist of land, construction in progress, land improvements, buildings, machinery, vehicles and equipment, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activities column of the government-wide financial statements and the proprietary fund financial statements.

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated acquisition value at the date of donation.

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

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life</u>
Buildings	10 to 40
Land Improvements	15 to 40
Machinery, Vehicles and Equipment	5 to 20
Infrastructure	10 to 60

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

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Capital Assets (Continued)**

Governmental Fund Financial Statements

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

**L. Interfund Receivables and Payables**

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

**M. Interfund Transfers**

During the course of its operations, resources are permanently reallocated between and within funds.

Government-Wide Financial Statements

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

Fund Financial Statements

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

**N. Deferred Outflows of Resources**

Government-Wide and Fund Financial Statements

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

Deferred outflows of resources related to pensions and OPEB are reported in the government-wide and proprietary funds statements of net position.



**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**O. Deferred Inflows of Resources**

Government-Wide and Fund Financial Statements

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unavailable revenue is reported in the governmental funds balance sheet. Unavailable revenue represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.

Deferred inflows of resources related to pensions and OPEB are reported in the government-wide and proprietary funds statement of net position.

**P. Net Position and Fund Balances**

Government-Wide Financial Statements and Proprietary Fund Financial Statements (Net Position)

Net position represents the residual difference between assets and deferred outflows less liabilities and deferred inflows.

Net position is reported as restricted when amounts are restricted by outside parties for a specific future use. Net position has been "restricted" for the following:

*Debt service* represent amounts that have been restricted to offset future debt service costs.

*Permanent funds – Expendable* represents amounts held in trust for which the expenditures are restricted by various trust agreements.

*Permanent funds – Nonexpendable* represents amounts held in trust for which only investment earnings may be expended.

*Other specific purposes* represent restrictions placed on assets from outside parties.

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by outstanding borrowings attributable to those assets.

Unrestricted net position is the difference between total net position, net investment in capital assets and restricted net position.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. Net Position and Fund Balances (Continued)**

Governmental Funds Financial Statements (Fund Balances)

The following fund balance classifications describe the relative strength of the spending constraints:

*Nonspendable* – represents amounts that cannot be spent either because they are in nonspendable form (i.e., prepaid amounts) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

*Restricted* – Represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

*Committed* – Represents amounts that can be used only for specific purposes imposed by a formal action of City Council, which is the highest level of decision-making authority for the City. Committed amounts may be established, modified, or rescinded only through actions approved by City Council.

*Assigned* – Represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the City's structure, only authorized assignments for noncontractual encumbrances can be made by individual department heads.

*Unassigned* – Represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

**Q. Long-Term Debt**

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statements of net position. Material bond premiums and discounts are deferred and amortized (through interest expense) over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium/discount.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Long-Term Debt (Continued)**

Governmental Funds Financial Statements

The face amount of governmental funds long-term debt is reported as other financing sources when the debt is issued. Bond premiums and discounts, as well as issuance costs, are recognized in the current period. Bond premiums are reported as other financing sources and bond discounts are reported as other financing uses.

Issuance costs, whether or not withheld from the actual bond proceeds received, are reported as general government expenditures.

**R. Investment Income**

Government-Wide and Fund Financial Statements

Excluding the permanent funds, investment income derived from major and nonmajor governmental funds is legally assigned to the General Fund unless otherwise directed by Massachusetts General Law (MGL).

Investment income from the proprietary funds is retained in the proprietary funds.

**S. Compensated Absences**

Government-Wide and Proprietary Fund Financial Statements

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

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

Governmental Funds Financial Statements

Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon employee retirements and resignations.

**T. Pensions**

Government-Wide and Proprietary Fund Financial Statements

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**U. Other Post-Employment Benefits**

Government-Wide and Proprietary Fund Financial Statements

In addition to providing pension benefits, and as more fully described in Note 16, the City provides health and life insurance coverage for current and future retirees and their spouses.

**V. Use of Estimates**

Government-Wide and Fund Financial Statements

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

**W. Total Column**

Government-Wide Financial Statements

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

Fund Financial Statements

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

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. BUDGETARY INFORMATION**

Municipal Law requires the adoption of a balanced budget that is approved by the City Council. The Mayor presents an annual operating and capital budget to the City Council which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. The City Council, which has the full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between departments to the original budget subsequent to the approval of the annual budget requires City Council approval.

The majority of appropriations are noncontinuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**A. BUDGETARY INFORMATION (CONTINUED)**

Generally, expenditures may not exceed the level of spending (salaries, expenses, and capital) authorized for an appropriation account. However, the City is statutorily required to pay debt service, regardless of whether such amounts are appropriated.

An annual budget is adopted for the General Fund in conformity with the guidelines described above. The original fiscal year 2020 approved budget for the General Fund authorized \$296,837,150 in appropriations. During fiscal year 2020, supplemental appropriations totaling \$2,207,427 were authorized.

The City Accountant’s office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

The General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance – Non-GAAP Budgetary Basis – Budget and Actual, presented in the accompanying Required Supplementary Information, presents comparison of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

**B. FUND DEFICITS**

At June 30, 2020, the following temporary fund deficits exist:

Fund	Amount	Funding Source
School Capital Projects	\$ 11,700,846	Issuance of Long-Term Debt
Municipal Buildings	4,380,195	Issuance of Long-Term Debt
Municipal Equipment	848,066	Issuance of Long-Term Debt
FEMA Grant	586,166	Federal Grant
CDBG Grant	131,234	Federal Grant
Chapter 90	9,182	State Grant
Total Deficits	<u>\$ 17,655,689</u>	

**NOTE 3 DEPOSITS AND INVESTMENTS**

**City (Excluding the Pension Trust Fund)**

The municipal finance laws of the Commonwealth authorize the City to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. Treasury or Agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer’s investment pool – the Massachusetts Municipal Depository Trust (MMDT). The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee. The reported value of the pool is the same as the fair value of pool shares.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments. The deposits and investments of the permanent funds, private purpose trust funds, and the pension trust fund are held separately from other City funds.

Deposits – Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City does not have a policy for custodial credit risk of deposits. As of June 30, 2020, \$28,809,732 of the City's bank balance of \$90,942,304 was uninsured and uncollateralized.

Investments Summary

The City's investments at June 30, 2020 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Total Amount	Investment Maturities (in Years)		
		Less Than 1	1 - 5	6 - 10
<u>Debt Securities:</u>				
U.S. Agencies	\$ 5,331,117	\$ 1,284,733	\$ 3,489,064	\$ 557,320
Corporate Bonds	6,883,406	824,160	5,975,700	83,546
Money Market Mutual Funds	10,320,801	10,320,801	-	-
Fixed Income Securities	793,217	793,217	-	-
Certificates of Deposit	4,275,439	1,977,130	2,298,309	-
External Investment Pool (MMDT)	17,886,113	17,886,113	-	-
Total Debt Securities	45,490,093	\$ 33,086,154	\$ 11,763,073	\$ 640,866
<u>Other Investments:</u>				
Equity Securities	11,813,696			
Equity Mutual Funds	3,451,101			
Total Other Investments	15,264,797			
Total Investments	\$ 60,754,890			

Investments – Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The City has a policy that the fixed income portion of the portfolio shall have an average maturity of not more than 10 years.

Investments – Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a policy for custodial credit risk of investments. As of June 30, 2020, the City was not exposed to custodial credit risk.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

Investments – Credit Risk of Debt Securities

Credit risk for investments is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. As of June 30, 2020, the City's investments in debt securities were unrated by a nationally recognized statistical rating organization.

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer. As of June 30, 2020, the City was not exposed to concentration of credit risk.

Investments – Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in exchange rates will adversely affect the fair value of an investment or deposit. As of June 30, 2020, the City was not exposed to foreign currency risk.

Investments – Fair Value Measurements

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

Investment Type	Total Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<b>Investments by Fair Value Level:</b>			
Money Market Mutual Funds	\$ 10,320,801	\$ 10,320,801	\$ -
Equity Securities	11,813,696	11,813,696	-
Equity Mutual Funds	3,451,101	3,451,101	-
U.S. Agencies	5,331,117	5,331,117	-
Corporate Bonds	6,883,406	-	6,883,406
Fixed Income Securities	793,217	-	793,217
Total Investments by Fair Value Level	38,593,338	\$ 30,916,715	\$ 7,676,623
<b>Investments measured at Amortized Cost:</b>			
External Investment Pool (MMDT)	17,886,113		
Certificates of Deposit	4,275,439		
Total Investments	\$ 60,754,890		

Debt securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

Investments – Fair Value Measurements (Continued)

Debt securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

**Pension Trust Fund (The System)**

The System participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee and provides regulatory oversight. The reported value of the pool is the same as the fair value of the System's position in pool shares.

