

CITY OF QUINCY, MASSACHUSETTS

***REPORT ON EXAMINATION OF
BASIC FINANCIAL STATEMENTS***

YEAR ENDED JUNE 30, 2020

CITY OF QUINCY, MASSACHUSETTS

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JUNE 30, 2020

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Independent Auditors' Report

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Quincy Contributory Retirement System as of December 31, 2019 which is presented as a major fiduciary fund. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Quincy Contributory Retirement System is based solely on the report of the other auditors.

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Quincy, Massachusetts, as of June 30, 2020 (except for the Quincy Contributory Retirement System which is as of December 31, 2019), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in 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 required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2021 on our consideration of the City of Quincy, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Quincy, Massachusetts' internal control over financial reporting and compliance.

Powers & Sullivan, LLC

July 20, 2021

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Quincy (City), we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2020. We encourage readers to consider the information presented in this report. All amounts, unless otherwise indicated, are expressed in whole dollars.

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

Financial Highlights

- The liabilities and deferred inflows of resources of the City exceeded its assets and deferred outflows of resources at the close of 2020 by \$621.7 million due to the unfunded long-term actuarially determined net pension liability of \$394 million and the actuarially determined net other postemployment liability of \$781.8 million.
- The accumulated governmental liability for net other postemployment benefits liability is \$753.3 million and the accumulated governmental net pension liability is \$355.3 million. This has created a negative balance of \$953 million for governmental activities unrestricted net position.
- The accumulated business-type liability for the net other postemployment benefits liability is \$28.5 million and the accumulated business-type net pension liability is \$38.7 million. This has created a negative balance of \$39.1 million for business-type activities unrestricted net position.
- At the close of the current year, the City's general fund reported an ending fund balance of \$23.2 million a decrease of \$1.7 million from the prior year.
- In 2020, the City incurred \$7.6 million of expenses related to the COVID-19 Pandemic, which were funded by grants received by the State and Federal governments (See Note 15).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Quincy's basic financial statements. These basic financial statements comprise three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements.

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

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

The *statement of activities* presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change

occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, community preservation, culture and recreation, COVID-19, claims and judgments and interest. The business-type activities include the activities of the sewer, water, and Quincy College operations.

The government-wide financial statements include not only the City of Quincy itself (known as the *primary government*), but also a legally separate public employee retirement system for which the City of Quincy is financially accountable. Financial information for this *component unit* is reported within the fiduciary fund statements.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the 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 activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

Proprietary funds. The City maintains one type of proprietary fund.

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 sewer, water, and Quincy College activities.

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 own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$621.6 million at the close of 2020.

Net position of \$340.6 million reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$29.8 million of the net position represents resources that are subject to external restrictions on how they may be used. The remaining *unrestricted net position* deficit balance is not available to meet the City's ongoing obligations to citizens and creditors because the related non-capital liabilities exceed non-capital assets. The *unrestricted net position* deficit balance of \$992 million, which represents amounts that will need to be raised over the course of time, is mostly the result of recognizing the net OPEB liabilities of \$781.8 million and net pension liabilities of \$394 million.

The discussion and comparison of governmental and business-type activities of the City are presented on the pages that follow.

Governmental Activities

The City's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources for governmental activities by \$650.6 million at the close of 2020.

Comparative information regarding the City's governmental activities assets, deferred outflows of resources, liabilities, and deferred inflows of resources, between the current and prior years, is presented in the following table:

	2020	2019
Assets:		
Current assets.....	\$ 194,619,709	\$ 156,406,421
Noncurrent assets (excluding capital).....	-	1,263,971
Capital assets, non depreciable.....	85,564,170	80,322,918
Capital assets, net of accumulated depreciation....	613,424,823	531,131,913
Total assets.....	893,608,702	769,125,223
Deferred outflows of resources.....	192,211,895	42,800,071
Liabilities:		
Current liabilities (excluding debt).....	41,170,241	36,542,845
Noncurrent liabilities (excluding debt).....	1,115,189,087	1,112,679,713
Current debt.....	239,161,947	151,373,918
Noncurrent debt.....	280,048,105	238,337,705
Total liabilities.....	1,675,569,380	1,538,934,181
Deferred inflows of resources.....	60,877,285	70,349,872
Net position:		
Net investment in capital assets.....	273,902,163	279,626,894
Restricted.....	28,507,334	29,968,302
Unrestricted.....	(953,035,565)	(1,106,953,955)
Total net position.....	\$ (650,626,068)	\$ (797,358,759)

The governmental net position increased \$146.7 million during the current year. This was mainly driven by a combined \$156.5 million decrease in the net pension and net other postemployment benefit liabilities.

Beginning net position has been restated to reflect a change in the measurement date associated with net other postemployment benefit liability. The change in measurement date is allowed per GASB Statement #75. Accordingly, previously reported net position of \$725.3 million has been restated to \$797.4 million (see Note 16 for additional information).

The governmental activities expenses totaled \$258.8 million of which \$122.8 million, or 47.5% of total governmental activities expenses, was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions.

General revenues totaled \$282.5 million, primarily coming from property taxes, motor vehicle excise and unrestricted grants and contributions. General revenues increased \$16.5 million over the prior year and the increase is mainly attributable to real estate tax revenues being \$15.6 million higher than the prior year.

Capital grant revenues decreased \$4.6 million because of decreased grant reimbursements from the Massachusetts School Building Authority (MSBA). The MSBA reimburses the City based on a percentage of eligible reimbursable costs.

Comparative information regarding the City's governmental activities revenues and expenses, between the current and prior years, is presented below in the following table:

	2020	2019
Program Revenues:		
Charges for services.....	\$ 13,986,748	\$ 14,768,754
Operating grants and contributions.....	102,370,222	87,334,694
Capital grants and contributions.....	6,478,862	11,094,081
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	240,401,841	224,790,893
Tax and other liens.....	115,631	1,857,246
Motor vehicle and other excise taxes.....	11,527,847	11,355,353
Hotel/motel tax.....	1,322,127	1,210,084
Meals tax.....	1,818,971	1,953,953
Urban development corporation tax.....	-	626,090
Community preservation tax.....	1,986,710	1,847,369
Penalties and interest on taxes.....	1,242,912	1,382,842
Payments in lieu of taxes.....	1,141,295	1,113,855
Grants and contributions not restricted to specific programs.....	20,777,168	20,454,436
Unrestricted investment income.....	1,521,520	1,903,676
Total revenues.....	404,691,854	381,693,326
Expenses:		
General government.....	30,937,325	34,537,891
Public safety.....	52,437,893	116,157,509
Education.....	108,149,564	191,989,938
Public works.....	25,258,627	27,626,980
Human services.....	12,669,457	12,596,314
Culture and recreation.....	10,095,902	14,371,742
Community preservation.....	593,647	1,358,301
COVID-19.....	7,277,743	-
Claims and judgments.....	162,238	226,287
Interest.....	11,056,767	10,284,985
Total expenses.....	258,639,163	409,149,947
Excess (Deficiency) before transfers.....	146,052,691	(27,456,621)
Transfers.....	680,000	-
Change in net position.....	146,732,691	(27,456,621)
Net position, beginning of year (as restated).....	(797,358,759)	(769,902,138)
Net position, end of year.....	\$ (650,626,068)	\$ (797,358,759)

The City experienced an unusual (\$150.5) change in Governmental activities expenses during fiscal 2020 compared to fiscal 2019. The fund based Governmental expenditures increased in line with the voted budget; however, during the financial statement conversion from the modified accrual basis of accounting to the full accrual basis of accounting the City was required by GAAP to recognize the change in the plan benefits for OPEB benefits that were implemented during fiscal year 2020 as an immediate reduction of expense. Among other benefit changes to the health care options offered to retirees, the City changed from premium based plans to a self-insured plan. These changes resulted in a decrease of \$197.4 million in the total OPEB liability during fiscal year, all of which is recognized in the current year. Offsetting that decrease in the OPEB liability was a \$187.6 million increase in the liability for changes in assumptions and differences between expected and actual results. GAAP requires that the expense related to these types of changes be amortized over several years and not recognized fully in the current year. These deferred expenses are recorded as Deferred Inflows/Outflows on the Statement of Net Position at year-end. The net effect of the reporting of OPEB expenses resulted in an (\$114 million) reduction in expenses in fiscal year 2020 while in fiscal year 2019 OPEB expenses were increased by \$34 million. The net effect of the change in OPEB accrued expenses, between the fiscal years, was a reduction of (\$148) million. This is the primary reason the functional expenses in the table above reported significant reductions in expenses between years. The changes are more fully described in Note 12 to the Financial Statements as well as the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds.

In March 2020, the Federal Government approved the Coronavirus Aid, Relief, and Economic Security (CARES) Act which provides federal funding to assist communities in paying costs incurred between March 1, 2020 and December 31, 2021, that are directly related to the COVID-19 pandemic. The Commonwealth of Massachusetts was awarded \$2.7 million which is to be allocated amongst local governments based on population. The State has made a portion of these funds available as of June 30, 2020. In fiscal year 2020, the City incurred \$7.6 million of COVID related expenses. The City is relying on various federal and state grants to fund these costs. (See Note 15 for further information).

Business-type Activities

The City's business-type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28.9 million at the close of 2020. Comparative information regarding the City's business-type activities assets, deferred outflows of resources, liabilities, and deferred inflows of resources, between the current and prior years, is presented in the table on the following page.

	2020	2019
Assets:		
Current assets.....	\$ 48,378,221	\$ 50,016,436
Noncurrent assets (excluding capital).....	1,162,365	1,168,409
Capital assets, non depreciable.....	1,562,894	362,004
Capital assets, net of accumulated depreciation....	90,570,971	86,182,356
Total assets.....	141,674,451	137,729,205
Deferred outflows of resources.....	8,836,800	6,086,457
Liabilities:		
Current liabilities (excluding debt).....	7,522,915	6,674,058
Noncurrent liabilities (excluding debt).....	69,022,513	71,993,021
Current debt.....	2,190,172	12,157,976
Noncurrent debt.....	38,161,951	25,379,119
Total liabilities.....	116,897,551	116,204,174
Deferred inflows of resources.....	4,677,873	4,390,878
Net position:		
Net investment in capital assets.....	66,690,407	64,942,505
Restricted.....	1,333,000	1,333,000
Unrestricted.....	(39,087,580)	(43,054,895)
Total net position.....	\$ 28,935,827	\$ 23,220,610

Business-type net position of \$66.7 million represents the net investment in capital assets, \$1.3 million is restricted for capital purposes and workers compensation financing and the remaining unrestricted net position is in a deficit of \$39.1 million.

Comparative information regarding the City's business-type activities revenues and expenses, between the current and prior year, is presented below in the following table:

	2020	2019
Program Revenues:		
Charges for services.....	\$ 79,035,984	\$ 77,220,926
Operating grants and contributions.....	551,297	1,436,948
Capital grants and contributions.....	1,402,209	2,777,279
General Revenues:		
Penalties and interest.....	363,363	415,215
Unrestricted investment income.....	234,958	244,927
Total revenues.....	81,587,811	82,095,295
Expenses:		
Water.....	19,258,619	20,928,709
Sewer.....	27,829,869	29,492,512
Quincy College.....	28,104,106	35,242,429
Total expenses.....	75,192,594	85,663,650
Excess (Deficiency) before transfers.....	6,395,217	(3,568,355)
Transfers.....	(680,000)	(56,250)
Change in net position.....	5,715,217	(3,624,605)
Net position, beginning of year (as restated).....	23,220,610	26,845,215
Net position, end of year.....	\$ 28,935,827	\$ 23,220,610

Beginning net position has been restated to reflect a change in the measurement date associated with net other postemployment benefit liability. The change in measurement date is allowed per GASB Statement #75. Accordingly, previously reported net position of \$26.5 million has been restated to \$23.2 million (see Note 16 for additional information).

The City's business-type activities net position increased \$5.7 million in the current year as discussed in the following paragraphs.

The water enterprise fund's net position increased \$2.4 million from the prior year. This is the result of principal payments on debt exceeding depreciation expense and decreased expenses associated with the fund's net pension and net other postemployment benefit liabilities. Beginning net position was restated from \$18.6 million to \$17.4 million.

The sewer enterprise net position increased \$2.8 million from the prior year. The increase is the result of the City receiving \$1.3 million of capital grants from MWRA and the decreased operating assessments from the MWRA and decreased contacted services costs. Beginning net position was restated from \$25.7 million to \$25.2 million.

The ending net position of the Quincy College enterprise fund increased \$465,000. Operating revenues increased over the previous year by \$1.8 million, or 7.1%. The increase in operating revenues is related to an increase of \$227,000 in operation grant revenue received from the Commonwealth to fund pension contribution made on behalf of the instructional staff of the College. Also, impacting the change in operating revenue is a net

increase of \$1.6 million in registration fees and other operating grant revenue. Registration fee revenue decreased \$668,000 as a result of course cancellations resulting from the COVID-19 pandemic. The decreased registration fees were offset by grants received under the CARES Act, and other grants meant to supplement existing revenues of the College.

Operating expenses decreased by \$2.5 million or 8%. The reason for the decrease in operating expense is as mainly due to the College having suspended its contribution to the OPEB Trust for 2020. A decrease in health insurance costs also occurred as a result of the College being able to have a large portion of health insurance costs get absorbed by the City of Quincy.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing financing requirements. In particular *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, governmental funds reported a combined net ending fund balance deficit of \$80.7 million. The ending net fund balance deficit is due to the Downtown Improvement Capital Fund and City Capital Plan fund deficits of \$116.5 million, and \$2.1 million, respectively. There are offsetting surpluses of \$23.2 million in the General Fund and \$8.7 million in the non-major governmental funds.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$15.6 million and total fund balance was \$23.2 million. Assignments of fund balance for encumbrances and continuing appropriations totaled \$7.6 million. Unassigned fund balance represents 4.5% of total general fund expenditures, while total fund balance represents 6.6% of that same amount.

The general fund experienced a decrease of \$1.7 million. Some offsetting factors created this result: 1) the utilization of prudent cost controls that resulted in a budgetary appropriation turn-back of \$3.7 million and 2) the general fund absorbing, but not budgeting, the 100% of the \$2.3 million health insurance costs associated with the employees and retirees of the Quincy College Enterprise Fund. In previous years these costs were budgeted and paid for in the enterprise fund.

Fund balance of the Downtown Improvement Capital Fund decreased by \$50.3 million which was caused by unfunded expenditures in the amount of \$50.5 million. The current fund deficit balance of \$116.5 million will be funded through the issuance of additional long-term debt. The fund accounts for activity related to a major ongoing capital project to improve the downtown area.

Fund balance of the City Capital Plan Fund decreased by \$9.1 million. This was due total fund expenditures of \$45.8 million being offset by the issuance of long-term debt of \$28.8 million and the receipt of a bond premium of \$5.3 million. The fund expenditures were incurred under various contracts for library and parkland improvements, roadway and seawall infrastructure improvements, construction of a new police station and other public safety related projects. The fund began the year with a \$7 million surplus.

General Fund Budgetary Highlights.

The final budget of \$341.1 million is reflective of an increase of \$5.2 million, when compared to the original budget. The increased appropriation is due to additional appropriations to fund contributions to the OPEB Trust Fund, transfers to the weather and general stabilization funds, establishment of a budget for the City's public cable access operations, and to fund initial responses to the COVID pandemic. The City funded these measures prior to the creation of various federal and state grants to fund these costs.

Revenues were \$5.3 million lower than budgeted amounts due to various factors. License and permit revenues, real estate revenues, meals taxes, motor vehicle and other excise taxes, and corporate development taxes were \$6.7 million less than anticipated. This variance to the final budget is reflective of the impacts of the COVID-19 pandemic which led to less building permits being issued due to work stoppages in the building construction industry. The COVID-19 pandemic also contributed to delayed real estate and other tax collections. Offsetting these revenue categories was actual intergovernmental receipts being \$800,000 higher than budget. This is largely due to a receipt of federal and state grants to fund prior year storm damage. The City also realized \$830,000 in collections of prior year tax liens. This amount was unbudgeted.