Deposits – Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the System's deposits may not be recovered. The System does not have a policy for custodial credit risk of deposits. As of December 31, 2019, the System was not exposed to custodial credit risk.

Investment Summary

The System's investments at December 31, 2019 are presented below. All investments are presented by investment type, with debt securities presented by maturity:

<u>Investment Type</u>	<u>Total Amount</u>	<u>Investment Maturities (in Years) Less Than 1</u>
<u>Debt Securities:</u>		
PRIT	\$ 346,330,756	\$ 346,330,756
Total Investments	<u>\$ 346,330,756</u>	

Investments – Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The System does not have a policy for interest rate risk of debt securities.

Investments – Custodial Credit Risk

The Pension System does not have an investment policy for custodial credit risk. At December 31, 2019, the System's investments are not subject to custodial credit risk exposure because they are not evidenced by securities that exist in physical or book entry form.



**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

Investments – Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The System does not have a policy for credit risk of debt securities. As of December 31, 2019, the System's investments in debt securities were unrated by a nationally recognized statistical rating organization.

Investments – Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the System's investment in a single issuer. As of December 31, 2019, the System was not exposed to concentration of credit risk.

Investments – Foreign Currency Risk

Foreign currency risk is the risk that fluctuations in exchange rates will adversely affect the fair value of an investment or deposit. As of December 31, 2019, the System was not exposed to foreign currency risk.

Investments – Fair Value Measurements

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

**Investments measured at the NAV:**

External Investment Pool (PRIT)	<u>\$ 346,330,756</u>
Total Investments	<u><u>\$ 346,330,756</u></u>

PRIT investments are measured at the net asset value (NAV) per share or its equivalent. The PRIT fund is an external investment pool that is not registered with the Securities and Exchange Commission, but is subject to oversight provided by the Pension Reserves Investment Management Board (the PRIM Board). The PRIM Board was created by legislation to provide general supervision of the investments and management of PRIT. The fair value of the PRIT pooled fund is based on unit value (NAV) as reported by management of the PRIT fund. Investments can be redeemed on a monthly basis with 24-hours' notice.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 4 ACCOUNTS RECEIVABLE**

At June 30, 2020, receivables for the governmental funds are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Receivables:</b>			
Real Estate and Personal Property Taxes	\$ 3,674,224	\$ (673,447)	\$ 3,000,777
Tax Liens	2,231,126	-	2,231,126
Motor Vehicle and Other Excise Taxes	3,828,265	(1,952,090)	1,876,175
Departmental and Other	220,195	-	220,195
Loans	184,722	-	184,722
Intergovernmental	5,284,046	-	5,284,046
Total	<u>\$ 15,422,578</u>	<u>\$ (2,625,537)</u>	<u>\$ 12,797,041</u>

At June 30, 2020, receivables for the enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<b>Receivables:</b>			
Utility User Charges	\$ 13,727,861	\$ -	\$ 13,727,861
Utility Special Assessments	254,893	-	254,893
Intergovernmental	758,726	-	758,726
Total	<u>\$ 14,741,480</u>	<u>\$ -</u>	<u>\$ 14,741,480</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 5 CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 20,561,440	\$ 31,284	\$ -	\$ 20,592,724
Construction in Progress	4,483,311	15,565,955	-	20,049,266
Total Capital Assets Not Being Depreciated	<u>25,044,751</u>	<u>15,597,239</u>	<u>-</u>	<u>40,641,990</u>
<u>Capital Assets Being Depreciated:</u>				
Building and Improvements	211,652,762	2,052,784	(500,663)	213,204,883
Vehicles, Machinery, and Equipment	70,305,344	4,679,837	(535,166)	74,450,015
Infrastructure	119,577,820	12,847,083	-	132,424,903
Total Capital Assets Being Depreciated	<u>401,535,926</u>	<u>19,579,704</u>	<u>(1,035,829)</u>	<u>420,079,801</u>
<u>Less Accumulated Depreciation for:</u>				
Building and Improvements	(94,570,768)	(5,201,972)	500,663	(99,272,077)
Vehicles, Machinery, and Equipment	(50,978,830)	(5,037,743)	535,166	(55,481,407)
Infrastructure	(55,975,187)	(9,167,597)	-	(65,142,784)
Total Accumulated Depreciation	<u>(201,524,785)</u>	<u>(19,407,312)</u>	<u>1,035,829</u>	<u>(219,896,268)</u>
Total Capital Assets Being Depreciated, Net	<u>200,011,141</u>	<u>172,392</u>	<u>-</u>	<u>200,183,533</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 225,055,892</u>	<u>\$ 15,769,631</u>	<u>\$ -</u>	<u>\$ 240,825,523</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 1,389,073	\$ 97,240	\$ -	\$ 1,486,313
Construction in Progress	8,111,792	328,643	(1,921,325)	6,519,110
Total Capital Assets Not Being Depreciated	<u>9,500,865</u>	<u>425,883</u>	<u>(1,921,325)</u>	<u>8,005,423</u>
<u>Capital Assets Being Depreciated:</u>				
Building and Improvements	63,042,047	1,710,050	(15,725)	64,736,372
Vehicles, Machinery, and Equipment	13,929,834	125,912	(204,980)	13,850,766
Infrastructure	274,447,509	17,744,656	(150,111)	292,042,054
Total Capital Assets Being Depreciated	<u>351,419,390</u>	<u>19,580,618</u>	<u>(370,816)</u>	<u>370,629,192</u>
<u>Less Accumulated Depreciation for:</u>				
Building and Improvements	(13,460,656)	(1,007,638)	15,725	(14,452,569)
Vehicles, Machinery, and Equipment	(8,885,394)	(881,465)	204,980	(9,561,879)
Infrastructure	(86,079,907)	(5,965,333)	150,111	(91,895,129)
Total Accumulated Depreciation	<u>(108,425,957)</u>	<u>(7,854,436)</u>	<u>370,816</u>	<u>(115,909,577)</u>
Total Capital Assets Being Depreciated, Net	<u>242,993,433</u>	<u>11,726,182</u>	<u>-</u>	<u>254,719,615</u>
Total Utility Enterprise Capital Assets, Net	<u>\$ 252,494,298</u>	<u>\$ 12,152,065</u>	<u>\$ (1,921,325)</u>	<u>\$ 262,725,038</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

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

**Governmental Activities:**

General Government	\$ 1,836,909
Public Safety	1,612,261
Education	6,330,834
Public Works	7,989,080
Health and Human Services	128,096
Culture and Recreation	<u>1,510,132</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 19,407,312</u></u>

**Business-Type Activities:**

Utility	<u><u>\$ 7,854,436</u></u>
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**NOTE 6 INTERFUND TRANSFERS AND BALANCES**

Interfund transfers for the fiscal year ended June 30, 2020, are summarized below:

	Transfers In:			
Transfers Out:	General Fund	Nonmajor Governmental Fund	Utility Enterprise Funds	Total
General Fund	\$ -	\$ 184,800	\$ 500,000	\$ 684,800 (1)
Nonmajor Governmental Funds	989,307	-	-	989,307 (2)
Utility Enterprise Funds	<u>3,422,238</u>	<u>-</u>	<u>-</u>	<u>3,422,238 (3)</u>
Total	<u><u>\$ 4,411,545</u></u>	<u><u>\$ 184,800</u></u>	<u><u>\$ 500,000</u></u>	<u><u>\$ 5,096,345</u></u>

- (1) Represents budgeted transfer to the Municipal Buildings Capital Project Funds (\$184,800) and Utility Enterprise Fund (\$500,000).
- (2) Represents budgeted transfer from the Peg Access Fund (\$518,254), Affordable Housing Trust Fund (\$300,000), Debt Service fund (\$141,053), Receipts Ride Reserve Fund (\$15,000), Handicap Park Violations Fund (\$10,000), and Consumer and Merchant Protection Fund (5,000).
- (3) Represents transfers in from the Utility enterprise fund for indirect costs.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 7 SHORT-TERM FINANCING**

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

- Current operating costs prior to the collection of revenues through issuance of revenue anticipation notes (RAN) or tax anticipation notes (TAN).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN) or grant anticipation notes (GAN).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the General Fund and Enterprise Funds, respectively.