Actual expenditures and encumbrances were lower than budgeted amounts by \$3.7 million due to appropriation turn-backs in the general government, public safety, education and public works functions. These reversions were largely drive by lower utility and other contractual service costs. The overall reversions were driven by less demand for services as a result of most governmental building and facilities being closed or unused for the fourth quarter of the fiscal year. Offsetting the reversions was an over-expenditure of \$2.3 million in the employee benefits budget. This was due to the general fund absorbing, but not budgeting, the health insurance costs associated with the employees and retirees of the Quincy College Enterprise Fund. In previous years these costs were budgeted and paid for in the enterprise fund.

Capital Asset and Debt Administration

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

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$791.1 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, machinery, vehicles and equipment, and infrastructure. The total increase in the City's investment in capital assets for the current year was \$94.8 million, net of \$24.9 million of depreciation expense.

The major reason for the increase in governmental capital asset activity includes the capitalization of final construction costs associated with the new Sterling Middle School construction project, Cottage Ave. and Hancock St. improvements, school building repairs, library repairs, park improvements and related projects funded through the Community Preservation Fund, fire department equipment, infrastructure costs associated with the downtown redevelopment project, as well as various roadway infrastructure upgrades and improvements.

The major reason for the increase in water and sewer fund capital assets is due to the City's ongoing investment in the infrastructure that supports the distribution and collection systems of both funds.

Debt Administration. The City maintains an S&P Bond Rating of AA+. The City continues to maintain strong market access for both note and bond sales.

Outstanding long-term debt of the general government, as of June 30, 2020, totaled approximately \$293.4 million. During fiscal year 2020 governmental funds issued \$49.1 million of general obligation bonds of which \$20.4 million was for the Sterling Middle School project, \$5.7 million was for Citywide road and sidewalk repair, \$9.5 million was for parkland improvements, \$4.5 million was for general capital improvements and \$9 million was for seawall & pump station repair.

Subsequent to the end of the fiscal year, the City issued \$20.8 million of long-term debt, respectively, which related to outstanding bond anticipation notes at year end. As such, the City has presented the debt as long-term in the financial statements.

At June 30, 2020, the water enterprise fund had \$26.3 million in long-term debt, and the sewer enterprise fund had \$13.5 million in long-term debt. During fiscal year 2020 the water enterprise fund issued \$5.7 million of zero interest bonds through the Massachusetts Water Resources Authority (MWRA) and \$8.0 million of general obligation bonds. The sewer enterprise fund issued \$445,000 of zero interest bonds through MWRA). As part of the MWRA bond issuance the Sewer fund received \$1.3 million in capital grants for the inflow and infiltration reduction projects. All of the debt carried by the water and sewer enterprise funds is supported by the user rates with no subsidy from the general fund.

At June 30, 2020, the City carried \$248.4 million of bond anticipation notes of which \$145.8 million relates to the Quincy Center Concourse downtown redevelopment project; \$69.9 million relates to various non-education related capital projects, \$25.7 million relates to capital projects that enhance the education system of the City, and \$7 million relates to water infrastructure projects.

Please refer to notes 4, 6, 7, and 9 in the financial statements for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the City of Quincy's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Municipal Finance, City Hall, 1305 Hancock St., Quincy, Massachusetts 02169.

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 157,826,463	\$ 32,102,826	\$ 189,929,289
Investments.....	4,004,624	-	4,004,624
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	9,420,914	-	9,420,914
Tax liens and deferrals.....	6,429,996	1,294,147	7,724,143
Community preservation fund surtax.....	60,330	-	60,330
Motor vehicle and other excise taxes.....	1,636,948	-	1,636,948
User fees.....	-	14,975,204	14,975,204
Departmental and other.....	594,112	-	594,112
Intergovernmental.....	12,584,919	-	12,584,919
Intergovernmental - subsidy.....	-	6,044	6,044
Community preservation state share.....	568,760	-	568,760
Loans.....	497,585	-	497,585
Tax foreclosures.....	995,058	-	995,058
Total current assets.....	194,619,709	48,378,221	242,997,930
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental - subsidy.....	-	29,365	29,365
Deposit on purchase of property.....	-	1,133,000	1,133,000
Capital assets, nondepreciable.....	85,564,170	1,562,894	87,127,064
Capital assets, net of accumulated depreciation.....	613,424,823	90,570,971	703,995,794
Total noncurrent assets.....	698,988,993	93,296,230	792,285,223
TOTAL ASSETS.....	893,608,702	141,674,451	1,035,283,153
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions.....	18,466,501	2,538,050	21,004,551
Deferred outflows related to other postemployment benefits.....	173,745,394	6,298,750	180,044,144
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	192,211,895	8,836,800	201,048,695
LIABILITIES			
CURRENT:			
Warrants payable.....	8,767,865	4,362,609	13,130,474
Accrued payroll.....	12,385,374	474,207	12,859,581
Tax refunds payable.....	1,377,000	-	1,377,000
Accrued interest.....	7,058,171	133,515	7,191,686
Other liabilities.....	457,831	1,657,470	2,115,301
Fees collected in advance.....	-	38,402	38,402
Compensated absences.....	10,595,000	739,712	11,334,712
Workers' compensation.....	529,000	117,000	646,000
Notes payable.....	225,811,847	513,500	226,325,347
Bonds payable.....	13,350,100	1,676,672	15,026,772
Total current liabilities.....	280,332,188	9,713,087	290,045,275
NONCURRENT:			
Compensated absences.....	3,615,000	54,070	3,669,070
Workers' compensation.....	3,041,000	1,750,000	4,791,000
Net pension liability.....	355,256,578	38,743,391	393,999,969
Net other postemployment benefits liability.....	753,276,509	28,475,052	781,751,561
Bonds payable.....	280,048,105	38,161,951	318,210,056
Total noncurrent liabilities.....	1,395,237,192	107,184,464	1,502,421,656
TOTAL LIABILITIES.....	1,675,569,380	116,897,551	1,792,466,931
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	17,626,399	3,596,173	21,222,572
Deferred inflows related to other postemployment benefits.....	43,250,886	1,081,700	44,332,586
TOTAL DEFERRED INFLOWS OF RESOURCES.....	60,877,285	4,677,873	65,555,158
NET POSITION			
Net investment in capital assets.....	273,902,163	66,690,407	340,592,570
Restricted for:			
Capital purposes.....	-	1,133,000	1,133,000
Workers compensation.....	-	200,000	200,000
Loans.....	497,585	-	497,585
Permanent funds:			
Expendable.....	2,448,608	-	2,448,608
Nonexpendable.....	264,484	-	264,484
Gifts and grants.....	18,212,536	-	18,212,536
Community preservation.....	7,084,121	-	7,084,121
Unrestricted.....	(953,035,565)	(39,087,580)	(992,123,145)
TOTAL NET POSITION.....	\$ (650,626,068)	\$ 28,935,827	\$ (621,690,241)

See notes to basic financial statements.

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	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 30,937,325	\$ 6,809,079	\$ 11,267,514	\$ -	\$ (12,860,732)
Public safety.....	52,437,893	4,197,552	2,316,738	-	(45,923,603)
Education.....	108,149,564	1,390,600	72,810,687	1,222,427	(32,725,850)
Public works.....	25,258,627	1,056,632	2,201,509	4,505,646	(17,494,840)
Human services.....	12,669,457	76,522	6,157,422	-	(6,435,513)
Culture and recreation.....	10,095,902	456,363	193,898	-	(9,445,641)
Community preservation.....	593,647	-	-	750,789	157,142
COVID-19.....	7,277,743	-	7,277,743	-	-
Claims and judgments.....	162,238	-	-	-	(162,238)
Interest.....	11,056,767	-	144,711	-	(10,912,056)
Total Governmental Activities.....	258,639,163	13,986,748	102,370,222	6,478,862	(135,803,331)
<i>Business-Type Activities:</i>					
Water.....	19,258,619	21,164,872	447,116	-	2,353,369
Sewer.....	27,829,869	29,454,113	104,181	1,335,150	3,063,575
Quincy College.....	28,104,106	28,416,999	-	67,059	379,952
Total Business-Type Activities.....	75,192,594	79,035,984	551,297	1,402,209	5,796,896
Total Primary Government.....	\$ 333,831,757	\$ 93,022,732	\$ 102,921,519	\$ 7,881,071	\$ (130,006,435)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (continued)

YEAR ENDED JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(135,803,331)	\$ 5,796,896	\$ (130,006,435)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	240,401,841	-	240,401,841
Tax and other liens.....	115,631	-	115,631
Motor vehicle and other excise taxes.....	11,527,847	-	11,527,847
Hotel/motel tax.....	1,322,127	-	1,322,127
Meals tax.....	1,818,971	-	1,818,971
Community preservation tax.....	1,986,710	-	1,986,710
Penalties and interest on taxes.....	1,242,912	363,363	1,606,275
Payments in lieu of taxes.....	1,141,295	-	1,141,295
Grants and contributions not restricted to specific programs.....	20,777,168	-	20,777,168
Unrestricted investment income.....	1,521,520	234,958	1,756,478
<i>Transfers, net</i>	680,000	(680,000)	-
Total general revenues and transfers.....	<u>282,536,022</u>	<u>(81,679)</u>	<u>282,454,343</u>
Change in net position.....	146,732,691	5,715,217	152,447,908
<i>Net position:</i>			
Beginning of year, as restated.....	<u>(797,358,759)</u>	<u>23,220,610</u>	<u>(774,138,149)</u>
End of year..... \$	<u><u>(650,626,068)</u></u>	<u><u>28,935,827</u></u>	<u><u>(621,690,241)</u></u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2020

	General	Downtown Improvement Capital Fund	City Capital Plan	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 40,425,460	\$ 32,298,227	\$ 61,164,510	\$ 23,938,266	\$ 157,826,463
Investments.....	-	-	-	4,004,624	4,004,624
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	9,420,914	-	-	-	9,420,914
Tax liens and deferrals.....	6,409,863	-	-	20,133	6,429,996
Community preservation fund surtax.....	-	-	-	60,330	60,330
Motor vehicle and other excise taxes.....	1,636,948	-	-	-	1,636,948
Departmental and other.....	518,062	-	-	76,050	594,112
Intergovernmental.....	791,420	-	-	11,793,499	12,584,919
Community preservation state share.....	-	-	-	568,760	568,760
Loans.....	-	-	-	497,585	497,585
Tax foreclosures.....	995,058	-	-	-	995,058
TOTAL ASSETS.....	\$ 60,197,725	\$ 32,298,227	\$ 61,164,510	\$ 40,959,247	\$ 194,619,709
LIABILITIES					
Warrants payable.....	\$ 2,127,383	\$ 3,015,646	\$ 2,878,609	\$ 746,227	\$ 8,767,865
Accrued payroll.....	12,385,374	-	-	-	12,385,374
Tax refunds payable.....	1,377,000	-	-	-	1,377,000
Accrued interest on notes payable.....	3,043,300	-	-	-	3,043,300
Other liabilities.....	451,776	-	-	6,055	457,831
Notes payable.....	-	145,800,000	60,386,468	19,625,379	225,811,847
TOTAL LIABILITIES.....	19,384,833	148,815,646	63,265,077	20,377,661	251,843,217
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	17,587,261	-	-	5,873,987	23,461,248
FUND BALANCES					
Nonspendable.....	-	-	-	264,484	264,484
Restricted.....	-	-	-	28,514,706	28,514,706
Assigned.....	7,578,953	-	-	-	7,578,953
Unassigned.....	15,646,678	(116,517,419)	(2,100,567)	(14,071,591)	(117,042,899)
TOTAL FUND BALANCES.....	23,225,631	(116,517,419)	(2,100,567)	14,707,599	(80,684,756)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 60,197,725	\$ 32,298,227	\$ 61,164,510	\$ 40,959,247	\$ 194,619,709

See notes to basic financial statements.

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

JUNE 30, 2020

Total governmental fund balances.....		\$ (80,684,756)
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		698,988,993
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		23,461,248
The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred.....		131,334,610
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(4,014,871)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(293,398,205)	
Net pension liability.....	(355,256,578)	
Net other postemployment benefits liability.....	(753,276,509)	
Workers' compensation.....	(3,570,000)	
Compensated absences.....	<u>(14,210,000)</u>	
Net effect of reporting long-term liabilities.....		<u>(1,419,711,292)</u>
Net position of governmental activities.....		\$ <u>(650,626,068)</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

	General	Downtown Improvement Capital Fund	City Capital Plan	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 238,823,622	\$ -	\$ -	\$ -	\$ 238,823,622
Tax liens.....	830,407	-	-	-	830,407
Motor vehicle and other excise taxes.....	10,900,552	-	-	-	10,900,552
Hotel/motel tax.....	-	-	-	1,322,127	1,322,127
Meals tax.....	1,818,971	-	-	-	1,818,971
Charges for services.....	-	-	-	2,569,755	2,569,755
Penalties and interest on taxes.....	1,238,328	-	-	4,584	1,242,912
Fees and rentals.....	3,011,737	-	-	-	3,011,737
Payments in lieu of taxes.....	1,141,295	-	-	-	1,141,295
Licenses and permits.....	2,935,950	-	-	-	2,935,950
Fines and forfeitures.....	650,183	-	-	-	650,183
Intergovernmental - state aid.....	50,134,306	-	-	-	50,134,306
Intergovernmental - School Building Authority.....	385,483	-	-	1,174,614	1,560,097
Intergovernmental - Teachers Retirement.....	31,145,908	-	-	-	31,145,908
Intergovernmental - other.....	1,441,614	-	50,000	33,379,518	34,871,132
Intergovernmental - COVID-19 relief.....	-	-	-	7,277,743	7,277,743
Departmental and other.....	2,898,665	176,296	225,000	3,736,878	7,036,839
Community preservation taxes.....	-	-	-	1,967,531	1,967,531
Community preservation state match.....	-	-	-	441,760	441,760
Contributions and donations.....	-	-	-	2,935,245	2,935,245
Investment income.....	1,330,685	-	-	190,835	1,521,520
TOTAL REVENUES.....	348,687,706	176,296	275,000	55,000,590	404,139,592
EXPENDITURES:					
Current:					
General government.....	17,505,143	-	1,367,575	12,584,633	31,457,351
Public safety.....	62,186,816	-	21,211,229	2,304,106	85,702,151
Education.....	108,499,165	-	-	28,507,052	137,006,217
Public works.....	14,946,837	50,498,774	12,772,957	3,406,201	81,624,769
Human services.....	3,423,089	-	-	9,423,592	12,846,681
Culture and recreation.....	7,614,046	-	10,457,052	331,822	18,402,920
Community preservation.....	-	-	-	544,951	544,951
COVID-19.....	-	-	-	7,277,743	7,277,743
Pension benefits.....	29,111,719	-	-	-	29,111,719
Pension benefits - Teachers Retirement.....	31,145,908	-	-	-	31,145,908
Employee benefits.....	51,739,266	-	-	-	51,739,266
Claims and judgments.....	162,238	-	-	-	162,238
State and county charges.....	4,151,681	-	-	-	4,151,681
Debt service:					
Principal.....	10,341,341	-	-	5,000	10,346,341
Interest.....	9,778,954	-	-	801,397	10,580,351
TOTAL EXPENDITURES.....	350,606,203	50,498,774	45,808,813	65,186,497	512,100,287
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(1,918,497)	(50,322,478)	(45,533,813)	(10,185,907)	(107,960,695)
OTHER FINANCING SOURCES (USES):					
Issuance of bonds.....	-	-	28,761,346	20,399,029	49,160,375
Premium from issuance of bonds.....	-	-	5,250,125	650,000	5,900,125
Transfers in.....	2,682,841	-	2,450,663	50,000	5,183,504
Transfers out.....	(2,450,663)	-	-	(2,052,841)	(4,503,504)
TOTAL OTHER FINANCING SOURCES (USES)...	232,178	-	36,462,134	19,046,188	55,740,500
NET CHANGE IN FUND BALANCES.....	(1,686,319)	(50,322,478)	(9,071,679)	8,860,281	(52,220,195)
FUND BALANCES AT BEGINNING OF YEAR.....	24,911,950	(66,194,941)	6,971,112	5,847,318	(28,464,561)
FUND BALANCES AT END OF YEAR.....	\$ 23,225,631	\$ (116,517,419)	\$ (2,100,567)	\$ 14,707,599	\$ (80,684,756)

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds.....		\$ (52,220,195)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay.....	109,765,757	
Depreciation expense.....	<u>(22,231,595)</u>	
Net effect of reporting capital assets.....		87,534,162
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		552,262
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p>		
Issuance of bonds.....	(49,160,375)	
Premium from issuance of bonds.....	(5,900,125)	
Net amortization of premium from issuance of bonds.....	882,119	
Debt service principal payments.....	<u>10,346,341</u>	
Net effect of reporting long-term debt.....		(43,832,040)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Net change in compensated absences accrual.....	(279,000)	
Net change in accrued interest on long-term debt.....	(1,358,535)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(33,856,692)	
Net change in net pension liability.....	24,156,272	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits.....	192,741,103	
Net change in net other postemployment benefits liability.....	(26,527,646)	
Net change in workers' compensation liability.....	<u>(177,000)</u>	
Net effect of recording long-term liabilities.....		<u>154,698,502</u>
Change in net position of governmental activities.....		\$ <u><u>146,732,691</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2020

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Quincy College	Total
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 13,855,698	\$ 11,088,928	\$ 7,158,200	\$ 32,102,826
Receivables, net of allowance for uncollectibles:				
Liens - user fees.....	554,538	739,609	-	1,294,147
User fees.....	3,231,119	5,156,312	6,587,773	14,975,204
Intergovernmental - subsidy.....	-	6,044	-	6,044
Total current assets.....	<u>17,641,355</u>	<u>16,990,893</u>	<u>13,745,973</u>	<u>48,378,221</u>
NONCURRENT:				
Receivables, net of allowance for uncollectibles:				
Intergovernmental - subsidy.....	-	29,365	-	29,365
Deposit on purchase of property.....	-	-	1,133,000	1,133,000
Capital assets, non depreciable.....	1,280,364	282,530	-	1,562,894
Capital assets, net of accumulated depreciation.....	<u>50,092,852</u>	<u>37,991,365</u>	<u>2,486,754</u>	<u>90,570,971</u>
Total noncurrent assets.....	<u>51,373,216</u>	<u>38,303,260</u>	<u>3,619,754</u>	<u>93,296,230</u>
TOTAL ASSETS.....	<u>69,014,571</u>	<u>55,294,153</u>	<u>17,365,727</u>	<u>141,674,451</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions.....	524,067	357,878	1,656,105	2,538,050
Deferred outflows related to other postemployment benefits.....	<u>2,582,300</u>	<u>1,763,100</u>	<u>1,953,350</u>	<u>6,298,750</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>3,106,367</u>	<u>2,120,978</u>	<u>3,609,455</u>	<u>8,836,800</u>
LIABILITIES				
CURRENT:				
Warrants payable.....	2,727,499	274,757	1,360,353	4,362,609
Accrued payroll.....	17,669	13,934	442,604	474,207
Accrued interest.....	25,704	107,811	-	133,515
Other liabilities.....	-	-	1,657,470	1,657,470
Fees collected in advance.....	-	-	38,402	38,402
Compensated absences.....	243,000	105,000	391,712	739,712
Workers' compensation.....	-	-	117,000	117,000
Notes payable.....	513,500	-	-	513,500
Bonds payable.....	<u>688,796</u>	<u>987,876</u>	<u>-</u>	<u>1,676,672</u>
Total current liabilities.....	<u>4,216,168</u>	<u>1,489,378</u>	<u>4,007,541</u>	<u>9,713,087</u>
NONCURRENT:				
Compensated absences.....	25,000	11,000	18,070	54,070
Workers' compensation.....	-	-	1,750,000	1,750,000
Net pension liability.....	10,081,942	6,884,810	21,776,639	38,743,391
Net other postemployment benefits liability.....	11,195,700	7,643,900	9,635,452	28,475,052
Bonds payable.....	<u>25,625,575</u>	<u>12,536,376</u>	<u>-</u>	<u>38,161,951</u>
Total noncurrent liabilities.....	<u>46,928,217</u>	<u>27,076,086</u>	<u>33,180,161</u>	<u>107,184,464</u>
TOTAL LIABILITIES.....	<u>51,144,385</u>	<u>28,565,464</u>	<u>37,187,702</u>	<u>116,897,551</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions.....	500,225	341,597	2,754,351	3,596,173
Deferred inflows related to other postemployment benefits.....	<u>642,800</u>	<u>438,900</u>	<u>-</u>	<u>1,081,700</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>1,143,025</u>	<u>780,497</u>	<u>2,754,351</u>	<u>4,677,873</u>
NET POSITION				
Net investment in capital assets.....	31,949,862	32,253,791	2,486,754	66,690,407
Restricted for:				
Capital purposes.....	-	-	1,133,000	1,133,000
Workers compensation.....	-	-	200,000	200,000
Unrestricted.....	<u>(12,116,334)</u>	<u>(4,184,621)</u>	<u>(22,786,625)</u>	<u>(39,087,580)</u>
TOTAL NET POSITION.....	<u>\$ 19,833,528</u>	<u>\$ 28,069,170</u>	<u>\$ (18,966,871)</u>	<u>\$ 28,935,827</u>

See notes to basic financial statements.

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

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Quincy College	Total
OPERATING REVENUES:				
Charges for services.....	\$ 21,224,527	\$ 28,660,902	\$ 28,056,049	\$ 77,941,478
OPERATING EXPENSES:				
Cost of services and administration.....	14,605,163	24,617,558	9,936,806	49,159,527
Salaries and wages.....	2,546,577	1,739,020	16,175,514	20,461,111
Depreciation.....	1,455,528	1,178,671	1,750,827	4,385,026
TOTAL OPERATING EXPENSES.....	18,607,268	27,535,249	27,863,147	74,005,664
OPERATING INCOME (LOSS).....	2,617,259	1,125,653	192,902	3,935,814
NONOPERATING REVENUES (EXPENSES):				
Investment income.....	197,435	34,848	85,984	318,267
Interest expense.....	(651,351)	(294,620)	-	(945,971)
Penalties and interest.....	163,731	199,632	-	363,363
Intergovernmental - subsidy.....	339,000	69,333	-	408,333
Other nonoperating revenues.....	-	-	360,950	360,950
Other nonoperating assessments.....	-	793,211	-	793,211
Other nonoperating expenses.....	-	-	(240,959)	(240,959)
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	48,815	802,404	205,975	1,057,194
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	2,666,074	1,928,057	398,877	4,993,008
CAPITAL CONTRIBUTIONS.....	-	1,335,150	67,059	1,402,209
TRANSFERS:				
Transfers in.....	-	270,000	-	270,000
Transfers out.....	(270,000)	(680,000)	-	(950,000)
TOTAL TRANSFERS.....	(270,000)	(410,000)	-	(680,000)
CHANGE IN NET POSITION.....	2,396,074	2,853,207	465,936	5,715,217
NET POSITION AT BEGINNING OF YEAR, AS RESTATED.....	17,437,454	25,215,963	(19,432,807)	23,220,610
NET POSITION AT END OF YEAR.....	\$ 19,833,528	\$ 28,069,170	\$ (18,966,871)	\$ 28,935,827

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Quincy College	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers and users.....	\$ 21,402,337	\$ 29,490,027	\$ 25,398,124	\$ 76,290,488
Payments to vendors.....	(16,395,053)	(26,237,292)	(11,225,165)	(53,857,510)
Payments to employees.....	(2,540,667)	(1,726,894)	(16,209,656)	(20,477,217)
NET CASH FROM OPERATING ACTIVITIES.....	2,466,617	1,525,841	(2,036,697)	1,955,761
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers in.....	-	270,000	-	270,000
Transfers out.....	(270,000)	(680,000)	-	(950,000)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(270,000)	(410,000)	-	(680,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from the issuance of bonds and notes.....	22,187,300	445,050	-	22,632,350
Capital contributions.....	339,000	1,404,483	67,059	1,810,542
Acquisition and construction of capital assets.....	(5,013,423)	(3,964,765)	(101,550)	(9,079,738)
Principal payments on bonds and notes.....	(18,401,287)	(1,416,036)	-	(19,817,323)
Interest expense.....	(657,226)	(306,852)	-	(964,078)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,545,636)	(3,838,120)	(34,491)	(5,418,247)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income.....	197,435	34,848	85,984	318,267
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	848,416	(2,687,431)	(1,985,204)	(3,824,219)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	13,007,282	13,776,359	9,143,404	35,927,045
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 13,855,698	\$ 11,088,928	\$ 7,158,200	\$ 32,102,826
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH				
FROM OPERATING ACTIVITIES:				
Operating income (loss).....	\$ 2,617,259	\$ 1,125,653	\$ 192,902	\$ 3,935,814
Adjustments to reconcile operating income to net cash from operating activities:				
Depreciation.....	1,455,528	1,178,671	1,750,827	4,385,026
Deferred (outflows)/inflows related to pensions.....	926,298	661,923	2,322,822	3,911,043
Deferred (outflows)/inflows related to other postemployment benefits.....	(2,864,700)	(1,955,900)	(1,553,791)	(6,374,391)
Credit card fees.....	-	-	(240,959)	(240,959)
Vending commission and other revenues.....	-	-	360,950	360,950
Other nonoperating assessments.....	-	793,211	-	793,211
Penalties and interest.....	163,731	199,632	-	363,363
Changes in assets and liabilities:				
User charges.....	14,079	(163,718)	(2,030,320)	(2,179,959)
Warrants payable.....	117,068	3,240	(443,984)	(323,676)
Accrued payroll.....	5,910	12,126	(167,142)	(149,106)
Fees collected in advance.....	-	-	(627,605)	(627,605)
Other liabilities.....	-	-	957,720	957,720
Compensated absences.....	4,000	4,000	42,522	50,522
Workers' compensation.....	-	-	133,000	133,000
Net pension liability.....	(366,856)	(602,097)	(2,597,534)	(3,566,487)
Net other postemployment benefits liability.....	394,300	269,100	(136,105)	527,295
Total adjustments.....	(150,642)	400,188	(2,229,599)	(1,980,053)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 2,466,617	\$ 1,525,841	\$ (2,036,697)	\$ 1,955,761
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:				
Intergovernmental subsidy of debt service.....	\$ 339,000	\$ -	\$ -	\$ 339,000

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2020

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ 4,411,396	\$ 938,655	\$ 1,232,915
Investments:			
Equity securities.....	2,347,892	-	-
Fixed income mutual funds.....	908,267	-	-
Pooled domestic equity.....	12,523,638	-	-
Pooled alternative investments.....	125,304,755	-	-
Pooled real estate.....	892,359	-	-
Pooled mutual funds.....	228,741,094	-	-
Plymouth County OPEB trust investment pool.....	2,558,281	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	2,394,727	-	893,877
TOTAL ASSETS.....	380,082,409	938,655	2,126,792
LIABILITIES			
Warrants payable.....	165,271	-	31,559
Liabilities due depositors.....	-	-	2,095,233
TOTAL LIABILITIES.....	165,271	-	2,126,792
NET POSITION			
Restricted for pensions.....	374,083,972	-	-
Restricted for other postemployment benefits.....	5,833,166	-	-
Held in trust for other purposes.....	-	938,655	-
TOTAL NET POSITION.....	\$ 379,917,138	\$ 938,655	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2020

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 34,275,735	\$ -
Employer contributions for other postemployment benefit payments.....	16,817,102	-
Member contributions.....	10,229,640	-
Transfers from other systems.....	2,427,302	-
Workers compensation settlements.....	13,000	-
State COLA reimbursements.....	290,602	-
Private donations.....	-	590
Total contributions.....	64,053,381	590
Net investment income:		
Investment income (loss).....	55,171,167	27,891
Less: investment expense.....	(1,009,648)	-
Net investment income (loss).....	54,161,519	27,891
TOTAL ADDITIONS.....	118,214,900	28,481
DEDUCTIONS:		
Administration.....	507,604	-
Transfers to other systems.....	2,917,029	-
Retirement benefits and refunds.....	47,287,451	-
Other postemployment benefit payments.....	17,019,319	-
Educational scholarships.....	-	9,274
TOTAL DEDUCTIONS.....	67,731,403	9,274
NET INCREASE (DECREASE) IN NET POSITION.....	50,483,497	19,207
NET POSITION AT BEGINNING OF YEAR.....	329,433,641	919,448
NET POSITION AT END OF YEAR.....	\$ 379,917,138	\$ 938,655

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

The Quincy Contributory Retirement System (the System) was established to provide retirement benefits to City employees, the Quincy Housing Authority employees and their beneficiaries. The System is governed by a five-member board comprised of the City Auditor (ex-officio), two members elected by the System's participants, one member appointed by the City Council and one 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 fund financial statements.

The System issued a separate audited financial statement along with 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 1250 Hancock St., Suite 506, Quincy, Massachusetts 02169.

Quincy College is not a separate legal entity and therefore the condensed financial statements are presented as an Enterprise Fund. The College's stand-alone financial statements present only the financial activity and net position of the enterprise fund department and do not include the financial activity or position of the Quincy College Trust, Inc. which is a separate legal entity but considered a component unit. The activity and ending balances of the Quincy College Trust, Inc. are not material to the City and are not presented in these financial statements. The College prepared stand-alone audited financial statements for the year ended June 30, 2020, and they can be obtained directly from their Director of Finance, 1250 Hancock Street, Quincy, Massachusetts 02169.

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

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units.

Governmental activities, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

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

Major Fund Criteria

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

- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

Additionally, any other governmental or enterprise fund that management believes is particularly significant to the basic financial statements may be reported as a major fund.

Fiduciary funds are reported by fund type.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*Government-Wide Financial Statements*

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

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

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

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

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

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

The *Downtown Improvement Capital Fund* is a capital project used to account for costs and funding related to a major ongoing capital project to improve the downtown area.

The *City Capital Plan Fund* is a capital project used to account for costs and funding related to a major ongoing non-education related capital project to improve parklands, improve general government facilities, and to provide for the acquisition of new machinery and equipment.

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

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

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds 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 *water enterprise fund* is used to account for the water activities.

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

The *Quincy College enterprise fund* is used to account for the Quincy College activities.

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

The following fiduciary fund types are reported:

The *pension and other employee benefit trust funds* are used to account for the activities of the Quincy Contributory Retirement System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries. The fund also accumulates resources, that has been set aside by the City of Quincy and Quincy College, to provide funding for future other postemployment benefit liabilities.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The donor restrictions and trustee policies only allow the trustees to authorize spending of the realized investment earnings. The City's educational scholarship trusts that are under the custody of the City Treasurer are accounted for in this fund. Educational scholarship trusts that are under the custody of Quincy College are also accounted for in this fund.

The *agency fund* is used to account for police and fire details, planning board and other surety bonds, and other assets held in a purely custodial capacity.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

Investments are carried at fair value. The fair values were determined by the closing price for those securities traded on national stock exchanges and at the average bid-and-asked quotation for those securities in the over-the-counter market.

E. Fair Value Measurements

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

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

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

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

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

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

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

F. Accounts Receivable

Government-Wide and Fund Financial Statements

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

Real Estate, Personal Property Taxes and Tax Liens

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

Real estate tax liens are processed on delinquent properties and are recorded as receivables in the year they are processed.

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

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

Motor Vehicle Excise

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

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

Water and Sewer User Fees and Liens

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

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

Quincy College User Fees

Represent student accounts and other receivables. The recognition of revenue related to accounts receivable are reported under the accrual basis of accounting.