Details related to the short-term debt activity for the fiscal year ended June 30, 2020, is as follows:

**Governmental Funds**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2019	Increases	Decreases	Balance at June 30, 2020
BAN	Municipal Purpose	12/6/18	12/6/19	3.00%	\$ 33,668	\$ -	\$ (33,668)	\$ -
BAN	Municipal Purpose	12/6/18	12/6/19	2.50%	8,496,295	-	(8,496,295)	-
BAN	Buildings	6/18/20	12/18/20	1.25%	-	306,460	-	306,460
BAN	School Buildings	6/18/20	12/18/20	1.25%	-	23,183,401	-	23,183,401
BAN	Other BANS	6/18/20	12/18/20	1.25%	-	8,798,127	-	8,798,127
Total					<u>\$ 8,529,963</u>	<u>\$ 32,287,988</u>	<u>\$ (8,529,963)</u>	<u>\$ 32,287,988</u>

**Enterprise Funds**

Type	Description	Origination Date	Maturity Date	Interest Rate	Balance at June 30, 2019	Increases	Decreases	Balance at June 30, 2020
BAN	Municipal Purpose	12/6/18	12/6/19	3.00%	\$ 823,154	\$ -	\$ (823,154)	\$ -
BAN	Municipal Purpose	12/6/18	12/6/19	2.50%	8,897,441	-	(8,897,441)	-
BAN	Sewer	6/18/20	12/18/20	1.25%	-	3,942,944	-	3,942,944
BAN	Water	6/18/20	12/18/20	1.25%	-	12,085,149	-	12,085,149
Total					<u>\$ 9,720,595</u>	<u>\$ 16,028,093</u>	<u>\$ (9,720,595)</u>	<u>\$ 16,028,093</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 8 LONG-TERM OBLIGATIONS**

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2020:

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
<b>Governmental Activities:</b>					
Bonds and Notes Payable	\$ 79,115,993	\$ 3,689,739	\$ (11,116,591)	\$ 71,689,141	\$ 9,723,451
Direct Borrowings	468,439	-	(60,123)	408,316	60,729
Unamortized Bond Premiums	7,013,625	1,262,696	(858,210)	7,418,111	937,129
Total Bonds and Notes Payable	<u>86,598,057</u>	<u>4,952,435</u>	<u>(12,034,924)</u>	<u>79,515,568</u>	<u>10,721,309</u>
Capital Leases	5,946,084	-	(555,713)	5,390,371	577,029
Compensated Absences	4,355,528	185,629	-	4,541,157	90,824
Total	<u>\$ 96,899,669</u>	<u>\$ 4,952,435</u>	<u>\$ (12,590,637)</u>	<u>\$ 84,905,939</u>	<u>\$ 11,298,338</u>
<b>Business-Type Activities:</b>					
Bonds and Notes Payable	\$ 123,996,608	\$ 5,015,460	\$ (9,483,409)	\$ 119,528,659	\$ 10,382,829
Direct Borrowings	53,294,169	386,500	(4,691,330)	48,989,339	4,696,978
Unamortized Bond Premiums	9,649,292	1,660,299	(980,976)	10,328,615	1,084,746
Total Bonds and Notes Payable	<u>186,940,069</u>	<u>7,062,259</u>	<u>(15,155,715)</u>	<u>178,846,613</u>	<u>16,164,553</u>
Compensated Absences	218,242	7,278	-	225,520	4,510
Total	<u>\$ 374,098,380</u>	<u>\$ 14,131,796</u>	<u>\$ (30,311,430)</u>	<u>\$ 357,918,746</u>	<u>\$ 32,333,616</u>

The governmental activities long-term liabilities are generally liquidated by the General Fund. The business-type long-term liabilities are liquidated by the utility enterprise fund.

For direct borrowings, there are no terms specified in debt agreements related to significant (1) events of default with finance-related consequences, (2) termination events with finance-related consequences, and (3) subjective acceleration clauses.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 9 LONG-TERM DEBT**

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

**Bonds and Notes Payable - Governmental Funds**

Original Issue	Project	Maturity Date	Interest Rate	Outstanding at June 30, 2019	Issued	Redeemed	Outstanding at June 30, 2020
477,029	MCWT Bonds of 2005*	2023	3.00-5.00%	\$ 120,000	\$ -	\$ (30,000)	\$ 90,000
19,577,000	General Obligation Refunding Bonds 2009	2020	3.00%	810,000	-	(810,000)	-
7,591,420	General Obligation Bonds 2009	2028	2.00-5.00%	1,675,000	-	(285,000)	1,390,000
307,600	MCWT Bonds 2010*	2028	2.00%	148,999	-	(15,263)	133,736
4,976,272	General Obligation Bonds 2010	2030	2.00-5.00%	1,766,000	-	(268,000)	1,498,000
17,440,000	General Obligation Bonds 2011	2031	2.00-5.00%	5,965,000	-	(875,000)	5,090,000
325,000	MCWT Bonds 2012*	2031	2.00%	199,440	-	(14,860)	184,580
8,333,940	General Obligation Bonds 2013	2033	2.00-5.00%	3,065,000	-	(340,000)	2,725,000
12,179,750	General Obligation Refunding Bonds 2013	2025	2.00-5.00%	1,774,600	-	(332,850)	1,441,750
12,380,745	General Obligation Bonds 2014	2034	2.00-5.00%	4,910,000	-	(550,000)	4,360,000
7,270,120	General Obligation Bonds 2015	2035	2.50-5.00%	4,410,000	-	(530,000)	3,880,000
19,734,325	General Obligation Bonds 2016	2041	3.00-5.00%	11,870,000	-	(2,365,000)	9,505,000
10,728,765	General Obligation Bonds 2017	2037	2.00-4.00%	7,603,260	-	(1,388,820)	6,214,440
16,968,474	General Obligation Bonds 2018	2038	2.50-4.00%	14,880,000	-	(1,735,000)	13,145,000
13,071,921	General Obligation Bonds 2019	2039	4.00-5.00%	13,071,921	-	(1,636,921)	11,435,000
11,004,951	General Obligation Bonds 2020	2040	2.125-5.00%	7,315,212	3,689,739	-	11,004,951
	Subtotal			79,584,432	3,689,739	(11,176,714)	72,097,457
	Add: Unamortized Premiums			7,013,625	1,262,696	(858,210)	7,418,111
	Total Governmental Funds			<u>\$ 86,598,057</u>	<u>\$ 4,952,435</u>	<u>\$ (12,034,924)</u>	<u>\$ 79,515,568</u>

\* Direct borrowings

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

Debt service requirements (gross) for principal and interest for governmental bonds and notes payable in future fiscal years are as follows:

Fiscal Year	Bonded Debt		Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 9,723,451	\$ 2,284,566	\$ 60,729	\$ -	\$ 9,784,180	\$ 2,284,566
2022	8,408,160	1,683,097	61,350	-	8,469,510	1,683,097
2023	7,464,120	1,373,703	61,981	-	7,526,101	1,373,703
2024	6,833,260	1,106,774	32,626	-	6,865,886	1,106,774
2025	5,838,370	876,324	33,284	-	5,871,654	876,324
2026	5,119,600	701,066	33,955	-	5,153,555	701,066
2027	4,694,420	566,031	34,639	-	4,729,059	566,031
2028	4,145,760	459,177	35,338	-	4,181,098	459,177
2029	3,592,000	364,707	17,778	-	3,609,778	364,707
2030	3,205,000	285,003	18,136	-	3,223,136	285,003
2031	2,765,000	226,072	18,500	-	2,783,500	226,072
2032	2,360,000	186,059	-	-	2,360,000	186,059
2033	1,905,000	159,232	-	-	1,905,000	159,232
2034	1,405,000	132,880	-	-	1,405,000	132,880
2035	1,130,000	103,853	-	-	1,130,000	103,853
2036	950,000	82,530	-	-	950,000	82,530
2037	730,000	56,897	-	-	730,000	56,897
2038	645,000	34,866	-	-	645,000	34,866
2039	500,000	16,031	-	-	500,000	16,031
2040	265,000	4,012	-	-	265,000	4,012
2041	10,000	169	-	-	10,000	169
Total	<u>\$ 71,689,141</u>	<u>\$ 10,703,049</u>	<u>\$ 408,316</u>	<u>\$ -</u>	<u>\$ 72,097,457</u>	<u>\$ 10,703,049</u>