Community Preservation Fund Surcharge

The City has adopted the Community Preservation Act and the provisions of the Act allow the City to assess property owners an additional 1% - 3% of the total real estate commitment. The City has opted to a surcharge of 1% added to each real estate tax bill. Revenues from this surcharge are credited to the Community Preservation Fund, a component of the nonmajor governmental funds to fund open space acquisitions, affordable housing initiatives, historic preservation and recreational uses.

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

Intergovernmental

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

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

Real Estate Tax Deferrals

Real estate tax deferrals are receivables from owners of real property that have entered into a tax deferral and recovery agreement with the Board of Assessors (M.G.L. Ch 59, §5).

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

G. Inventories

Government-Wide and Fund Financial Statements

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year. Capital assets (excluding land) are depreciated on a straight-line basis. The estimated useful lives of capital assets are as follows:

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	20
Leasehold improvements.....	5
Buildings and improvements.....	7 - 40
Machinery and equipment.....	3 - 20
Vehicles.....	5
Infrastructure.....	10 - 50

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources*Government-Wide Financial Statements (Net Position)*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has reported deferred outflows of resources related to pensions and other postemployment benefits in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has reported deferred inflows of resources related to pensions and other postemployment benefits in this category.

Governmental Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Unavailable revenue

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

M. Net position and Fund Equity*Government-Wide Financial Statements (Net Position)*

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

Net position has been “restricted for” the following:

“Capital purposes” represents funds paid on deposit for the acquisition of land and buildings.

“Workers compensation” represents amounts restricted by Quincy College for purposes of paying future workers compensation claims.

“Loans” represents various community development loans to individuals and businesses in the City.

“Permanent funds – nonexpendable” represents the endowment portion of donor restricted trusts that support governmental programs.

“Permanent funds – expendable” represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings that support governmental programs.

“Grants and gifts” represents assets that have restrictions placed on them from outside parties.

“Community preservation” represents amounts held for uses restricted by law for community preservation purposes.

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

Fund Financial Statements (Fund Balances)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

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

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

“Assigned” fund balance includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. Massachusetts General Law authorizes the Director of Municipal Finance, at his or her discretion, to assign fund balance. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

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

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

N. Pensions

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

O. Long-term debt*Government-Wide and Proprietary Fund Financial Statements*

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

Governmental Fund Financial Statements

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

P. Investment Income

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

Proprietary funds retain their investment income.

Q. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

R. Use of Estimates*Government-Wide and Fund Financial Statements*

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

S. Fund Deficits

At June 30, 2020, the Downtown Improvement Capital Fund and the City Capital Plan Fund (major governmental funds) had fund deficits of \$116.5 million and \$2.1 million, respectively. The non-major Education Capital Plan had an ending fund deficit of \$14.1 million. These deficits will be funded in future years through grant receipts, issuances of long-term debt and other available funds.

T. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 - CASH AND INVESTMENTS

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

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

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

MMDT maintains a cash portfolio and a short-term bond portfolio. The City participates in the cash portfolio which had a weighted average maturity of 33 days.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At year-end, the carrying amount of deposits totaled \$172,400,815 and the bank balance totaled \$178,233,819. Of the bank balance, \$3,043,095 was covered by Federal Depository Insurance, \$21,057,234 was covered by the Depositors Insurance Fund, and \$146,563,186 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2019, carrying amount of deposits for the Retirement System's deposits totaled \$4,392,670. The bank balance \$4,611,746 was covered by Federal Depository Insurance.

Investments

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

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>	
		<u>Under 1 Year</u>	<u>1-5 Years</u>
<u>Debt securities:</u>			
U.S. treasury notes.....	\$ 821,172	\$ 330,309	\$ 490,863
Government sponsored enterprises.....	441,243	-	441,243
Corporate bonds.....	2,009,415	566,497	1,442,918
Total debt securities.....	3,271,830	\$ 896,806	\$ 2,375,024
<u>Other investments:</u>			
Equity securities.....	3,080,686		
Fixed income mutual funds.....	908,267		
Money market mutual funds.....	72,139		
MMDT - Cash portfolio.....	19,646,631		
Plymouth County OPEB trust investment pool.....	2,558,281		
Total investments.....	\$ 29,537,834		

The College is part of the Plymouth County OPEB Trust Program (PCOT) which maintains a pooled investment trust for various Massachusetts governmental organizations. The PCOT administrator is the Public Agency Retirement Services (PARS) which is an IRS approved multiple-employer Section 115 OPEB trust. U.S. Bank is the trustee for the funds invested. Since this is an irrevocable Section 115 trust, the investments are not subject to custodial credit risk. The College’s position in this trust is measured at fair value.

As of December 31, 2019, the System had the following investments:

<u>Investment Type</u>	<u>Fair value</u>
Pooled domestic equity.....	\$ 12,523,638
Pooled alternative investments.....	125,304,755
Pooled real estate.....	892,359
Pooled mutual funds.....	228,741,094
Total investments.....	\$ 367,461,846

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the City will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Of the total investments the City has custodial credit risk exposure equal to its investments in government sponsored enterprises, corporate bonds, equity securities and fixed income because the related securities are uninsured, unregistered and held by the counterparty. The City does not have a formal investment policy for custodial credit risk.

The System’s investments are not subject to custodial credit risk as all of the securities are insured or registered and held by its agents in the name of the System.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The System does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk of loss due to the failure of the security issuer or backer. The City has not adopted a formal policy related to credit risk. At June 30, 2020 the City’s investments were rated as follows:

<u>Quality Rating</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>
AAA.....	\$ -	\$ 110,838
A+.....	441,243	263,333
A-.....	-	632,860
AA-.....	-	459,755
BB+.....	-	542,629
Total.....	<u>\$ 441,243</u>	<u>\$ 2,009,415</u>

The City’s investments in equity securities, fixed income mutual funds, money market mutual funds and MMDT are unrated.

The System has not adopted a formal policy related to credit risk.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer. Of the total investment balance, the City had no investment that exceeded 5% of total investments at June 30, 2020.

The System places no limit on the amount the System may invest in any one issuer. The System does not currently have any investments that are subject to concentration of credit risk.

Fair Value Measurement

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

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

The following table presents financial assets at June 30, 2020, that the City measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	June 30, 2020	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. treasury notes.....	\$ 821,172	\$ 821,172	\$ -	\$ -
Government sponsored enterprises.....	441,243	441,243	-	-
Corporate bonds.....	2,009,415	-	2,009,415	-
Total debt securities.....	3,271,830	1,262,415	2,009,415	-
<u>Other investments:</u>				
Equity securities.....	3,080,686	3,080,686	-	-
Fixed income mutual funds.....	908,267	908,267	-	-
Money market mutual funds.....	72,139	72,139	-	-
Total other investments.....	4,061,092	4,061,092	-	-
Total investments measured at fair value.....	7,332,922	\$ 5,323,507	\$ 2,009,415	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	19,646,631			
Investments measured at net asset value:				
Plymouth County OPEB trust investment pool.....	2,558,281			
Total investments.....	\$ 29,537,834			

U.S. treasury notes, government sponsored enterprises, equity securities, fixed income mutual funds and money market mutual funds are classified in Level 1 of the fair value hierarchy using prices quoted in active markets for those securities. Corporate bonds classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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

Plymouth County OPEB trust investments are valued using the net asset value (NAV) method.

The following table presents financial assets at December 31, 2019, that the System measures fair value on a recurring basis, by level, within the fair value hierarchy:

Investment Type	December 31, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pooled domestic equity.....	\$ 12,523,638	\$ 12,523,638	\$ -	\$ -
Pooled alternative investments.....	125,304,755	45,395	73,015,758	52,243,602
Pooled real estate.....	892,359	892,359	-	-
Pooled mutual funds.....	228,741,094	6,726,647	181,972,375	40,042,072
Total investments measured at fair value.....	\$ 367,461,846	\$ 20,188,039	\$ 254,988,133	\$ 92,285,674

Pooled domestic equity, pooled alternative investments, pooled real estate and pooled mutual funds are classified in Level 1 of the fair value hierarchy using prices quoted in active markets for those securities. Pooled alternative investments and pooled mutual funds 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.

Pooled alternative investments classified in Level 3 are valued using either a discounted cash flow or market comparable companies' technique.

NOTE 3 – RECEIVABLES

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

Receivables:	Gross Amount	Allowance for Uncollectibles	Net Amount
Real estate and personal property taxes.....	\$ 12,060,914	\$ (2,640,000)	\$ 9,420,914
Tax liens and deferrals.....	6,429,996	-	6,429,996
Community preservation fund surtax.....	60,330	-	60,330
Motor vehicle and other excise taxes.....	6,960,948	(5,324,000)	1,636,948
Departmental and other.....	594,112	-	594,112
Intergovernmental.....	12,584,919	-	12,584,919
Community preservation state share.....	568,760	-	568,760
Loans.....	497,585	-	497,585
Total.....	\$ 39,757,564	\$ (7,964,000)	\$ 31,793,564

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water liens - user fees.....	\$ 554,538	\$ -	\$ 554,538
Water user fees.....	3,231,119	-	3,231,119
Sewer liens - user fees.....	739,609	-	739,609
Sewer user fees.....	5,156,312	-	5,156,312
Sewer intergovernmental - subsidy.....	35,409	-	35,409
Quincy College user fees.....	7,614,071	(1,026,298)	6,587,773
Total.....	<u>\$ 17,331,058</u>	<u>\$ (1,026,298)</u>	<u>\$ 16,304,760</u>

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

	General Fund	Other Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 7,235,910	\$ -	\$ 7,235,910
Tax liens and deferrals.....	6,409,863	20,133	6,429,996
Community preservation fund surtax.....	-	60,184	60,184
Motor vehicle and other excise taxes.....	1,636,948	-	1,636,948
Departmental and other.....	518,062	76,050	594,112
Intergovernmental - highway improvements.....	-	3,585,846	3,585,846
Intergovernmental - School Building Authority.....	231,511	-	231,511
Community development block grants.....	-	1,065,429	1,065,429
Intergovernmental - other.....	559,909	-	559,909
Community preservation state share.....	-	568,760	568,760
Loans.....	-	497,585	497,585
Tax foreclosures.....	995,058	-	995,058
Total.....	<u>\$ 17,587,261</u>	<u>\$ 5,873,987</u>	<u>\$ 23,461,248</u>

NOTE 4 – CAPITAL ASSETS

Governmental and Business-type capital asset activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 80,322,918	\$ -	\$ -	\$ 80,322,918
Construction in progress.....	-	5,241,252	-	5,241,252
Total capital assets not being depreciated....	<u>80,322,918</u>	<u>5,241,252</u>	<u>-</u>	<u>85,564,170</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	46,224,148	9,099,325	-	55,323,473
Buildings and improvements.....	387,154,627	33,900,560	-	421,055,187
Machinery, vehicles and equipment.....	33,850,157	2,519,157	-	36,369,314
Infrastructure.....	214,547,721	59,005,463	-	273,553,184
Total capital assets being depreciated.....	<u>681,776,653</u>	<u>104,524,505</u>	<u>-</u>	<u>786,301,158</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(7,078,879)	(3,086,959)	-	(10,165,838)
Buildings and improvements.....	(94,062,529)	(11,236,253)	-	(105,298,782)
Machinery, vehicles and equipment.....	(17,108,332)	(2,771,220)	-	(19,879,552)
Infrastructure.....	(32,395,000)	(5,137,163)	-	(37,532,163)
Total accumulated depreciation.....	<u>(150,644,740)</u>	<u>(22,231,595)</u>	<u>-</u>	<u>(172,876,335)</u>
Total capital assets being depreciated, net.....	<u>531,131,913</u>	<u>82,292,910</u>	<u>-</u>	<u>613,424,823</u>
Total governmental activities capital assets, net.....	<u>\$ 611,454,831</u>	<u>\$ 87,534,162</u>	<u>\$ -</u>	<u>\$ 698,988,993</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Water Enterprise Fund:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 79,474	\$ -	\$ -	\$ 79,474
Construction in progress.....	-	1,200,890	-	1,200,890
Total capital assets not being depreciated....	<u>79,474</u>	<u>1,200,890</u>	<u>-</u>	<u>1,280,364</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	25,464	-	-	25,464
Machinery, vehicles and equipment.....	2,241,844	200,000	(139,395)	2,302,449
Infrastructure.....	61,638,274	4,957,397	-	66,595,671
Total capital assets being depreciated.....	<u>63,905,582</u>	<u>5,157,397</u>	<u>(139,395)</u>	<u>68,923,584</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(13,687)	(1,273)	-	(14,960)
Machinery, vehicles and equipment.....	(1,462,119)	(170,985)	139,395	(1,493,709)
Infrastructure.....	(16,038,793)	(1,283,270)	-	(17,322,063)
Total accumulated depreciation.....	<u>(17,514,599)</u>	<u>(1,455,528)</u>	<u>139,395</u>	<u>(18,830,732)</u>
Total capital assets being depreciated, net.....	<u>46,390,983</u>	<u>3,701,869</u>	<u>-</u>	<u>50,092,852</u>
Total water activities capital assets, net.....	<u>\$ 46,470,457</u>	<u>\$ 4,902,759</u>	<u>\$ -</u>	<u>\$ 51,373,216</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Sewer Enterprise Fund:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 282,530	\$ -	\$ -	\$ 282,530
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	13,935	-	-	13,935
Machinery, vehicles and equipment.....	1,994,143	200,000	(308,534)	1,885,609
Infrastructure.....	49,471,902	3,314,694	-	52,786,596
Total capital assets being depreciated.....	<u>51,479,980</u>	<u>3,514,694</u>	<u>(308,534)</u>	<u>54,686,140</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(13,935)	-	-	(13,935)
Machinery, vehicles and equipment.....	(1,242,412)	(152,039)	308,534	(1,085,917)
Infrastructure.....	<u>(14,568,291)</u>	<u>(1,026,632)</u>	<u>-</u>	<u>(15,594,923)</u>
Total accumulated depreciation.....	<u>(15,824,638)</u>	<u>(1,178,671)</u>	<u>308,534</u>	<u>(16,694,775)</u>
Total capital assets being depreciated, net.....	<u>35,655,342</u>	<u>2,336,023</u>	<u>-</u>	<u>37,991,365</u>
Total sewer activities capital assets, net.....	<u>\$ 35,937,872</u>	<u>\$ 2,336,023</u>	<u>\$ -</u>	<u>\$ 38,273,895</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Quincy College:				
<u>Capital assets being depreciated:</u>				
Leasehold improvements.....	\$ 9,532,244	\$ -	\$ -	\$ 9,532,244
Machinery and equipment.....	<u>7,187,031</u>	<u>101,550</u>	<u>-</u>	<u>7,288,581</u>
Total capital assets being depreciated.....	<u>16,719,275</u>	<u>101,550</u>	<u>-</u>	<u>16,820,825</u>
<u>Less accumulated depreciation for:</u>				
Leasehold improvements.....	(7,074,031)	(1,005,383)	-	(8,079,414)
Machinery and equipment.....	<u>(5,509,213)</u>	<u>(745,444)</u>	<u>-</u>	<u>(6,254,657)</u>
Total accumulated depreciation.....	<u>(12,583,244)</u>	<u>(1,750,827)</u>	<u>-</u>	<u>(14,334,071)</u>
Total capital assets being depreciated, net.....	<u>4,136,031</u>	<u>(1,649,277)</u>	<u>-</u>	<u>2,486,754</u>
Total Quincy College capital assets, net.....	<u>\$ 4,136,031</u>	<u>\$ (1,649,277)</u>	<u>\$ -</u>	<u>\$ 2,486,754</u>

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

Governmental Activities:	
General government.....	\$ 1,713,430
Public safety.....	1,886,984
Education.....	9,252,285
Public works.....	5,877,312
Human services.....	41,649
Culture and recreation.....	3,291,862
Community preservation.....	<u>168,073</u>
Total depreciation expense - governmental activities.....	\$ <u>22,231,595</u>
Business-Type Activities:	
Water.....	\$ 1,455,528
Sewer.....	1,178,671
Quincy College.....	<u>1,750,827</u>
Total depreciation expense - business-type activities.....	\$ <u>4,385,026</u>

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2020, are summarized as follows:

Transfers Out:	Transfers In:			Total	
	General fund	Nonmajor governmental funds	Sewer Enterprise fund		
Nonmajor governmental funds.....	\$ 2,002,841	\$ 50,000	\$ -	\$ 2,052,841	(1)
Sewer enterprise fund.....	680,000	-	-	680,000	(2)
Water enterprise fund.....	-	-	270,000	270,000	(3)
Total.....	\$ <u>2,682,841</u>	\$ <u>50,000</u>	\$ <u>270,000</u>	\$ <u>3,002,841</u>	

- 1) Represents voted transfers from special revenue fund funding sources to support debt service and traffic and parking department costs incurred by the general fund. Transfer between nonmajor funds represents a reallocation of resources from the cemetery perpetual care fund to the cemetery capital improvement fund.
- 2) Represents a voted transfer for to fund the sewer enterprise fund share repairs and upgrades from the sewer and drainage rehabilitation fund.
- 3) Reallocation of capital resources in accordance with capital grants terms and conditions.

NOTE 6 – 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, State aid, or tax anticipation notes (RANS, SAANS, or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and enterprise funds, respectively. Details related to the short-term debt activity for the year ended June 30, 2020 is presented on the following page.

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2019	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2020
Governmental Funds:							
BAN	Municipal Purpose BAN of 2019.....	3.00%	7/12/2019	\$ 51,242,000	\$ -	\$ (51,242,000)	\$ -
BAN	Municipal Purpose BAN of 2019.....	3.00%	9/27/2019	9,477,000	-	(9,477,000)	-
BAN	Municipal Purpose BAN of 2019.....	3.25%	12/13/2019	3,000,000	-	(3,000,000)	-
BAN	Municipal Purpose BAN of 2019.....	3.25%	1/17/2020	21,000,000	-	(21,000,000)	-
BAN	Municipal Purpose BAN of 2019.....	1.35%	6/12/2020	48,043,795	-	(48,043,795)	-
BAN	Municipal Purpose BAN of 2019.....	1.45%	9/27/2019	4,932,000	-	(4,932,000)	-
BAN	Municipal Purpose BAN of 2020.....	2.25%	7/10/2020	-	74,984,689	-	74,984,689 (A)
BAN	Municipal Purpose BAN of 2020.....	2.50%	9/25/2020	-	38,817,360	(8,477,000)	30,340,360 (B)
BAN	Municipal Purpose BAN of 2020.....	2.00%	12/11/2020	-	3,000,000	-	3,000,000 (C)
BAN	Municipal Purpose BAN of 2020.....	2.00%	1/15/2021	-	65,320,000	(16,000,000)	49,320,000 (D)
BAN	Municipal Purpose BAN of 2020.....	2.00%	6/11/2021	-	10,000,000	(4,185,575)	5,814,425 (E)
BAN	Municipal Purpose BAN of 2020.....	2.00%	6/11/2021	-	6,419,622	(6,049,029)	370,593 (F)
BAN	Municipal Purpose BAN of 2020.....	2.00%	6/11/2021	-	64,394,852	(5,348,896)	59,045,956 (G)
Premiums on Bond Anticipation Notes.....				2,450,663	2,935,824	(2,450,663)	2,935,824
Total Governmental Funds.....				\$ 140,145,458	\$ 265,872,347	\$ (180,205,958)	\$ 225,811,847
Water Enterprise Fund:							
BAN	Municipal Purpose BAN of 2019.....	3.00%	9/27/2019	\$ 1,700,000	\$ -	\$ (1,700,000)	\$ -
BAN	Municipal Purpose BAN of 2019.....	1.35%	6/12/2020	6,800,000	-	(6,800,000)	-
BAN	Municipal Purpose BAN of 2020.....	2.50%	9/25/2020	-	1,700,000	(1,540,000)	160,000 (B)
BAN	Municipal Purpose BAN of 2020.....	2.00%	6/11/2021	-	6,800,000	(6,446,500)	353,500 (H)
Total Water Enterprise Fund.....				\$ 8,500,000	\$ 8,500,000	\$ (16,486,500)	\$ 513,500

- (A) On July 10, 2020, the City rolled the BAN at maturity, except for \$71,849 paid down with available funds. The new BAN is due July 9, 2021, with an interest rate of 2.00%.
- (B) On September 10, 2020, \$10,017,000 of the \$40,517,360 BAN was converted to long-term debt and has been presented as such in these financial statements. The balance of the BAN, \$30,340,360 was rolled at maturity. The new BAN is due September 24, 2021, with an interest rate of 2.50%
- (C) On December 11, 2020, the City rolled the BAN at maturity, the new BAN is due December 10, 2021, with an interest rate of 1.00%.
- (D) On January 15, 2021, \$16,000,000 of the \$65,320,000 BAN was converted to long-term debt and has been presented as such in these financial statements. The balance of the BAN was re-issued in the form of a new BAN. The new BAN is due January 14, 2022 with an interest rate of 1.50%.
- (E) On June 11, 2021, \$4,000,000 was re-issued in the form of a new BAN. The new BAN is due June 10, 2022 with an interest rate of 1%. The balance of \$6,000,000 was converted to long-term debt and has been presented as such in these financial statements.
- (F) On June 11, 2021, \$370,593 was retired with available funds and \$6,049,029 was converted to long-term debt and has been presented as such in these financial statements.
- (G) On June 11, 2021, this amount was re-issued in the form of a new BAN that will mature June 10, 2022 at an interest rate of 1%.
- (H) On June 11, 2021, \$6,446,500 was converted to long-term debt and has been recognized as such in these financial statements. The balance was paid down with available funds.

NOTE 7 - LONG-TERM DEBT

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

Bonds Payable Schedule – Governmental Activities

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

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
Municipal Purpose Bonds of 2011 - Refunding.....	2022	\$ 1,118,500	2.0-5.0	\$ 238,000
Municipal Purpose Bonds of 2011.....	2040	31,088,000	2.0-5.25	23,354,828
Municipal Purpose Bonds of 2012.....	2040	33,518,000	2.5-4.0	28,080,000
Municipal Purpose Bonds of 2013 - Refunding.....	2025	5,700,000	2.0-3.0	1,420,000
Municipal Purpose Bonds of 2013.....	2039	8,250,000	4.0-5.0	6,995,000
Municipal Purpose Bonds of 2014.....	2034	46,385,000	2.5-5.0	36,675,000
Energy Efficiency Refunding Bonds of 2015.....	2027	21,333,300	3.0	12,638,300
Municipal Purpose Bonds of 2015.....	2027	10,126,260	3.4	1,135,000
Municipal Purpose Bonds of 2017.....	2037	39,797,000	2.0-4.0	35,545,000
Municipal Purpose Bonds of 2018.....	2038	9,130,000	3.0-5.0	8,540,000
Municipal Purpose Bonds of 2019.....	2047	14,925,000	2.5-5.0	14,475,000
Municipal Purpose Bonds of 2019.....	2039	9,485,000	3.0-5.0	9,355,000
Municipal Purpose Bonds of 2020.....	2033	17,725,000	4.0-5.0	17,725,000
Municipal Purpose Bonds of 2020.....	2048	30,210,000	2.0-5.0	30,210,000
Municipal Purpose Bonds of 2020.....	2049	29,933,500	2.0-5.0	29,933,500
Municipal Purpose Bonds of 2020.....	2039	7,251,875	2.0-5.0	7,251,875
Municipal Purpose Bonds of 2021.....	2040	11,975,000	2.0-5.0	11,975,000
Total Bonds Payable.....		<u>\$ 327,951,435</u>		275,546,503
Add: Unamortized premium on bonds.....				<u>17,851,702</u>
Total Bonds Payable, net.....				<u>\$ 293,398,205</u>

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

Year	Principal	Interest	Total
2021.....	\$ 11,635,741	\$ 9,775,259	\$ 21,411,000
2022.....	13,945,016	9,170,370	23,115,386
2023.....	14,327,541	8,467,223	22,794,764
2024.....	14,818,941	7,887,708	22,706,649
2025.....	15,345,341	7,275,623	22,620,964
2026.....	15,831,441	6,641,245	22,472,686
2027.....	14,848,341	6,022,154	20,870,495
2028.....	13,162,241	5,461,693	18,623,934
2029.....	13,082,241	4,992,204	18,074,445
2030.....	13,612,241	4,439,116	18,051,357
2031.....	13,997,241	3,940,500	17,937,741
2032.....	14,507,241	3,475,965	17,983,206
2033.....	13,772,241	3,037,416	16,809,657
2034.....	12,342,241	2,630,279	14,972,520
2035.....	10,102,241	2,313,377	12,415,618
2036.....	10,342,241	2,007,053	12,349,294
2037.....	10,657,241	1,686,738	12,343,979
2038.....	10,172,241	1,355,277	11,527,518
2039.....	8,902,241	1,040,929	9,943,170
2040.....	6,822,249	795,281	7,617,530
2041.....	4,215,000	598,144	4,813,144
2042.....	3,935,000	479,098	4,414,098
2043.....	4,050,000	361,572	4,411,572
2044.....	3,140,000	266,221	3,406,221
2045.....	3,220,000	184,377	3,404,377
2046.....	1,965,000	100,866	2,065,866
2047.....	1,465,000	60,188	1,525,188
2048.....	1,020,000	28,337	1,048,337
2049.....	310,000	7,362	317,362
Total.....	\$ <u>275,546,503</u>	\$ <u>94,501,574</u>	\$ <u>370,048,077</u>

Bonds Payable Schedule – Sewer Enterprise Fund

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

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
Sewer Bonds of 2011 - Refunding.....	2022	\$ 810,775	2.0-5.0	\$ 147,000
Energy Efficiency Refunding Bonds of 2015.....	2027	817,020	3.0	484,020
Sewer Bonds of 2015 - Refunding.....	2027	<u>774,800</u>	3.4	<u>490,000</u>
Sub-Total General Obligation.....		<u>2,402,595</u>		<u>1,121,020</u>
Massachusetts Clean Water Trust of 2007.....	2024	2,793,729	2.0	822,187
Massachusetts Clean Water Trust of 2008.....	2028	2,638,319	2.0	1,107,126
Massachusetts Clean Water Trust of 2010.....	2031	2,065,000	2.0	735,649
Massachusetts Water Clean Trust of 2012.....	2033	2,081,493	0.0	1,397,249
Massachusetts Water Resources Authority of 2016.....	2036	2,975,754	0.0	2,452,264
Massachusetts Water Resources Authority of 2017.....	2028	3,099,453	0.0	472,325
Massachusetts Water Resources Authority of 2018.....	2029	830,000	0.0	664,000
Massachusetts Water Clean Trust of 2019.....	2039	3,634,026	2.0	3,487,026
Massachusetts Water Resources Authority of 2019.....	2030	911,510	0.0	820,358
Massachusetts Water Resources Authority of 2020.....	2031	<u>445,088</u>	0.0	<u>445,048</u>
Sub-Total Direct Borrowings.....		<u>21,474,372</u>		<u>12,403,232</u>
Total Bonds Payable, net.....		<u>\$ 23,876,967</u>		<u>\$ 13,524,252</u>

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

Year	General Obligation Bonds			Direct Borrowings Payable		
	Principal	Interest	Total	Principal	Interest	Total
2021.....	\$ 227,900	\$ 30,899	\$ 258,799	\$ 759,976	\$ 208,192	\$ 968,168
2022.....	214,360	22,461	236,821	959,802	187,367	1,147,169
2023.....	146,820	16,241	163,061	1,193,618	165,364	1,358,982
2024.....	143,980	12,621	156,601	1,254,315	143,078	1,397,393
2025.....	141,140	8,997	150,137	1,077,761	131,047	1,208,808
2026.....	143,480	5,272	148,752	976,676	118,760	1,095,436
2027.....	103,340	1,388	104,728	911,216	106,214	1,017,430
2028.....	-	-	-	860,358	93,401	953,759
2029.....	-	-	-	618,875	81,827	700,702
2030.....	-	-	-	554,477	71,521	625,998
2031.....	-	-	-	539,070	60,992	600,062
2032.....	-	-	-	465,207	50,989	516,196
2033.....	-	-	-	475,320	41,520	516,840
2034.....	-	-	-	361,113	33,144	394,257
2035.....	-	-	-	368,961	25,879	394,840
2036.....	-	-	-	376,980	18,456	395,436
2037.....	-	-	-	211,865	10,871	222,736
2038.....	-	-	-	216,469	6,588	223,057
2039.....	-	-	-	221,173	2,212	223,385
Total.....	\$ 1,121,020	\$ 97,878	\$ 1,218,898	\$ 12,403,232	\$ 1,557,422	\$ 13,960,654

Bonds Payable Schedule – Water Enterprise Fund

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

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2020
Water Bonds of 2011 - Refunding.....	2031	\$ 856,300	2.0-5.0	\$ 85,000
Energy Efficiency Refunding Bonds of 2015.....	2027	544,680	3.0	322,680
Water Bonds of 2020.....	2041	<u>7,986,500</u>	2.0-5.0	<u>7,986,500</u>
Sub-Total General Obligation.....		<u>9,387,480</u>		<u>8,394,180</u>
Massachusetts Water Resources Authority Water Loans ...	2025	5,601,680	0.0	969,615
Massachusetts Clean Water Trust of 2010.....	2031	1,435,000	2.0	511,215
Massachusetts Water Resources Authority of 2012.....	2022	1,401,000	0.0	280,200
Massachusetts Clean Water Trust of 2012.....	2023	2,534,102	2.0	1,729,813
Massachusetts Water Resources Authority of 2015.....	2026	449,835	0.0	261,400
Massachusetts Clean Water Trust of 2015.....	2036	233,275	2.0	194,277
Massachusetts Water Resources Authority of 2016.....	2027	1,102,122	0.0	767,487
Massachusetts Water Resources Authority of 2017.....	2028	3,099,543	0.0	2,169,679
Massachusetts Water Resources Authority of 2018.....	2029	2,325,959	0.0	1,860,767
Massachusetts Water Resources Authority of 2019.....	2030	3,675,940	0.0	3,474,938
Massachusetts Water Resources Authority of 2020.....	2031	<u>5,700,800</u>	0.0	<u>5,700,800</u>
Sub-Total Direct Borrowings.....		<u>27,559,256</u>		<u>17,920,191</u>
Total Bonds Payable, net.....		<u>\$ 36,946,736</u>		<u>\$ 26,314,371</u>

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

Year	General Obligation Bonds			Direct Borrowings Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021.....	\$ 133,600	\$ 13,567	\$ 147,167	\$ 555,196	\$ 47,859	\$ 603,055
2022.....	239,740	79,238	318,978	1,913,103	44,396	1,957,499
2023.....	267,880	52,441	320,321	2,666,119	40,860	2,706,979
2024.....	279,320	48,243	327,563	2,724,115	37,249	2,761,364
2025.....	295,760	43,880	339,640	2,479,120	33,559	2,512,679
2026.....	312,320	39,219	351,539	2,160,642	29,791	2,190,433
2027.....	290,560	34,408	324,968	1,867,590	25,941	1,893,531
2028.....	285,000	30,650	315,650	1,454,422	22,011	1,476,433
2029.....	300,000	27,025	327,025	796,923	17,999	814,922
2030.....	305,000	23,275	328,275	594,792	13,899	608,691
2031.....	320,000	19,800	339,800	341,557	9,710	351,267
2032.....	335,000	17,350	352,350	160,713	5,954	166,667
2033.....	345,000	15,650	360,650	164,207	2,644	166,851
2034.....	350,000	13,950	363,950	13,600	834	14,434
2035.....	365,000	12,200	377,200	13,896	560	14,456
2036.....	370,000	10,400	380,400	14,196	282	14,478
2037.....	375,000	8,600	383,600	-	-	-
2038.....	385,000	6,750	391,750	-	-	-
2039.....	390,000	4,850	394,850	-	-	-
2040.....	400,000	2,950	402,950	-	-	-
2041.....	410,000	1,000	411,000	-	-	-
2042.....	315,000	-	315,000	-	-	-
2043.....	320,000	-	320,000	-	-	-
2044.....	330,000	-	330,000	-	-	-
2045.....	335,000	-	335,000	-	-	-
2046.....	340,000	-	340,000	-	-	-
Total.....	\$ 8,394,180	\$ 505,446	\$ 8,899,626	\$ 17,920,191	\$ 333,548	\$ 18,253,739

Massachusetts Clean Water Trust funded debt

The City has entered into various long-term debt agreements with the Massachusetts Clean Water Trust (MCWT), an agency of the Commonwealth of Massachusetts that requires the City to be subsidized by the MCWT on a periodic basis for principal in the amount of \$35,409 and interest costs for \$151,152. Thus, net MCWT loan repayments, including interest, are scheduled to be \$1,992,919. The principal subsidies are guaranteed and therefore a \$35,409 intergovernmental receivable has been reported in the sewer enterprise fund financial statements. Since the City is legally obligated for the total amount of the debt, such amounts have been reported in the accompanying basic financial statements. The 2020 interest subsidy totaled \$61,347.