**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

**Bonds and Notes Payable – Utility Enterprise Fund**

Project	Maturity Date	Interest Rate	Outstanding at June 30, 2019	Issued	Redeemed	Outstanding at June 30, 2020
MCWT Bonds of 2007*	2024	0.00%	\$ 95,248	\$ -	\$ (19,049)	\$ 76,199
MCWT Bonds of 2009*	2029	2.00%	1,176,402	-	(107,338)	1,069,064
GOB Bonds of 2009	2025	2.00-5.00%	30,000	-	(5,000)	25,000
MCWT Bonds of 2010*	2028	2.00%	4,587,932	-	(469,949)	4,117,983
MCWT Bonds of 2010*	2031	2.00%	5,470,113	-	(407,386)	5,062,727
GOB Bonds of 2010	2030	2.00-5.00%	3,259,000	-	(352,000)	2,907,000
MCWT Bonds of 2011*	2029	2.00%	241,399	-	(22,025)	219,374
GOB Bonds of 2011	2031	2.00-5.00%	7,945,000	-	(695,000)	7,250,000
MCWT Bonds of 2012*	2031	2.00%	5,916,894	-	(443,657)	5,473,237
MCWT Bonds of 2012*	2033	2.00%	17,690,303	-	(1,094,790)	16,595,513
MCWT Bonds of 2013*	2031	2.00%	1,097,867	-	(81,062)	1,016,805
GOB Bonds of 2013	2033	2.00-5.00%	14,675,000	-	(1,110,000)	13,565,000
GOB Bonds of 2013 Refunding	2025	2.00-5.00%	1,405,400	-	(267,150)	1,138,250
MWRA Bonds of 2013*	2023	0.00%	2,281,776	-	(570,444)	1,711,332
MCWT Bonds of 2014*	2033	2.00%	243,468	-	(15,066)	228,402
GOB Bonds of 2014	2039	2.00-5.00%	8,200,000	-	(505,000)	7,695,000
MCWT Bonds of 2015*	2035	2.00%	5,017,332	-	(265,576)	4,751,756
GOB Bonds of 2015	2040	2.50-5.00%	11,075,000	-	(605,000)	10,470,000
MWRA Bonds of 2015 - 2*	2025	0.00%	978,721	-	(243,022)	735,699
MCWT Bonds of 2016*	2036	2.00%	1,920,577	-	(96,794)	1,823,783
GOB Bonds of 2016	2041	3.00-5.00%	19,770,000	-	(1,230,000)	18,540,000
GOB Bonds of 2017	2037	2.00-4.00%	14,096,740	-	(1,736,180)	12,360,560
MWRA Bonds of 2017*	2027	0.00%	1,632,936	-	(299,079)	1,333,857
GOB Bonds of 2018	2038	2.50-5.00%	17,125,000	-	(1,780,000)	15,345,000
GOB Bonds of 2019	2039	4.00-5.00%	16,808,079	-	(1,198,079)	15,610,000
MWRA Bonds of 2019*	2029	0.00%	4,943,201	-	(556,093)	4,387,108
GOB Bonds 2020	2039	0.00%	9,607,389	5,015,460	-	14,622,849
MWRA Bonds of 2020*	2029	0.00%	-	386,500	-	386,500
Total Utility Enterprise Fund			177,290,777	5,401,960	(14,174,739)	168,517,998
Add: Unamortized Premiums			9,649,292	1,660,299	(980,976)	10,328,615
Total Governmental Funds			<u>\$ 186,940,069</u>	<u>\$ 7,062,259</u>	<u>\$ (15,155,715)</u>	<u>\$ 178,846,613</u>

\*Direct borrowings

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

Debt service requirements for the utility enterprise fund bonds and notes payable in future years are as follows:

Fiscal Year	Bonded Debt		Direct Borrowings		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 10,382,829	\$ 5,552,201	\$ 4,696,978	\$ -	\$ 15,079,807	\$ 5,552,201
2022	9,588,120	4,769,291	4,761,178	-	14,349,298	4,769,291
2023	8,597,160	4,297,960	4,674,780	-	13,271,940	4,297,960
2024	8,258,020	3,856,139	4,171,256	-	12,429,276	3,856,139
2025	7,772,910	3,432,295	4,096,982	-	11,869,892	3,432,295
2026	7,291,680	3,046,681	4,019,593	-	11,311,273	3,046,681
2027	7,001,860	2,701,578	4,090,808	-	11,092,668	2,701,578
2028	6,795,520	2,371,023	4,016,378	-	10,811,898	2,371,023
2029	6,519,280	2,049,700	3,519,260	-	10,038,540	2,049,700
2030	6,401,280	1,738,404	2,992,478	-	9,393,758	1,738,404
2031	5,930,000	1,439,066	3,009,194	-	8,939,194	1,439,066
2032	5,220,000	1,179,545	1,897,881	-	7,117,881	1,179,545
2033	5,190,000	969,625	1,939,129	-	7,129,129	969,625
2034	4,120,000	790,667	482,134	-	4,602,134	790,667
2035	4,045,000	643,903	492,612	-	4,537,612	643,903
2036	3,940,000	497,558	128,698	-	4,068,698	497,558
2037	3,850,000	362,453	-	-	3,850,000	362,453
2038	3,435,000	237,022	-	-	3,435,000	237,022
2039	2,775,000	128,913	-	-	2,775,000	128,913
2040	1,685,000	51,913	-	-	1,685,000	51,913
2041	730,000	12,234	-	-	730,000	12,234
<b>Total</b>	<b>\$ 119,528,659</b>	<b>\$ 40,128,171</b>	<b>\$ 48,989,339</b>	<b>\$ -</b>	<b>\$ 168,517,998</b>	<b>\$ 40,128,171</b>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 9 LONG-TERM DEBT (CONTINUED)**

**Authorized and Unissued Debt**

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

Purpose	Amount
Fuller Middle School	\$ 31,406,467
Dennison Renovation & Remediation	19,463,015
Worcester Road Pump Station	14,942,340
Railway Sewer Alignment	9,338,579
Baiting Brook Sewer Improvements	5,380,709
Warren Road & Prindiville Water Main	2,989,476
Public Safety Replacement	2,983,209
Intersection Edgell/Water/Edmands	2,663,520
Interchange 12 Sewer Improvements	2,234,000
Exterior Envelope	2,000,000
Flagg Drive Design & Construction	1,933,600
Union Ave Water Mains	1,753,863
Union Ave Right of Way	1,240,000
Worcester Road Improvements	1,119,216
Eastleigh/Little Farms/Shawmut Pump Station	1,115,800
Main Library Roof and Floor	1,005,095
Various Other Projects	17,956,375
Total	<u>\$ 119,525,264</u>

**NOTE 10 CAPITAL LEASES**

The City has entered into capital lease agreements as lessee for technology upgrades and improvements and energy conservation and energy related improvements for governmental activities.

Capital assets and the related accumulated depreciation under capital leases is as follows:

	Governmental Activities
Asset:	
Vehicles, Machinery, and Equipment	\$ 1,252,753
Infrastructure	5,965,757
Less: Accumulated Amortization	<u>(1,828,139)</u>
Total	<u>\$ 5,390,371</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 10 CAPITAL LEASES (CONTINUED)**

The following schedule presents future minimum lease payments as of June 30, 2020:

Fiscal Years Ending June 30	Governmental Activities
2021	\$ 695,992
2022	459,667
2023	474,321
2024	489,415
2025	504,962
2026	520,976
2027	537,469
2028	554,459
2029	571,957
2030	589,980
2031	608,544
2032	153,302
Total Minimum Lease Payments	6,161,044
Less: Amounts Representing Interest	(770,673)
Present Value of Minimum Lease Payments	\$ 5,390,371

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 11 FUND BALANCE**

The constraints on fund balances in the Governmental Funds Balance Sheet are detailed as follows:

	General	School Capital	Nonmajor Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>				
Permanent Fund Principal	\$ -	\$ -	\$ 523,192	\$ 523,192
<b>Restricted:</b>				
Debt Service	32,956	-	-	32,956
City Federal Grants	-	-	1,782,838	1,782,838
City State Grants	-	-	1,313,348	1,313,348
School State Grants	-	-	5,036,098	5,036,098
School Federal Grants	-	-	176,749	176,749
School Special Revenue	-	-	4,604,764	4,604,764
Other Special Revenue	-	-	5,810,968	5,810,968
Other Capital Projects	-	-	214,760	214,760
Cemetery Trust	-	-	1,626,483	1,626,483
Expendable Trust Funds	-	-	1,299,745	1,299,745
Other Permanent Funds	-	-	166,451	166,451
Subtotal - Restricted	<u>32,956</u>	<u>-</u>	<u>22,032,204</u>	<u>22,065,160</u>
<b>Committed:</b>				
Subsequent Year's Expenditures	7,688,361	-	-	7,688,361
Continuing Appropriations	2,348,816	-	-	2,348,816
Subtotal - Committed	<u>10,037,177</u>	<u>-</u>	<u>-</u>	<u>10,037,177</u>
<b>Assigned:</b>				
Encumbrances	<u>1,278,769</u>	<u>-</u>	<u>-</u>	<u>1,278,769</u>
<b>Unassigned</b>	<u>47,933,673</u>	<u>(11,700,846)</u>	<u>(5,954,843)</u>	<u>30,277,984</u>
<b>Total</b>	<u>\$ 59,282,575</u>	<u>\$ (11,700,846)</u>	<u>\$ 16,600,553</u>	<u>\$ 64,182,282</u>

**NOTE 12 STABILIZATION FUNDS**

The City maintains general, open space, capital and special education reserve stabilization funds that were established under MGL Chapter 40, Section 5B. Appropriations in and out of the stabilization funds require two-thirds vote of City Meeting. Investment income is retained by the funds.