Massachusetts Water Resources Authority funded debt

The City has entered into various long-term debt transactions with the Massachusetts Water Resources Authority. The debt balances are associated with a zero percent interest rate. Future imputed interest payments total approximately \$1,224,000 in the water fund and \$294,000 in the sewer fund. Imputed interest for 2020 was

approximately \$339,000 and \$69,000 in the water and sewer funds, respectively. Accordingly, interest expense and corresponding intergovernmental revenue have been reported, equal to these amounts, in the respective proprietary fund’s financial statements.

Massachusetts School Building Authority funded debt

The Commonwealth of Massachusetts has approved school construction assistance in accordance with two funding programs offered by the Massachusetts School Building Authority which administers the programs.

The first program provides grants for construction and interest expenditures on City debt that is paid over the life of the future debt service. During 2020, approximately \$385,000 of such assistance was received and approximately \$386,000 will be received in future years. Of this amount, approximately \$154,000 represents reimbursement of long-term interest costs, and approximately \$232,000 represents reimbursement of approved construction costs. Accordingly, a \$232,000 intergovernmental receivable and corresponding unavailable revenue have been reported in governmental fund financial statements. The unavailable revenue has been recognized as revenue in the conversion to the government-wide financial statements.

The second program offers a construction grant program whereby the MSBA reimburses the City a share of actual construction or repair expenditures on a “pay-as-you-go” basis. Currently, the replacement of windows and boilers at various school buildings, the Sterling Middle School construction as well as preliminary design on a new North Quincy High School project is being funded by this grant program. During 2020, the City received \$1.2 million in relation to these projects. The MSBA’s policy is to reimburse the City for costs incurred less a holdback of 5% pending a final project audit that will be conducted by the MSBA.

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:

<u>Purpose</u>	<u>Amount</u>
District improvement financing.....	\$ 146,000,000
Water and sewer.....	55,248,532
Various capital improvements.....	36,305,000
School.....	28,923,860
Land acquisition.....	21,300,000
Park improvements.....	15,348,795
Roads & sidewalks.....	11,000,000
Vehicles and equipment upgrades.....	10,316,320
MWRA.....	6,491,450
Animal shelter.....	<u>3,550,000</u>
 Total.....	 <u>\$ 334,483,957</u>

Changes in Long-term Liabilities

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

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 236,732,469	\$ 49,160,375	\$ (10,346,341)	\$ -	\$ -	\$ 275,546,503	\$ 11,635,741
Add: Unamortized premium on bonds.....	12,833,696	5,900,125	(882,119)	-	-	17,851,702	1,714,359
Total bonds payable.....	249,566,165	55,060,500	(11,228,460)	-	-	293,398,205	13,350,100
Compensated absences.....	13,931,000	-	-	10,666,000	(10,387,000)	14,210,000	10,595,000
Workers' compensation.....	3,393,000	-	-	596,000	(419,000)	3,570,000	529,000
Net pension liability.....	379,412,850	-	-	4,248,103	(28,404,375)	355,256,578	-
Net other postemployment benefits liability..	726,748,863	-	-	44,757,083	(18,229,437)	753,276,509	-
Total governmental activity long-term liabilities.....	\$ 1,373,051,878	\$ 55,060,500	\$ (11,228,460)	\$ 60,267,186	\$ (57,439,812)	\$ 1,419,711,292	\$ 24,474,100
Business-Type Activities:							
Long-term bonds payable.....	\$ 2,069,600	\$ 1,540,000	\$ (540,898)	\$ -	\$ -	\$ 3,068,702	\$ 361,500
Long-term direct borrowing payable.....	26,967,495	12,592,348	(2,789,922)	-	-	36,769,921	1,315,172
Total bonds payable.....	29,037,095	14,132,348	(3,330,820)	-	-	39,838,623	1,676,672
Compensated absences.....	743,260	-	-	737,396	(686,874)	793,782	739,712
Workers' compensation.....	1,734,000	-	-	238,000	(105,000)	1,867,000	117,000
Net pension liability.....	42,309,878	-	-	387,633	(3,954,120)	38,743,391	-
Net other postemployment benefits liability..	27,922,329	-	-	976,623	(423,900)	28,475,052	-
Total business-type activity long-term liabilities.....	\$ 101,746,562	\$ 14,132,348	\$ (3,330,820)	\$ 2,339,652	\$ (5,169,894)	\$ 109,717,848	\$ 2,533,384

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

The City presents its governmental fund balances in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of the Statement is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the City’s financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

At June 30, 2020, \$13,296,320 has been set aside in the general stabilization fund. This fund has been classified as part of the general fund in the governmental fund financial statements. Municipal finance laws of the Commonwealth of Massachusetts authorize municipalities to establish stabilization funds on an as needed basis. The number of and exact purpose of the stabilization funds of the City are dependent upon authorization and approval of the City Council. The actual use of the funds is contingent upon City Council approval. Additions to the fund can only be made upon City Council approval.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The City has reported principal portions of endowment funds as nonspendable.

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

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

As of June 30, 2020, the governmental fund balances consisted of the following:

	General	Downtown Improvement Capital Fund	City Capital Plan	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 264,484	\$ 264,484
Restricted for:					
School grants.....	-	-	-	405,553	405,553
City grants.....	-	-	-	403,168	403,168
CDBG grants.....	-	-	-	637,750	637,750
Receipts reserved for appropriation.....	-	-	-	5,142,598	5,142,598
Community preservation act.....	-	-	-	6,435,044	6,435,044
JTPA funds.....	-	-	-	267,333	267,333
City trust funds.....	-	-	-	5,783,812	5,783,812
School revolving.....	-	-	-	3,884,550	3,884,550
Mitigation trusts.....	-	-	-	662,980	662,980
Other special revenue.....	-	-	-	1,673,869	1,673,869
Capital projects (not bonded).....	-	-	-	769,441	769,441
Permanent trusts.....	-	-	-	2,089,200	2,089,200
Library permanent trusts.....	-	-	-	359,408	359,408
Assigned to:					
General government.....	869,807	-	-	-	869,807
Public safety.....	987,900	-	-	-	987,900
Education.....	1,869,210	-	-	-	1,869,210
Public works.....	2,484,514	-	-	-	2,484,514
Human services.....	149,650	-	-	-	149,650
Culture and recreation.....	5,384	-	-	-	5,384
Employee benefits.....	1,123,346	-	-	-	1,123,346
Claims and judgements.....	89,142	-	-	-	89,142
Unassigned.....	<u>15,646,678</u>	<u>(116,517,419)</u>	<u>(2,100,567)</u>	<u>(14,071,591)</u>	<u>(117,042,899)</u>
Total Fund Balances.....	<u>\$ 23,225,631</u>	<u>\$ (116,517,419)</u>	<u>\$ (2,100,567)</u>	<u>\$ 14,707,599</u>	<u>\$ (80,684,756)</u>

NOTE 9 – OPERATING LEASES

Quincy College leases certain premises and equipment under operating leases with various expiration dates that extend through 2025. The leases generally provide that the College pay certain maintenance costs and include various renewal provisions. Rent expense in 2020 amounted to \$3.5 million. The College’s minimum future obligations under non-cancelable leases are as follows:

Years ending June 30:	Business-Type Activities
2021.....	\$ 2,885,804
2022.....	3,105,007
2023.....	886,608
2024.....	587,844
2025.....	463,212
Total	\$ 7,928,475

The Quincy Contributory Retirement System leases certain premises under an operating lease that expires in June 2022. The lease requires monthly payments ranging from \$2,300 to \$3,000 plus other related expenses. Rent expense for the year ended December 31, 2019 was \$31,505. The System’s minimum future obligations under the terms of the lease agreement are as follows:

Years ending December 31:	Pension Trust Fund
2020.....	\$ 32,100
2021.....	34,500
2022.....	15,000
Total	\$ 81,600

NOTE 10 – RISK FINANCING

The City is self-insured for its workers compensation claims which are accounted for in the government entity-wide financial statements where revenues are recorded when earned and expenses are recorded when the liability is incurred.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many factors. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends, and other economic and social factors. The amount of claims settlements has not exceeded insurance coverage in any of the previous three years.

Workers' Compensation

Workers compensation claims are administered by a contracted consultant and are funded on a pay-as-you-go basis from annual appropriations. The City recorded a liability of \$5,437,000 at June 30, 2020, which represents an estimate of all outstanding claims as of that date. Changes in the reported liability since July 1, 2018 are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2019.....	\$ 3,294,000	\$ 4,730,229	\$ (2,897,229)	\$ 5,127,000	\$ 474,000
2020.....	5,127,000	1,451,176	(1,141,176)	5,437,000	646,000

NOTE 11 – PENSION PLAN

Plan Descriptions

The City is a member of the Quincy Contributory Retirement System (QCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements. The City is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the City to the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the City does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2019. The City's portion of the collective pension expense, contributed by the Commonwealth, of \$31,145,908 is reported in the general fund as intergovernmental revenue and pension expenditures in the current fiscal year. The College's portion of the collective pension expense, contributed by the Commonwealth, of \$1,913,247 is reported as charges for services operating and pension expense. The portion of the Commonwealth's collective net pension liability associated with the City and College is \$272,613,801 as of the measurement date.

Benefits Provided

Both Systems provide retirement, disability, survivor and death benefits to plan members and beneficiaries. Massachusetts Contributory Retirement System benefits are, with certain minor exceptions, uniform from system to system. The 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.

At December 31, 2019, the QCRS membership consists of the following:

Active members.....	1,524
Inactive members.....	188
Retirees and beneficiaries currently receiving benefits.....	<u>1,494</u>
Total.....	<u><u>3,206</u></u>

Contributions

Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute to the System at rates ranging from 5% to 9% of gross regular compensation with an additional 2% contribution required for compensation exceeding \$30,000. The percentage rate is keyed to the date upon which an employee's membership commences. The member units are required to pay into the QCRS 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 \$32,789,500. 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 total member units' contribution is equal to 31.70% of covered payroll. The City and College's proportionate share of the required contribution were \$29,761,321 and \$1,760,826, respectively. The City and College's actual contributions equaled their required amounts.

Pension Liabilities

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

Total pension liability.....	\$	783,263,859
Total pension plan's fiduciary net position.....		<u>(374,083,972)</u>
Total net pension liability.....	\$	<u>409,179,887</u>
The pension plan's fiduciary net position as		
a percentage of the total pension liability.....		47.76%

At June 30, 2020, the City, including the College, reported a liability of \$393,999,969 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, 2018. Accordingly, update procedures were used to roll forward the total pension liability forward to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2019, the City's proportion was 88.96%, which decreased from its 89.25% proportion measured at December 31, 2018. At December 31, 2019, the College's proportion was 6.73%, which decreased from its 6.75% proportion measured at December 31, 2018.

Pension Expense

For the year ended June 30, 2020, the City, including the College, recognized pension expense of \$43,267,123. At June 30, 2020, the City and College reported deferred outflows of resources related to pensions of \$21,004,551, and deferred inflows of resources related to pensions of \$21,222,573.

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

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ -	\$ (5,397,559)	\$ (5,397,559)
Difference between projected and actual earnings, net.....	-	(13,251,690)	(13,251,690)
Changes in assumptions.....	18,100,037	-	18,100,037
Changes in proportion and proportionate share of contributions...	<u>2,904,514</u>	<u>(2,573,323)</u>	<u>331,191</u>
Total deferred outflows/(inflows) of resources.....	\$ <u>21,004,551</u>	\$ <u>(21,222,572)</u>	\$ <u>(218,021)</u>

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

<u>Year ended June 30:</u>	
2021.....	\$ 2,314,056
2022.....	(411,867)
2023.....	3,733,545
2024.....	<u>(5,853,755)</u>
Total deferred outflows/(inflows) of resources...	\$ <u>(218,021)</u>

Actuarial Assumptions

The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement date of December 31, 2019 as follows:

Valuation date.....	January 1, 2018.
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Varying contribution increases.
Remaining amortization period.....	19 years for the fresh start base.
Asset valuation method.....	Fair market value.
Inflation rate.....	3.00%
Projected salary increases.....	3.75% ultimate rate.
Cost of living adjustments.....	3.00% of the first \$13,000.
Mortality rates.....	Determined using the RP-2014 table adjusted to 2006, projected generationally using MP-2016.
Investment rate of return/Discount rate.....	7.50%

Changes in Assumptions – None.

Changes in Provisions – None.

Investment policy

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of December 31, 2019 are summarized as follows:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. equity.....	24.00%	4.87%
Developed foreign equity.....	13.00%	5.48%
Emerging market equity.....	12.00%	6.47%
Real estate.....	10.00%	4.68%
Private equity.....	10.00%	6.75%
LT government bonds.....	7.00%	0.19%
High yield bonds.....	6.00%	2.69%
Investment grade bonds.....	5.00%	-0.10%
TIPS.....	4.00%	-0.11%
Natural resources.....	3.00%	5.42%
Bank loans.....	2.00%	2.22%
Emerging market debt.....	2.00%	2.05%
Infrastructure.....	2.00%	4.11%
Total.....	<u>100.00%</u>	

Rate of return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 16.11%. 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 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension 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 (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
	<u> </u>	<u> </u>	<u> </u>
The College's proportionate share of the net pension liability.....	\$ 26,023,522	\$ 21,776,639	\$ 18,169,556
The City's proportionate share of the net pension liability.....	\$ 444,814,373	\$ 372,223,330	\$ 310,568,257
QCRS total net pension liability.....	\$ 489,478,692	\$ 409,179,887	\$ 340,978,240

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The City of Quincy 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.

Quincy College, an enterprise fund department of the City, also provides healthcare benefits to its employees and retirees. The coverage is provided through the plan administered by the City; however, the College’s net OPEB obligation and related expense and deferred items is determined through an actuarial valuation that is separate from the City’s valuation. The College maintains a separate OPEB Trust and contributes to the Trust at different rates than the City.

The required disclosures and required supplementary information for both the College and the City is presented within this footnote.

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 90 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 10 percent of their premium costs.

The Commonwealth of Massachusetts passed special legislation that has allowed the City to establish the Postemployment Benefit Trust Fund and to enable the City to raise taxes necessary to begin pre-funding its OPEB liabilities. This is an irrevocable trust. At June 30, 2020, the City has pre-funded future OPEB liabilities in the amount of \$3,274,885. The College is a participant in the Plymouth County OPEB Trust which is irrevocable. At June 30, 2020, the College has pre-funded future OPEB liabilities in the amount of \$2,558,281.

Investment policy

The OPEB plan’s assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the City’s investment policy.

Measurement Date

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2019.