The balance of the general, open space, capital and special education reserve stabilization funds at June 30, 2020 total \$16,882,858, \$152,031, \$8,704,169 and \$1,088,229, respectively, and are reported as unassigned fund balance in the general fund.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 13 RISK FINANCING**

**Plan Description** – The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years

**Health Insurance**

On July 1, 2014, the City joined the Commonwealth of Massachusetts' Group Insurance Commission (GIC) plan which is a premium based health insurance plan. Since then the City's share of the health insurance premium has been paid directly from the governmental and enterprise funds. Prior to joining the GIC plan the City was self-insured and maintained an internal service fund to receive employer and employee premiums and pay for the related expenses. The City has maintained the net position in the internal service fund to first pay for any claims covered under the self-insured plan submitted after June 30, 2014 and to keep in reserve the remaining net position in the event the City elected to leave the GIC plan and reestablish the self-insured plan. The City does not expect to receive any additional significant claims and at the end of the current fiscal year \$4,661,566 of net position is reserved for health insurance

The City accounts for employee life insurance in the internal service fund in which the employee pays 100% of the premium. There is no net position reserved for life insurance.

This City is self-insured for dental insurance and the premiums are split 50/50 between the employer and employee. The activity of this plan is accounted for in the internal service fund.

**NOTE 14 PENSION PLAN**

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

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 14 PENSION PLAN (CONTINUED)**

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

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

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System. There have been no changes in benefit terms as of December 31, 2019.

**Plan Membership** – At December 31, 2019, The System's membership consists of the following:

Active members	877
Retirees and beneficiaries entitled to but not net receiving benefits	364
Retirees and beneficiaries currently receiving benefits	1,237
Total	2,478

**Contributions** – Chapter 32 of MGL governs the contributions of plan members and the City. Plan members are required to contribute to the System at rates ranging from 5% to 9% of annual covered compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the FCRS a legislatively mandated actuarial determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2019 was an actuarially determined amount of \$17,578,549. This amount when combined with plan member contributions is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City's proportionate share of the required contribution was \$16,513,289 which equaled its actual contribution.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 14 PENSION PLAN (CONTINUED)**

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*** - The components of the net pension liability of the System at December 31, 2019, were as follows:

Total Pension Liability	\$ 465,485,000
Plan Fiduciary Net Position	(355,133,539)
Net Pension Liability	\$ 110,351,461
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.29%

At June 30, 2020, the City reported a liability of \$103,664,163 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020 that was rolled back to the December 31, 2019 measurement date. The City's proportion of the net pension liability is the proportionate share of employer contributions to the System as of December 31, 2019, actuarially determined. At December 31, 2019, the City's proportion was 93.94%, compared to a proportion of 94.15% as of December 31, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$18,191,481. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 12,018,683
Changes in Assumptions	13,786,634	-
Differences between expected and actual experience	3,754,782	1,688,102
Total	\$ 17,541,416	\$ 13,706,785

The net amount reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount
2021	\$ 2,323,134
2022	820,095
2023	2,956,289
2024	(3,125,380)
2025	860,493
Total	\$ 3,834,631



**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 14 PENSION PLAN (CONTINUED)**

Actuarial Assumptions

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

Valuation date:	January 1, 2020
Actuarial cost method:	Entry Age Normal Cost
Amortization method UAAL:	Total payments increase 6.95% per year until FY 29, with a final amortization payment in FY 30.
Remaining amortization period:	10 years from July 1, 2020
Asset valuation method:	Market value for GASB 67/68. For funding purposes, gains and losses each year are recognized over five years beginning with this valuation.
Investment rate of return:	7.25%
Discount rate:	7.25%
Salary increases:	Select and ultimate by job group; ultimate rates 4.25% for Group 1 and 4.75% for Group 4.
Cost of living adjustment:	3.0% on the first \$12,000 in benefits
Mortality rates:	Pre-retirement rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2018 (gender distinct). Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2018 (gender distinct). For disabled retirees, the rates reflect the RP-2014 Blue Collar Healthy Annuitant table set forward one year projected generationally with Scale MP-2018 (gender distinct).

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 14 PENSION PLAN (CONTINUED)**

Investment Policies and Rates of Return

The pension plan's policy in regard to the allocation of invested assets is established by PRIT. Plan assets are managed on a total return basis with a long-term objective of achieving a fully funded status for the benefits provided through the pension plan.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	39.00%	4.68%
Fixed Income	23.00%	1.90%
Private Equity	13.00%	8.50%
Hedge Funds	11.00%	3.40%
Real Estate	10.00%	3.70%
Timber/Natural Resources	4.00%	4.30%
Total	100.00%	

Rate of Return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 15.78%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 14 PENSION PLAN (CONTINUED)**

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the System calculated using the discount rate of 7.25%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
System's Net Pension Liability	\$ 161,812,000	\$ 110,351,461	\$ 66,786,000

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's Proportionate Share of the Net Pension Liability	\$ 152,006,032	\$ 103,664,163	\$ 62,738,702

**NOTE 15 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM**

**Plan Description** – Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth's reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth's audited financial statements that can be found at: <http://www.mass.gov/osc/publications-and-reports/financial-reports/cafr-reports.html>.

**Benefits Provided** – MTRS provides retirement, disability, survivor and death benefits to members and their beneficiaries. MGL establishes uniform benefit requirements. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 15 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)**

**Contributions** – The MTRS’ funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5-11% of regular compensation. Members hired in 1979 or subsequent contribute an additional 2.0% of regular compensation in excess of \$30,000.

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributing entity in MTRS.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** – Since the City does not contribute directly to MTRS, the City does not report a proportionate share of the net pension liability of the MTRS at June 30, 2020. The Commonwealth’s net pension liability associated with the City was \$273,039,022.

The MTRS’ net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2019.

For the year ended June 30, 2020, the City recognized pension expense of \$33,110,720 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

**Actuarial Assumptions** – The MTRS’ total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of January 1, 2019 rolled forward to June 30, 2019. This valuation used the following assumptions:

Investment rate of return – 7.25%

Salary increases – Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service.

Mortality Rates – Pre-retirement reflects RP-2014 White Collar Employees Table projected generationally with Scale MP-2016 (gender distinct). Post-retirement reflects RP-2014 White Collar Healthy Annuitant Table projected generationally with Scale MP-2016 (gender distinct). Disability is assumed to be in accordance with the RP-2014 White Collar Healthy Annuitant Table projected generationally with Scale MP-2016 (gender distinct)

Other - 3.5% interest rate credited to the annuity savings fund; 3.0% cost of living increase on the first \$13,000 per year.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 15 MASSACHUSETTS TEACHERS RETIREMENT SYSTEM (CONTINUED)**

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	39.0%	4.9%
Core Fixed Income	15.0%	1.3%
Portfolio Completion Strategies	11.0%	3.9%
Private Equity	13.0%	8.2%
Real Estate	10.0%	3.6%
Value Added Fixed Income	8.0%	4.7%
Timber/Natural Resources	4.0%	4.1%
Totals	<u>100.0%</u>	

**Discount Rate** – The discount rate used to measure the MTRS' total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Pension Plan Fiduciary Net Position** – Detailed information about the MTRS' fiduciary net position is available in the Commonwealth's audited financial statements.

**NOTE 16 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

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

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 16 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Funding Policy** – The contribution requirements of plan members and the City are established and may be amended through collective bargaining. The required contribution is based on projected pay-as-you-go financing requirements. The City contributes between 77.5 and 84 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining portion of their premium costs.

The Commonwealth of Massachusetts passed special legislation that has allowed the City to establish a postemployment benefit trust fund and to enable the City to raise taxes necessary to begin pre-funding its OPEB liabilities. During 2020, the City pre-funded future OPEB liabilities by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2020, the balance of this fund totaled \$6,977,829.

**Employees Covered by Benefit Terms** – At June 30, 2020 the following employees were covered by benefit terms:

Active members	1,743
Inactive members currently receiving benefits	<u>1,376</u>
Total	<u><u>3,119</u></u>

**Components of the Net OPEB Liability** – The following table represents the components of the Plan’s Net OPEB liability as of the measurement date of June 30, 2020:

Total OPEB Liability	\$ 414,779,623
Plan Fiduciary Net Position	<u>(6,977,829)</u>
Net OPEB Liability	<u><u>\$ 407,801,794</u></u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	1.7%

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 16 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Significant Actuarial Methods and Assumptions** – The total OPEB liability in the July 1, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2020, to be in accordance with GASB Statements No. 75:

Valuation date:	July 1, 2019
Actuarial cost method:	Entry age normal
Asset valuation method:	Market value
Discount rate/investment rate of return:	2.66%
Healthcare trend rate:	8% decreasing to an ultimate rate of 5%
Inflation rate:	3% per annum
Salary increases:	3% per annum
Mortality rates:	RP-20006 mortality table with MP-2018 projection

**Investment Policy** – The City’s policy in regard to the allocation of invested assets is established and may be amended by City Council by a majority vote of its members. The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The City’s OPEB investments were invested using the City’s investment policy. The City maintains their OPEB trust funds in a portfolio that is invested to achieve a specific real rate of return. For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 2.71%. The money-weighted rate of return expresses investment performance, net of investment expense. The projected arithmetic real rates of return for each major asset class, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption are summarized below:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	6.50%
Fixed Income	1.50%
Private Equity	6.00%
Real Estate	5.50%
Cash	0.00%

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 16 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**Discount Rate** – The discount rate used to measure the total OPEB liability was 2.66% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan’s funding policy. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore the 2.66% municipal bond rate, based on the S&P Municipal Bond 20-Year High Grade Bond index rate as of June 30, 2020, was applied to all periods to determine the total OPEB liability.

**Changes in the NET OPEB Liability**

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balance at June 30, 2019	\$ 394,372,112	\$ 6,793,840	\$ 387,578,272
Changes for the year:			
Service Cost	17,053,088	-	17,053,088
Interest	10,812,538	-	10,812,538
Differences Between Expected and Actual Experience	(2,634,351)	-	(2,634,351)
Changes of Assumptions	8,828,091	-	8,828,091
Benefit Payments	(13,651,855)	(13,651,855)	-
Employer Contributions	-	13,651,855	(13,651,855)
Net Investment Income	-	183,989	(183,989)
Net Changes	<u>20,407,511</u>	<u>183,989</u>	<u>20,223,522</u>
Balance at June 30, 2020	<u>\$ 414,779,623</u>	<u>\$ 6,977,829</u>	<u>\$ 407,801,794</u>

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (1.66%)	Current Discount Rate (2.66%)	1% Increase (3.66%)
Net OPEB Liability	\$ 475,739,471	\$ 407,801,794	\$ 339,864,118

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Net OPEB Liability	\$ 328,011,850	\$ 407,801,794	\$ 505,258,709



**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 16 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2020, the City recognized OPEB expense of \$29,375,099. At June 30, 2020, the City reported the following deferred outflows of resources and deferred inflows of resources related to OPEB:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 24,921,100	\$ 58,091,768
Changes of assumptions	77,843,588	-
Net difference between projected and actual earnings	<u>4,447</u>	<u>411,708</u>
Total	<u><u>\$ 102,769,135</u></u>	<u><u>\$ 58,503,476</u></u>

The amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30</u>	<u>Amount</u>
2021	\$ 1,699,021
2022	1,699,021
2023	1,729,352
2024	1,846,368
2025	1,845,256
Thereafter	<u>35,446,641</u>
Total	<u><u>\$ 44,265,659</u></u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 17 COMBINING FIDUCIARY FUND FINANCIAL STATEMENTS**

The City's Pension Trust Fund and OPEB Trust Fund Statements of Fiduciary net position are as follows:

	Pension Trust Fund (As of 12/31/19)	OPEB Trust Fund (As of 6/30/20)	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 8,874,987	\$ 63,388	\$ 8,938,375
Investments:			
Equity Mutual Funds		2,148,078	2,148,078
Fixed Income Mutual Funds	-	580,084	580,084
Equity Securities	-	3,302,685	3,302,685
Fixed Income Securities	-	883,594	883,594
External Investment Pool (PRIT)	346,330,756	-	346,330,756
Other Assets	103,605	-	103,605
Total Assets	<u>355,309,348</u>	<u>6,977,829</u>	<u>362,287,177</u>
<b>LIABILITIES</b>			
Warrants Payable	<u>175,809</u>	<u>-</u>	<u>175,809</u>
<b>NET POSITION</b>			
Restricted for Pensions and OPEB	<u>\$ 355,133,539</u>	<u>\$ 6,977,829</u>	<u>\$ 362,111,368</u>

The City's Pension Trust Fund and OPEB Trust Fund Statements of Fiduciary net position are as follows:

	Pension Trust Fund (Year ended 12/31/19)	OPEB Trust Fund (Year ended 6/30/20)	Total
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ 17,578,549	\$ 13,651,855	\$ 31,230,404
Plan Members	7,371,785	-	7,371,785
Transfers from Other Systems	1,722,326	-	1,722,326
Total Contributions	<u>26,672,660</u>	<u>13,651,855</u>	<u>40,324,515</u>
Net Investment Income:			
Net Appreciation in Fair Value of Investments	41,281,535	-	41,281,535
Interest and Dividends	8,793,718	183,989	8,977,707
Total Investment Income	<u>50,075,253</u>	<u>183,989</u>	<u>50,259,242</u>
Less: Investment Expense	<u>(1,676,957)</u>	<u>-</u>	<u>(1,676,957)</u>
Net Investment Income	<u>48,398,296</u>	<u>183,989</u>	<u>48,582,285</u>
Intergovernmental	<u>588,085</u>	<u>-</u>	<u>588,085</u>
Total Additions	<u>75,659,041</u>	<u>13,835,844</u>	<u>89,494,885</u>
<b>DEDUCTIONS</b>			
Administration	354,704	-	354,704
Retirement Benefits and Refunds	26,232,463	-	26,232,463
Other Postemployment Benefits	-	13,651,855	13,651,855
Transfers to Other Systems	2,010,681	-	2,010,681
Total Deductions	<u>28,597,848</u>	<u>13,651,855</u>	<u>42,249,703</u>
<b>CHANGE IN NET POSITION</b>	47,061,193	183,989	47,245,182
Net Position - Beginning of Year	<u>308,072,346</u>	<u>6,793,840</u>	<u>314,866,186</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 355,133,539</u>	<u>\$ 6,977,829</u>	<u>\$ 362,111,368</u>

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 18 COMMITMENTS**

The City is entering into, or is planning to enter into, various capital projects totaling approximately \$120,000,000.

**NOTE 19 CONTINGENCIES**

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards through June 30, 2020, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2020, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2020.

**NOTE 20 COVID-19 PANDEMIC**

During fiscal year 2020, the World Health Organization declared the spread of COVID-19 a worldwide pandemic, which continues to significantly impact global markets, supply chains, businesses and communities. Specific to the City, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, revenue loss, costs for emergency preparedness and shortages of personnel. Management believes the City is taking appropriate actions to mitigate the negative impact.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-GAAP BUDGETARY BASIS - BUDGET AND ACTUAL  
YEAR ENDED JUNE 30, 2020**

	Prior Year Encumbrances and Continuing Appropriations	Current Year Initial Budget	Original Budget	Final Budget
<b>REVENUES</b>				
Real Estate and Personal Property Taxes	\$ -	\$ 194,214,592	\$ 194,214,592	\$ 194,214,592
Motor Vehicle and Other Excise Taxes	-	8,782,664	8,782,664	8,782,664
Hotel/Motel Tax	-	1,475,089	1,475,089	1,475,089
Tax Liens	-	-	-	-
Payments in Lieu of Taxes	-	657,949	657,949	657,949
Meals Tax	-	1,527,405	1,527,405	1,527,405
Fees and Rentals	-	1,932,614	1,932,614	1,932,614
Intergovernmental	-	67,036,845	67,036,845	67,036,845
Penalties and Interest on Taxes	-	970,439	970,439	970,439
Licenses and Permits	-	4,969,497	4,969,497	4,969,497
Fines and Forfeitures	-	320,936	320,936	320,936
Departmental and Other	-	1,362,593	1,362,593	1,362,593
Investment Income	-	296,534	296,534	296,534
Miscellaneous	-	305,923	305,923	305,923
Total Revenues	-	283,853,080	283,853,080	283,853,080
<b>EXPENDITURES</b>				
Current:				
General Government	35,151	5,316,765	5,351,916	5,462,620
City Council	-	343,863	343,863	373,341
Finance Division	11,411	2,340,449	2,351,860	2,367,431
Technology Services Division	7,140	2,335,884	2,343,024	2,343,214
Human Resources Division	21,718	592,247	613,965	639,386
Planning and Economic Development	-	1,065,980	1,065,980	1,031,045
Police Division	6,811	14,989,334	14,996,145	15,556,312
Fire Division	1,339	14,935,447	14,936,786	14,938,125
Public Works Division	136,126	12,133,800	12,269,926	12,511,776
Snow and Ice Appropriation	-	1,654,688	1,654,688	1,654,688
Parks/Recreation/Cultural Affairs	74	5,912,297	5,912,371	5,930,959
Inspectional Services Division	7,167	1,203,389	1,210,556	1,210,556
Framingham Public Schools	3,864	138,561,122	138,564,986	138,599,850
Keefe Technical Assessment	-	9,170,250	9,170,250	9,170,250
Framingham Public Library	5,303	3,255,482	3,260,785	3,319,976
City Clerk/Elections	4,404	268,565	272,969	272,969
City Clerk/Stipend	-	315,964	315,964	318,181
Reserve Fund	-	400,000	400,000	400,000
Miscellaneous Unclassified	801,681	36,195,631	36,997,312	37,804,717
Retirement Appropriation	-	16,513,289	16,513,289	16,513,289
Debt Service	-	14,600,280	14,600,280	14,617,460
Nonappropriated Items	-	10,160,262	10,160,262	10,180,520
Articles	1,920,962	476,002	2,396,964	2,694,903
Total Expenditures	2,963,151	292,740,990	295,704,141	297,911,568
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>				
	(2,963,151)	(8,887,910)	(11,851,061)	(14,058,488)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	4,411,545	4,411,545	4,411,545
Premium from Issuance of Bonds and Notes	-	-	-	-
Transfers Out	-	(1,133,009)	(1,133,009)	(1,133,009)
Total Other Financing Sources (Uses)	-	3,278,536	3,278,536	3,278,536
<b>NET CHANGE IN FUND BALANCE</b>				
	(2,963,151)	(5,609,374)	(8,572,525)	(10,779,952)
Fund Balance - Beginning of Year	34,979,665	34,979,665	34,979,665	34,979,665
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 32,016,514</b>	<b>\$ 29,370,291</b>	<b>\$ 26,407,140</b>	<b>\$ 24,199,713</b>