Employees Covered by Benefit Terms

The following table represents the Plan’s membership at June 30, 2020:

	<u>City of Quincy</u>	<u>Quincy College</u>
Active members	1,821	126
Retired members or beneficiaries currently receiving benefits...	<u>2,546</u>	<u>29</u>
Total.....	<u>4,367</u>	<u>155</u>

Components of OPEB Liability

The following table represents the components of the Plan’s OPEB liability as of June 30, 2020:

	<u>City of Quincy</u>	<u>Quincy College</u>
Total OPEB liability.....	\$ 775,390,994	\$ 12,193,733
Less: OPEB plan's fiduciary net position.....	<u>(3,274,885)</u>	<u>(2,558,281)</u>
Net OPEB liability.....	<u>\$ 772,116,109</u>	<u>\$ 9,635,452</u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	0.42%	20.98%

Significant Actuarial Methods and Assumptions

The total OPEB liability in the December 31, 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 Statement #74 are as follows on the next page. These assumptions were applied to both Quincy College and the City of Quincy’s valuations. Mortality rates for Quincy College follow the rates for non-teachers.

Valuation date.....	December 31, 2019
Actuarial cost method.....	Entry Age Normal.
Amortization method.....	Level Percentage of Payroll, payments increase 3.0% per year.
Remaining amortization period.....	27 years as of December 31, 2019.
Asset valuation method.....	Market Value.
Investment rate of return.....	6.50% as of June 30, 2020, previously 7.00%.
Discount rate.....	2.21% as of June 30, 2020, previously 3.50%.
Inflation rate.....	3.00%
Projected salary increases.....	Non Teachers: 4.00% Teachers: 7.50%, 7.10%, 7.00%, 6.90%, 6.80%, 6.70%, 6.60%, 6.50%, 6.30%, 6.10%, 5.90%, 5.70%, 5.20%, 4.70%, 4.35%, 4.20%, 4.10%, 4.00%
Healthcare trend rates.....	Non-Medicare and Medicare Medical/Rx: 7.00% graded by 0.25% down to an ultimate level of 4.50% over 10 years. Dental: 3.00% Part B reimbursement: 4.50% Medicare Contributions: Retiree contributions are expected to increase with medical trend. Non-Medicare Contributions: Retiree contributions are expected to increase by 9.50%, then 6.75% graded by 0.25% down to an ultimate level of 4.50% over 9 years.
Pre-retirement mortality (non-teachers).....	RP-2006 Employee Mortality Table generationally projected using Scale MP-2016.
Healthy mortality (non-teachers).....	RP-2006 Healthy Annuitant Mortality Table generationally projected using Scale MP-2016.
Disabled mortality (non-teachers).....	RP-2006 Healthy Annuitant Mortality Table set forward 2 years, and generationally projected using Scale MP-2016.
Pre-retirement mortality (teachers).....	RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016.
Healthy mortality (teachers).....	RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016.
Disabled mortality (teachers).....	RP-2014 Healthy Annuitant Mortality Table set forward 4 years projected generationally with Scale BB from 2014.

Rate of return

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 5.27% for the City and 2.39% for Quincy College. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real of returns (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The City and the College’s expected future real rate of return is added to the expected inflation to produce the long-term expected nominal rate of return. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan’s target asset allocation as of June 30, 2020 are summarized as follows:

Asset Class	City of Quincy Long-Term Expected Asset Allocation	Quincy College Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity.....	36.00%	36.00%	6.15%
International developed markets equity..	24.00%	24.00%	6.78%
International emerging markets equity...	0.00%	0.00%	8.65%
Core fixed income.....	19.00%	19.00%	1.11%
High-yield fixed income.....	5.00%	5.00%	3.51%
Real estate.....	0.00%	0.00%	4.33%
Commodities.....	0.00%	0.00%	4.13%
Hedge fund, GTAA, risk parity.....	16.00%	16.00%	3.19%
Private equity.....	0.00%	0.00%	9.99%
Total.....	100.00%	100.00%	

City of Quincy – Discount rate

The discount rate used to measure the total pension liability was 2.21% at June 30, 2020, and 3.50% at June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions from the City will be made in accordance with the plan’s funding policy. Based on those assumptions, the City’s OPEB plan fiduciary net position was projected to be insufficient to make all projected future benefit payments of current plan members. Therefore, the 2.21% municipal bond rate was applied to all periods to determine the total OPEB liability. The 2.21% municipal bond rate was based on the yield or index rate for the 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher as shown in the Buyer Bond 20-Bond General Obligation Index as of June 30, 2020.

Quincy College – Discount rate

The discount rate used to measure the total pension liability was 6.50% at June 30, 2020, and 7.00% at June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions from the College will be made in accordance with the plan’s funding policy. Based on those assumptions, the College’s OPEB plan fiduciary net position was projected to be sufficient to make all projected future benefit payments of

current plan members. Therefore, the long-term expected rate of return was applied to all periods to determine the total OPEB liability.

City of Quincy – Changes in the net OPEB liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan	
		Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019.....	\$ 746,873,821	\$ 1,948,757	\$ 744,925,064
Changes for the year:			
Service cost.....	28,430,305	-	28,430,305
Interest.....	26,840,368	-	26,840,368
Changes of benefit terms.....	(197,360,006)	-	(197,360,006)
Differences between expected and actual experience....	63,800,598	-	63,800,598
Changes in assumptions.....	123,825,227	-	123,825,227
Benefit payments.....	(17,019,319)	(17,019,319)	-
Contributions - employer.....	-	18,303,337	(18,303,337)
Net investment income.....	-	42,110	(42,110)
Net change.....	<u>28,517,173</u>	<u>1,326,128</u>	<u>27,191,045</u>
Balances at June 30, 2020.....	<u>\$ 775,390,994</u>	<u>3,274,885</u>	<u>772,116,109</u>

Quincy College – Changes in the net OPEB liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan	
		Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2019.....	\$ 12,270,217	\$ 2,498,660	\$ 9,771,557
Changes for the year:			
Service cost.....	834,659	-	834,659
Interest.....	910,383	-	910,383
Changes of benefit terms.....	(3,223,536)	-	(3,223,536)
Differences between expected and actual experience....	1,451,299	-	1,451,299
Changes in assumptions.....	-	202,217	(202,217)
Benefit payments.....	152,928	-	152,928
Contributions - employer.....	(202,217)	(202,217)	-
Net investment income.....	-	59,621	(59,621)
Net change.....	<u>(76,484)</u>	<u>59,621</u>	<u>(136,105)</u>
Balances at June 30, 2020.....	<u>\$ 12,193,733</u>	<u>2,558,281</u>	<u>9,635,452</u>

City of Quincy – Sensitivity of the net OPEB liability to changes in the discount rate

The following table presents the Plan’s net OPEB liability, calculated using the discount rate of 2.21%, as well as what the 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.

	<u>1% Decrease</u> (1.21%)	<u>Current</u> <u>Discount Rate</u> (2.21%)	<u>1% Increase</u> (3.21%)
Net OPEB liability..... \$	<u>920,156,543</u>	<u>\$ 772,116,109</u>	<u>\$ 656,162,761</u>

City of Quincy – Sensitivity of the net OPEB liability to changes in the healthcare trend

The following table presents the net other postemployment benefit liability, calculated with a current rate as well as what the net OPEB liability would be if it were calculated using a trend rate that was 1- percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB liability..... \$	<u>640,714,223</u>	<u>\$ 772,116,109</u>	<u>\$ 946,452,767</u>

Quincy College – Sensitivity of the net OPEB liability to changes in the discount rate

The following table presents the Plan’s net OPEB liability, calculated using the discount rate of 6.50%, as well as what the 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.

	<u>1% Decrease</u> (4.50%)	<u>Current</u> <u>Discount Rate</u> (6.50%)	<u>1% Increase</u> (7.50%)
Net OPEB liability..... \$	<u>11,557,691</u>	<u>\$ 9,635,452</u>	<u>\$ 8,069,577</u>

Quincy College – Sensitivity of the net OPEB liability to changes in the healthcare trend

The following table presents the net other postemployment benefit liability, calculated with a current rate as well as what the net OPEB liability would be if it were calculated using a trend rate that was 1- percentage-point lower or 1-percentage-point higher than the current rate.

	<u>1% Decrease</u>	<u>Current Trend</u>	<u>1% Increase</u>
Net OPEB liability..... \$	<u>7,804,514</u>	<u>\$ 9,635,452</u>	<u>\$ 11,959,175</u>

City of Quincy – 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 a negative OPEB expense of (\$116.9 million). At June 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 51,040,480	\$ -	\$ 51,040,480
Difference between projected and actual earnings, net.....	85,638	-	85,638
Changes in assumptions.....	126,964,676	(44,332,586)	82,632,090
Total deferred outflows/(inflows) of resources.....	\$ 178,090,794	\$ (44,332,586)	\$ 133,758,208

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

Year ended June 30:

2021.....	\$ 25,057,420
2022.....	25,066,881
2023.....	39,107,219
2024.....	44,526,688
Total deferred outflows/(inflows) of resources....	\$ 133,758,208

Quincy College – OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the College recognized a negative OPEB expense of (\$1.3 million). At June 30, 2020, the College reported deferred outflows and inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources
Differences between expected and actual experience.....	\$ 1,269,884
Difference between projected and actual earnings, net.....	77,009
Changes in assumptions.....	606,457
Total deferred outflows/(inflows) of resources.....	\$ 1,953,350

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

<u>Year ended June 30:</u>	
2021.....	\$ 334,450
2022.....	354,840
2023.....	366,735
2024.....	295,741
2025.....	200,528
Thereafter.....	<u>401,056</u>
Total deferred outflows/(inflows) of resources....	\$ <u><u>1,953,350</u></u>

Changes in Assumptions:

- The percentage of active employees assumed to elect coverage at retirement was updated with this valuation.
- The impact of the excise tax on high cost health plans (part of the Patient Protection and Affordable Care Act) was removed, as the tax was repealed effective December 20, 2019.
- Medicare Part B premiums were updated with this valuation.
- The salary increase assumption for non-teachers was lowered.
- The salary increase assumption and disabled mortality assumption for teachers were changed to be consistent with the Massachusetts Teachers' Retirement System Actuarial Valuation Report as of January 1, 2019.
- The salary increase assumption for non-teachers was lowered.
- The mortality assumption for non-teachers was updated to match the Quincy Retirement System Actuarial Valuation as of January 1, 2018.
- Trend rates were updated with this valuation.
- The City's discount rate was decreased from 3.50% to 2.21%.
- Quincy College's discount rate decreased from 7.25% to 7.00%.

Changes in Plan Provisions:

- Healthcare is now provided through Blue Cross Blue Shield of Massachusetts instead of the Group Insurance Commission (GIC). Per capita costs were updated to reflect the FY2020 self-funded premium equivalent rates for these plans.

NOTE 13 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

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

	Pension Trust Fund (as of December 31, 2019)	City of Quincy OPEB Trust Fund	Quincy College OPEB Trust Fund	Total Pension and OPEB Trust Funds
ASSETS				
Cash and cash equivalents.....	\$ 4,392,670	\$ 18,726	\$ -	\$ 4,411,396
Investments:				
Equity securities.....	-	2,347,892	-	2,347,892
Fixed income mutual funds.....	-	908,267	-	908,267
Pooled domestic equity.....	12,523,638	-	-	12,523,638
Pooled alternative investments.....	125,304,755	-	-	125,304,755
Pooled real estate.....	892,359	-	-	892,359
Pooled mutual funds.....	228,741,094	-	-	228,741,094
Plymouth County OPEB trust investment pool.....	-	-	2,558,281	2,558,281
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	2,394,727	-	-	2,394,727
TOTAL ASSETS.....	374,249,243	3,274,885	2,558,281	380,082,409
LIABILITIES				
Warrants payable.....	165,271	-	-	165,271
NET POSITION				
Restricted for pensions.....	374,083,972	-	-	374,083,972
Restricted for other postemployment benefits.....	-	3,274,885	2,558,281	5,833,166
TOTAL NET POSITION.....	\$ 374,083,972	\$ 3,274,885	\$ 2,558,281	\$ 379,917,138

	Pension Trust Fund (as of December 31, 2019)	City of Quincy OPEB Trust Fund	Quincy College OPEB Trust Fund	Total Pension and OPEB Trust Funds
ADDITIONS:				
Contributions:				
Employer contributions.....	\$ 32,789,500	\$ 1,284,018	\$ 202,217	\$ 34,275,735
Employer contributions for other postemployment benefit payments.....	-	17,019,319	(202,217)	16,817,102
Member contributions.....	10,229,640	-	-	10,229,640
Transfers from other systems.....	2,427,302	-	-	2,427,302
Workers compensation settlements.....	13,000	-	-	13,000
State COLA reimbursements.....	290,602	-	-	290,602
Total contributions.....	45,750,044	18,303,337	-	64,053,381
Net investment income:				
Investment income (loss).....	55,064,437	42,110	64,620	55,171,167
Less: investment expense.....	(1,004,649)	-	(4,999)	(1,009,648)
Net investment income (loss).....	54,059,788	42,110	59,621	54,161,519
TOTAL ADDITIONS.....	99,809,832	18,345,447	59,621	118,214,900
DEDUCTIONS:				
Administration.....	507,604	-	-	507,604
Transfers to other systems.....	2,917,029	-	-	2,917,029
Retirement benefits and refunds.....	47,287,451	-	-	47,287,451
Other postemployment benefit payments.....	-	17,019,319	-	17,019,319
TOTAL DEDUCTIONS.....	50,712,084	17,019,319	-	67,731,403
NET INCREASE (DECREASE) IN NET POSITION.....	49,097,748	1,326,128	59,621	50,483,497
NET POSITION AT BEGINNING OF YEAR (AS RESTATED).....	324,986,224	1,948,757	2,498,660	329,433,641
NET POSITION AT END OF YEAR.....	\$ 374,083,972	\$ 3,274,885	\$ 2,558,281	\$ 379,917,138

NOTE 14 – COMMITMENTS AND CONTINGENCIES

The City is committed to fund a variety of construction and design contracts relating to ongoing improvements to the downtown business district, various governmental, water and sewer enterprise infrastructure improvements and ongoing education facility construction or rehabilitation.

Federal Grant Participation

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.

Other

Various other legal actions and claims are pending against the City. 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 of the City at June 30, 2020.

NOTE 15 – COVID-19

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

A number of businesses have been forced to stop or significantly reduce operations decreasing, the City’s portion of certain revenue. The City has also incurred unanticipated costs specifically related to the pandemic.

On March 27, 2020 the United States Federal Government established the Coronavirus Aid, Relief and Economic Security (CARES) Act in response to the economic downfall caused by the COVID-19 pandemic. This Act requires that the payment from these funds be used only to cover expenses that; are necessary expenditures incurred due to the public health emergency with respect COVID-19; were not accounted for in the budget most recently approved as of March 27, 2020; and were incurred during the period that begins on March 1, 2020, and ends on December 30, 2021. The Commonwealth and communities throughout the Commonwealth were awarded a portion of this federal funding. In addition to funding from the CARES Act, there are several other federal and state grants available.

The full extent of the financial impact cannot be determined as of the date of the financial statements.

NOTE 16 – RESTATEMENT OF NET POSITION PREVIOUSLY REPORTED

Beginning net position of the governmental and business type activities has been restated to reflect the change in the GASB Statement #75 measurement date. To reflect this change, the City has restated the beginning balances as follows:

	6/30/2019 Previously Reported Balances	Update of OPEB measurement date	6/30/2019 Restated Balances
Government-Wide Financial Statements			
Governmental activities.....	\$ (725,335,027) \$	(72,023,732) \$	(797,358,759)
Business-type activities.....	26,524,553	(3,303,943)	23,220,610
Total.....	<u>\$ (698,810,474) \$</u>	<u>(75,327,675) \$</u>	<u>(774,138,149)</u>
Business-type Activities - Enterprise Funds			
Water enterprise fund.....	\$ 18,575,569 \$	(1,138,115) \$	17,437,454
Sewer enterprise fund.....	25,722,620	(506,657)	25,215,963
Quincy College enterprise fund.....	<u>(17,773,636)</u>	<u>(1,659,171)</u>	<u>(19,432,807)</u>
Total.....	<u>\$ 26,524,553 \$</u>	<u>(3,303,943) \$</u>	<u>23,220,610</u>

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 20, 2021 which is the date the financial statements were available to be issued.