See Notes to Required Supplementary Information.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
NON-GAAP BUDGETARY BASIS - BUDGET AND ACTUAL (CONTINUED)  
YEAR ENDED JUNE 30, 2020**

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
<b>REVENUES</b>				
Real Estate and Personal Property Taxes	\$ 193,325,427	\$ -	\$ 193,325,427	\$ (889,165)
Motor Vehicle and Other Excise Taxes	8,662,323	-	8,662,323	(120,341)
Hotel/Motel Tax	1,180,790	-	1,180,790	(294,299)
Tax Liens	1,708,292	-	1,708,292	1,708,292
Payments in Lieu of Taxes	479,660	-	479,660	(178,289)
Meals Tax	1,405,231	-	1,405,231	(122,174)
Fees and Rentals	1,880,821	-	1,880,821	(51,793)
Intergovernmental	66,177,196	-	66,177,196	(859,649)
Penalties and Interest on Taxes	958,472	-	958,472	(11,967)
Licenses and Permits	3,371,273	-	3,371,273	(1,598,224)
Fines and Forfeitures	481,118	-	481,118	160,182
Departmental and Other	917,846	-	917,846	(444,747)
Investment Income	572,073	-	572,073	275,539
Miscellaneous	855,725	-	855,725	549,802
<b>Total Revenues</b>	<b>281,976,247</b>	<b>-</b>	<b>281,976,247</b>	<b>(1,876,833)</b>
<b>EXPENDITURES</b>				
Current:				
General Government	4,724,269	161,873	4,886,142	576,478
City Council	214,604	31,933	246,537	126,804
Finance Division	2,179,067	22,597	2,201,664	165,767
Technology Services Division	2,268,629	-	2,268,629	74,585
Human Resources Division	568,572	38,710	607,282	32,104
Planning and Economic Development	776,572	22,088	798,660	232,385
Police Division	15,026,429	25,496	15,051,925	504,387
Fire Division	14,373,569	24,226	14,397,795	540,330
Public Works Division	11,871,498	60,281	11,931,779	579,997
Snow and Ice Appropriation	1,646,521	-	1,646,521	8,167
Parks/Recreation/Cultural Affairs	5,378,564	13,783	5,392,347	538,612
Inspectional Services Division	1,182,823	-	1,182,823	27,733
Framingham Public Schools	138,595,986	-	138,595,986	3,864
Keefe Technical Assessment	9,170,250	-	9,170,250	-
Framingham Public Library	3,049,428	19,064	3,068,492	251,484
City Clerk/Elections	196,943	-	196,943	76,026
City Clerk/Stipend	310,061	306	310,367	7,814
Reserve Fund	-	-	-	400,000
Miscellaneous Unclassified	36,728,226	873,411	37,601,637	203,080
Retirement Appropriation	16,513,289	-	16,513,289	-
Debt Service	14,583,718	-	14,583,718	33,742
Nonappropriated Items	8,063,175	-	8,063,175	2,117,345
Articles	361,086	2,333,817	2,694,903	-
<b>Total Expenditures</b>	<b>287,783,279</b>	<b>3,627,585</b>	<b>291,410,864</b>	<b>6,500,704</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>(5,807,032)</b>	<b>(3,627,585)</b>	<b>(9,434,617)</b>	<b>4,623,871</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	4,411,545	-	4,411,545	-
Premium from Issuance of Bonds and Notes	4,119	-	4,119	4,119
Transfers Out	(1,133,009)	-	(1,133,009)	-
<b>Total Other Financing Sources (Uses)</b>	<b>3,282,655</b>	<b>-</b>	<b>3,282,655</b>	<b>4,119</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(2,524,377)</b>	<b>(3,627,585)</b>	<b>(6,151,962)</b>	<b>4,627,990</b>
Fund Balance - Beginning of Year	34,979,665	-	34,979,665	-
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 32,455,288</b>	<b>\$ (3,627,585)</b>	<b>\$ 28,827,703</b>	<b>\$ 4,627,990</b>

See Notes to Required Supplementary Information.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020**

**OTHER POST-EMPLOYMENT BENEFITS SCHEDULE**

**SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND  
RELATED RATIOS (PLAN) (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Total OPEB liability</u>				
Service Cost	\$ 17,053,088	\$ 16,611,848	\$ 12,759,696	\$ 11,789,210
Interest	10,812,538	12,845,070	9,480,391	12,026,552
Differences Between Expected and Actual Experience	(2,634,351)	(71,678,729)	77,235,384	-
Changes of Assumptions	8,828,091	12,189,449	31,502,378	-
Changes in Benefit Terms	-	-	-	-
Benefit Payments	<u>(13,651,855)</u>	<u>(13,276,318)</u>	<u>(12,590,312)</u>	<u>(10,372,642)</u>
Net Change in Total OPEB Liability	20,407,511	(43,308,680)	118,387,537	13,443,120
Total OPEB liability - Beginning	<u>394,372,112</u>	<u>437,680,792</u>	<u>319,293,255</u>	<u>305,850,135</u>
Total OPEB liability - Ending	<u>\$ 414,779,623</u>	<u>\$ 394,372,112</u>	<u>\$ 437,680,792</u>	<u>\$ 319,293,255</u>
<u>Plan Fiduciary Net Position</u>				
Contributions - Employer	\$ 13,651,855	\$ 13,276,318	\$ 12,590,312	\$ 10,372,642
Contributions - Member	-	250,000	500,600	751,710
Net investment Income	183,989	402,053	317,806	341,405
Benefit Payments	<u>(13,651,855)</u>	<u>(13,276,318)</u>	<u>(12,590,312)</u>	<u>(10,372,642)</u>
Net Change in Plan Fiduciary Net Position	183,989	652,053	818,406	1,093,115
Plan Fiduciary Net Position - Beginning	<u>6,793,840</u>	<u>6,141,787</u>	<u>5,323,381</u>	<u>4,230,266</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 6,977,829</u>	<u>\$ 6,793,840</u>	<u>\$ 6,141,787</u>	<u>\$ 5,323,381</u>
Net OPEB Liability - Ending (a) - (b)	<u>\$ 407,801,794</u>	<u>\$ 387,578,272</u>	<u>\$ 431,539,005</u>	<u>\$ 313,969,874</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.68%	1.72%	1.40%	1.67%
Covered-Employee Payroll	<u>\$ 152,441,729</u>	<u>\$ 146,418,000</u>	<u>\$ 113,300,000</u>	<u>\$ 110,000,000</u>
Net OPEB Liability as a Percentage of Covered-Employee Payroll	267.51%	264.71%	380.88%	285.43%

(1) Data is being accumulated annually to present 10 years of the reported information.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020**

**OTHER POST-EMPLOYMENT BENEFITS SCHEDULE**

**SCHEDULE OF CITY CONTRIBUTIONS – OTHER POST EMPLOYMENT BENEFITS PLAN (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Required Contribution	\$ 43,049,169	\$ 45,564,423	\$ 22,240,087	\$ 23,815,762
Contributions in Relation to the Actuarially Required Contribution	<u>(13,651,855)</u>	<u>(13,526,318)</u>	<u>(13,090,912)</u>	<u>(11,124,352)</u>
Contribution Deficiency (Excess)	<u>\$ 29,397,314</u>	<u>\$ 32,038,105</u>	<u>\$ 9,149,175</u>	<u>\$ 12,691,410</u>
City's Covered Payroll	<u>\$ 152,441,729</u>	<u>\$ 146,418,000</u>	<u>\$ 113,300,000</u>	<u>\$ 110,000,000</u>
Contributions as a Percentage of Covered Payroll	28.24%	9.24%	11.55%	10.11%

**SCHEDULE OF INVESTMENT RETURNS- OTHER POST EMPLOYMENT BENEFITS PLAN (1)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense	2.71%	6.30%	5.70%	3.00%

(1) Data is being accumulated annually to present 10 years of the reported information.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020**

**PENSION PLAN SCHEDULES**

**SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND  
RELATED RATIOS (SYSTEM) (1)**

	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015	December 31, 2014
<u>Total Pension Liability</u>						
Service Cost	\$ 10,607,000	\$ 10,150,000	\$ 9,884,000	\$ 9,458,000	\$ 8,051,000	\$ 7,704,000
Interest	32,065,000	30,897,000	29,959,000	27,295,000	27,088,000	26,082,000
Change in Assumptions	6,700,000	-	9,520,000	17,370,000	-	-
Difference Between Expected and Actual Experience	3,385,000	-	(4,041,000)	4,294,000	-	-
Benefit Payments, Including Refunds of Member Contributions	<u>(25,859,000)</u>	<u>(25,349,000)</u>	<u>(24,002,000)</u>	<u>(22,645,000)</u>	<u>(21,633,000)</u>	<u>(20,678,000)</u>
Net Change in Total Pension Liability	26,898,000	15,698,000	21,320,000	35,772,000	13,506,000	13,108,000
Total Pension Liability - Beginning	<u>438,587,000</u>	<u>422,889,000</u>	<u>401,569,000</u>	<u>365,797,000</u>	<u>352,291,000</u>	<u>339,183,000</u>
Total Pension Liability - Ending (a)	<u>\$ 465,485,000</u>	<u>\$ 438,587,000</u>	<u>\$ 422,889,000</u>	<u>\$ 401,569,000</u>	<u>\$ 365,797,000</u>	<u>\$ 352,291,000</u>
<u>Plan Fiduciary Net Position</u>						
Contributions - Employer	\$ 17,625,000	\$ 16,420,000	\$ 15,525,000	\$ 13,756,000	\$ 13,103,000	\$ 12,470,000
Contributions - Member	7,171,539	6,940,000	6,618,000	6,492,000	6,086,000	5,653,000
Net Investment Income	48,399,000	(7,079,000)	46,481,000	18,969,000	1,423,000	18,194,000
Benefit Payments, Including Refunds of Member Contributions and Net of Transfers (to)/from other Systems	(25,779,000)	(25,771,000)	(24,365,000)	(22,635,000)	(21,618,000)	(20,655,000)
Administrative Expense	(355,000)	(382,000)	(364,000)	(327,000)	(327,000)	(351,000)
Net Change in Plan Fiduciary Net Position	47,061,539	(9,872,000)	43,895,000	16,255,000	(1,333,000)	15,311,000
Plan Fiduciary Net Position - Beginning	<u>308,072,000</u>	<u>317,944,000</u>	<u>274,049,000</u>	<u>257,794,000</u>	<u>259,127,000</u>	<u>243,816,000</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 355,133,539</u>	<u>\$ 308,072,000</u>	<u>\$ 317,944,000</u>	<u>\$ 274,049,000</u>	<u>\$ 257,794,000</u>	<u>\$ 259,127,000</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 110,351,461</u>	<u>\$ 130,515,000</u>	<u>\$ 104,945,000</u>	<u>\$ 127,520,000</u>	<u>\$ 108,003,000</u>	<u>\$ 93,164,000</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.29%	70.24%	75.18%	68.24%	70.47%	73.55%
Covered Payroll	<u>\$ 71,607,000</u>	<u>\$ 66,275,000</u>	<u>\$ 66,275,000</u>	<u>\$ 64,070,000</u>	<u>\$ 55,766,000</u>	<u>\$ 55,766,000</u>
Net Pension Liability as a Percentage of Covered Payroll	154.1%	196.9%	158.3%	199.0%	193.7%	167.1%

(1) Data is being accumulated annually to present 10 years of the reported information.



**CITY OF FRAMINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020**

**PENSION PLAN SCHEDULES**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM) (1)**

	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	\$ 17,578,549	\$ 16,371,000	\$ 15,525,000	\$ 13,686,000	\$ 13,035,000	\$ 12,414,000
Contributions in Relation to the Actuarially Determined Contribution	<u>(17,578,549)</u>	<u>(16,420,000)</u>	<u>(15,525,000)</u>	<u>(13,686,000)</u>	<u>(13,035,000)</u>	<u>(12,414,000)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (49,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	<u>\$ 71,607,000</u>	<u>\$ 66,275,000</u>	<u>\$ 66,275,000</u>	<u>\$ 64,070,000</u>	<u>\$ 55,766,000</u>	<u>\$ 55,766,000</u>
Contributions as a Percentage of Covered Payroll	24.55%	24.70%	23.43%	21.36%	23.37%	22.26%

**SCHEDULE OF INVESTMENT RETURNS (SYSTEM) (1)**

	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	15.78%	-2.26%	17.66%	7.45%	0.06%	7.69%

**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (1)(2)**

	2019	2018	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	93.94%	94.15%	94.30%	94.56%	95.19%	95.11%
City's Proportionate Share of the Net Pension Liability	\$ 103,664,163	\$ 122,880,000	\$ 98,963,000	\$ 120,583,000	\$ 102,808,000	\$ 88,609,000
City's Covered Payroll	\$ 67,267,544	\$ 62,397,913	\$ 62,497,325	\$ 60,584,138	\$ 55,714,767	\$ 55,714,767
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	154.11%	196.93%	158.35%	199.03%	184.53%	159.04%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.29%	70.24%	75.18%	68.24%	70.47%	73.55%

**SCHEDULE OF CITY'S CONTRIBUTIONS (1)(2)**

	2020	2019	2018	2017	2016	2015
Actuarially Required Contribution	\$ 16,513,289	\$ 15,412,744	\$ 14,584,129	\$ 12,941,893	\$ 12,407,731	\$ 11,806,955
Contributions in Relation to the Actuarially Required Contribution	<u>(16,513,289)</u>	<u>(15,458,744)</u>	<u>(14,584,129)</u>	<u>(12,941,893)</u>	<u>(12,407,731)</u>	<u>(11,806,955)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ (46,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	<u>\$ 67,267,544</u>	<u>\$ 62,397,913</u>	<u>\$ 64,372,245</u>	<u>\$ 62,402,662</u>	<u>\$ 57,386,210</u>	<u>\$ 57,386,210</u>
Contributions as a Percentage of Covered Payroll	24.55%	24.77%	22.66%	20.74%	21.62%	20.57%

(1) Data is being accumulated annually to present 10 years of the reported information.

(2) The amounts presented were determined as of December 31 of the applicable fiscal year.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2020**

**PENSION PLAN SCHEDULES**

**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (MTRS)  
(1)(2)**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town's Share of Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Commonwealth's Share of the Town's Net Pension Liability	<u>273,039,022</u>	<u>255,481,136</u>	<u>245,297,947</u>	<u>237,979,362</u>	<u>214,722,934</u>	<u>164,027,046</u>
Total	<u>\$ 273,039,022</u>	<u>\$ 255,481,136</u>	<u>\$ 245,297,947</u>	<u>\$ 237,979,362</u>	<u>\$ 214,722,934</u>	<u>\$ 164,027,046</u>
Town's Expense and Revenue Recognized for the Commonwealth's Support	\$ 33,110,720	\$ 25,889,314	\$ 25,602,461	\$ 24,275,455	\$ 17,415,941	\$ 11,395,746
Plan Fiduciary Net Position as a Percentage of Total Net Pension Liability	53.95%	54.84%	54.25%	52.73%	55.38%	61.64%

(1) Data is being accumulated annually to present 10 years of the reported information.

(2) The amounts presented were determined as of June 30 of the previous year.

**CITY OF FRAMINGHAM, MASSACHUSETTS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**NOTE A BUDGETARY-GAAP RECONCILIATION**

For budgetary financial reporting purposes, the Uniform Massachusetts Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the General Fund for the fiscal year ended June 30, 2020, is presented below:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>	<u>Fund Balance</u>
Budgetary Basis as Reported on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 281,976,247	\$ 291,410,864	\$ 3,282,655	\$ 28,827,703
<u>Adjustments and Reclassifications</u>				
To Record 60-Day Receipts	(559,961)	-	-	-
To Record Tax Refunds Payable	857,311	-	-	-
To Record MTRS On-Behalf Payments	33,110,720	33,110,720	-	-
Stabilization Fund Activities	143,675	-	448,209	26,827,287
To Record Encumbrances and Continuing Appropriations	-	(3,627,585)	-	3,627,585
GAAP Basis as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances	<u>\$ 315,527,992</u>	<u>\$ 320,893,999</u>	<u>\$ 3,730,864</u>	<u>\$ 59,282,575</u>

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