NOTE 18 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2020, the following GASB pronouncement was implemented:

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

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2021.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2022.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2022.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2021.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2023.
- The GASB issued Statement #92, *Omnibus 2020*, which is required to be implemented in 2022.
- The GASB issued Statement #93, *Replacement of Interbank Offered Rates*, which is required to be implemented in 2022.
- The GASB issued Statement #94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #96, *Subscription-Based Information Technology Arrangements*, which is required to be implemented in 2023.
- The GASB issued Statement #97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, in which certain paragraphs are required to be implemented in 2021 and 2022.

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2020

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 242,696,374	\$ 239,978,910	\$ 237,429,622	\$ -	\$ (2,549,288)
Tax liens.....	-	-	830,407	-	830,407
Motor vehicle and other excise taxes.....	11,300,000	11,300,000	10,900,552	-	(399,448)
Meals tax.....	1,960,000	1,960,000	1,818,971	-	(141,029)
Urban development corporation tax.....	626,000	626,000	-	-	(626,000)
Penalties and interest on taxes.....	1,394,000	1,394,000	1,238,328	-	(155,672)
Fees and rentals.....	2,851,000	2,851,000	3,011,737	-	160,737
Payments in lieu of taxes.....	1,120,000	1,120,000	1,141,295	-	21,295
Licenses and permits.....	5,902,743	5,902,743	2,935,950	-	(2,966,793)
Fines and forfeitures.....	750,000	750,000	650,183	-	(99,817)
Intergovernmental - state aid.....	50,592,748	50,592,748	50,134,306	-	(458,442)
Intergovernmental - School Building Authority.....	385,483	385,483	385,483	-	-
Intergovernmental - other.....	187,000	187,000	1,441,614	-	1,254,614
Departmental and other.....	3,084,000	3,084,000	2,898,665	-	(185,335)
Investment income.....	1,083,000	1,083,000	1,073,306	-	(9,694)
TOTAL REVENUES.....	323,932,348	321,214,884	315,890,419	-	(5,324,465)
EXPENDITURES:					
Current:					
General government.....	19,805,026	21,254,655	18,954,448	869,807	1,430,400
Public safety.....	63,541,260	64,367,924	62,264,143	987,900	1,115,881
Education.....	111,318,601	111,446,972	108,499,165	1,869,210	1,078,597
Public works.....	20,588,609	20,807,272	17,283,720	2,484,514	1,039,038
Human services.....	3,920,621	3,933,304	3,430,589	149,650	353,065
Culture and recreation.....	8,051,230	8,122,413	7,621,546	5,384	495,483
Pension benefits.....	29,774,949	29,774,949	29,763,428	-	11,521
Employee benefits.....	50,941,574	52,042,592	53,182,323	1,123,346	(2,263,077)
Claims and judgments.....	458,061	301,380	162,238	89,142	50,000
State and county charges.....	4,137,403	4,137,403	4,151,681	-	(14,278)
Debt service:					
Principal.....	10,341,341	10,341,341	10,341,341	-	-
Interest.....	12,747,045	12,747,045	12,348,517	-	398,528
TOTAL EXPENDITURES.....	335,625,720	339,277,250	328,003,139	7,578,953	3,695,158
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(11,693,372)	(18,062,366)	(12,112,720)	(7,578,953)	(1,629,307)
OTHER FINANCING SOURCES (USES):					
Use of prior year reserves to fund carryovers.....	4,733,227	4,733,227	-	-	(4,733,227)
Use of free cash.....	-	6,474,043	-	-	(6,474,043)
Transfers in.....	7,210,145	8,656,122	8,656,122	-	-
Transfers out.....	(250,000)	(1,801,026)	(1,801,026)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	11,693,372	18,062,366	6,855,096	-	(11,207,270)
NET CHANGE IN FUND BALANCE.....	-	-	(5,257,624)	(7,578,953)	(12,836,577)
BUDGETARY FUND BALANCE, Beginning of year.....	17,421,566	17,421,566	17,421,566	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 17,421,566	\$ 17,421,566	\$ 12,163,942	\$ (7,578,953)	\$ (12,836,577)

See notes to required supplementary information.

Pension Plan Schedules – Retirement System

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

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

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

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

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

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018 (1)	December 31, 2019
Total pension liability:						
Service cost.....	\$ 10,424,753	\$ 10,038,512	\$ 12,340,386	\$ 12,661,777	\$ 13,670,881	\$ 14,217,717
Interest.....	49,770,644	51,092,338	51,660,742	52,739,949	52,782,682	56,116,246
Changes in benefit terms.....	-	3,078,458	-	-	-	-
Differences between expected and actual experience....	-	1,858,637	-	-	(10,089,925)	-
Changes in assumptions.....	-	3,665,324	-	-	33,835,300	-
Benefit payments.....	(43,044,059)	(43,531,889)	(44,500,835)	(45,049,416)	(46,417,237)	(47,287,451)
Net change in total pension liability.....	17,151,338	26,201,380	19,500,293	20,352,310	43,781,701	23,046,512
Total pension liability - beginning.....	633,230,325	650,381,663	676,583,043	696,083,336	716,435,646	760,217,347
Total pension liability - ending (a).....	<u>\$ 650,381,663</u>	<u>\$ 676,583,043</u>	<u>\$ 696,083,336</u>	<u>\$ 716,435,646</u>	<u>\$ 760,217,347</u>	<u>\$ 783,263,859</u>
Plan fiduciary net position:						
Employer contributions.....	\$ 23,673,089	\$ 24,784,041	\$ 26,703,193	\$ 28,203,770	\$ 30,614,051	\$ 32,603,375
Member contributions.....	8,661,380	8,503,208	8,263,021	9,217,597	9,521,007	10,229,640
Net investment income (loss).....	13,166,200	156,718	9,124,449	57,900,393	(10,572,153)	54,059,788
Administrative expenses.....	(611,927)	(461,545)	(466,622)	(466,403)	(498,132)	(507,604)
Retirement benefits and refunds.....	(43,044,059)	(43,531,889)	(44,500,835)	(45,049,416)	(46,417,237)	(47,287,451)
Net increase (decrease) in fiduciary net position.....	1,844,683	(10,549,467)	(876,794)	49,805,941	(17,352,464)	49,097,748
Fiduciary net position - beginning of year (as restated).....	302,114,325	303,959,008	293,409,541	292,532,747	342,338,688	324,986,224
Fiduciary net position - end of year (b).....	<u>\$ 303,959,008</u>	<u>\$ 293,409,541</u>	<u>\$ 292,532,747</u>	<u>\$ 342,338,688</u>	<u>\$ 324,986,224</u>	<u>\$ 374,083,972</u>
Net pension liability - ending (a)-(b).....	<u>\$ 346,422,655</u>	<u>\$ 383,173,502</u>	<u>\$ 403,550,589</u>	<u>\$ 374,096,958</u>	<u>\$ 435,231,123</u>	<u>\$ 409,179,887</u>
Plan fiduciary net position as a percentage of the total pension liability.....	46.74%	43.37%	42.03%	47.78%	42.75%	47.76%
Covered payroll.....	\$ 83,775,407	\$ 87,269,494	\$ 92,374,654	\$ 96,535,798	\$ 98,970,327	\$ 103,475,444
Net pension liability as a percentage of covered payroll.....	413.51%	439.07%	436.86%	387.52%	439.76%	395.44%

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

(1) For the year ended December 31, 2018, the System restated beginning net position.

See notes to required supplementary information.

SCHEDULE OF CONTRIBUTIONS
QUINCY CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2019.....	\$ 32,789,500	\$ (32,789,500)	\$ -	\$ 103,475,444	31.69%
December 31, 2018.....	30,842,375	(30,842,375)	-	98,970,327	31.16%
December 31, 2017.....	28,360,805	(28,360,805)	-	96,535,798	29.38%
December 31, 2016.....	26,078,901	(26,078,901)	-	92,374,654	28.23%
December 31, 2015.....	24,742,790	(24,424,577)	318,213	87,269,494	27.99%
December 31, 2014.....	23,626,173	(23,360,807)	265,366	83,775,407	27.89%

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
QUINCY CONTRIBUTORY RETIREMENT SYSTEM

Year	Annual money-weighted rate of return, net of investment expense
December 31, 2019.....	16.11%
December 31, 2018.....	-3.09%
December 31, 2017.....	20.16%
December 31, 2016.....	3.15%
December 31, 2015.....	0.07%
December 31, 2014.....	4.18%

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

See notes to required supplementary information.

Pension Plan Schedules – City and Quincy College

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

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

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

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

The Schedule of the Special Funding Amounts of the Net Pension Liability for the Massachusetts Teachers Contributory Retirement System presents multi-year trend information on the liability and expense assumed by the Commonwealth of Massachusetts on behalf of the City and Quincy College along with related ratios.

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

**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
QUINCY CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2019.....	88.96%	\$ 372,223,330	\$ 92,768,804	401.24%	47.76%
December 31, 2018.....	89.25%	395,648,555	88,476,642	447.18%	42.75%
December 31, 2017.....	90.30%	337,831,256	85,560,040	394.85%	47.78%
December 31, 2016.....	90.92%	366,908,857	82,446,938	445.02%	42.03%
December 31, 2015.....	89.29%	342,171,573	77,632,927	440.76%	43.37%
December 31, 2014.....	89.11%	308,731,255	74,859,778	412.41%	46.74%

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

See notes to required supplementary information.

SCHEDULE OF THE CITY'S CONTRIBUTIONS
QUINCY CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2020.....	\$ 29,761,321	\$ (29,761,321)	-	\$ 92,788,804	32.07%
June 30, 2019.....	28,017,079	(28,017,079)	-	88,496,642	31.66%
June 30, 2018.....	25,541,290	(25,541,290)	-	85,580,040	29.84%
June 30, 2017.....	25,050,196	(25,050,196)	-	82,470,271	30.37%
June 30, 2016.....	23,840,267	(23,840,267)	-	77,654,841	30.70%
June 30, 2015.....	22,674,720	(22,727,803)	(53,083)	74,879,779	30.35%

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

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS - CITY OF QUINCY
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2020.....	\$ 256,836,706	\$ 31,145,908	53.95%
2019.....	244,631,836	24,789,894	54.84%
2018.....	237,562,230	24,795,061	54.25%
2017.....	229,760,795	23,437,107	52.73%
2016.....	212,457,308	17,232,179	55.38%
2015.....	166,516,454	11,568,697	61.64%

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

See notes to required supplementary information.

**SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
QUINCY CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2019.....	6.73%	\$ 21,776,639	\$ 6,748,452	322.69%	47.76%
December 31, 2018.....	6.75%	24,374,173	6,689,330	364.37%	42.75%
December 31, 2017.....	5.70%	21,206,902	6,872,290	308.59%	47.78%
December 31, 2016.....	5.21%	20,938,259	5,911,157	354.22%	42.03%
December 31, 2015.....	6.49%	24,754,863	5,843,207	423.65%	43.37%
December 31, 2014.....	6.20%	21,362,172	5,417,029	394.35%	46.74%

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

See notes to required supplementary information.

SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
QUINCY CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2020.....	\$ 1,760,826	\$ (1,760,826)	-	\$ 6,815,937	25.83%
June 30, 2019.....	1,714,546	(1,714,546)	-	6,756,223	25.38%
June 30, 2018.....	1,639,328	(1,639,328)	-	6,941,013	23.62%
June 30, 2017.....	1,339,704	(1,339,704)	-	5,970,269	22.44%
June 30, 2016.....	1,668,819	(1,668,819)	-	5,901,639	28.28%
June 30, 2015.....	1,216,740	(1,216,740)	-	5,471,199	22.24%

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

See notes to required supplementary information.

**SCHEDULE OF THE SPECIAL FUNDING AMOUNTS - QUINCY COLLEGE
OF THE NET PENSION LIABILITY
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM**

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Therefore, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the associated collective net pension liability; the portion of the collective pension expense as both a revenue and pension expense recognized; and the Plan's fiduciary net position as a percentage of the total liability.

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2020.....	\$ 15,777,095	\$ 1,913,247	53.95%
2019.....	16,639,325	1,686,155	54.84%
2018.....	16,637,117	1,736,464	54.25%
2017.....	15,892,880	1,621,178	52.73%
2016.....	13,109,803	1,063,322	55.38%
2015.....	10,221,459	602,741	61.64%

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

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

The Schedule of Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

The Schedule of the City's Contributions presents multi-year trend information on the City's actual contributions to the other postemployment benefit plan and related ratios.

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

The Schedule of Changes in the College's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered-employee payroll.

The Schedule of the College's Contributions presents multi-year trend information on the College's actual contributions to the other postemployment benefit plan and related ratios.

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

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

**SCHEDULE OF CHANGES IN THE
CITY'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service Cost.....	\$ 35,151,434	\$ 29,523,601	\$ 25,072,182	\$ 28,430,305
Interest.....	21,124,314	24,698,709	26,610,994	26,840,368
Changes of benefit terms.....	-	-	-	(197,360,006)
Differences between expected and actual experience.....	-	-	-	63,800,598
Changes of assumptions.....	(84,254,759)	(32,863,385)	41,856,741	123,825,227
Benefit payments.....	<u>(17,028,972)</u>	<u>(18,391,290)</u>	<u>(19,132,995)</u>	<u>(17,019,319)</u>
Net change in total OPEB liability.....	(45,007,983)	2,967,635	74,406,922	28,517,173
Total OPEB liability - beginning.....	<u>714,507,247</u>	<u>669,499,264</u>	<u>672,466,899</u>	<u>746,873,821</u>
Total OPEB liability - ending (a).....	<u>\$ 669,499,264</u>	<u>\$ 672,466,899</u>	<u>\$ 746,873,821</u>	<u>\$ 775,390,994</u>
Plan fiduciary net position				
Employer contributions.....	\$ 100,000	\$ 100,000	\$ 250,000	\$ 1,284,018
Employer contributions for OPEB payments.....	17,028,972	18,391,290	19,132,995	17,019,319
Net investment income.....	41,556	36,720	187,869	42,110
Benefit payments.....	<u>(17,028,972)</u>	<u>(18,391,290)</u>	<u>(19,132,995)</u>	<u>(17,019,319)</u>
Net change in plan fiduciary net position.....	141,556	136,720	437,869	1,326,128
Plan fiduciary net position - beginning of year.....	<u>1,232,612</u>	<u>1,374,168</u>	<u>1,510,888</u>	<u>1,948,757</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 1,374,168</u>	<u>\$ 1,510,888</u>	<u>\$ 1,948,757</u>	<u>\$ 3,274,885</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 668,125,096</u>	<u>\$ 670,956,011</u>	<u>\$ 744,925,064</u>	<u>\$ 772,116,109</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.21%	0.22%	0.26%	0.42%
Covered-employee payroll.....	\$ 158,710,844	\$ 160,019,397	\$ 167,478,101	\$ 175,194,338
Net OPEB liability as a percentage of covered-employee payroll.....	420.97%	419.30%	444.79%	440.72%

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

See notes to required supplementary information.

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

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2020.....	\$ 34,002,126	\$ (18,303,337)	\$ 15,698,789	\$ 175,194,338	10.45%
June 30, 2019.....	33,816,694	(19,382,995)	14,433,699	167,478,101	11.57%
June 30, 2018.....	32,656,643	(18,491,290)	14,165,353	160,019,397	11.56%
June 30, 2017.....	31,462,354	(14,333,382)	17,128,972	158,710,844	9.03%

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

See notes to required supplementary information.

**SCHEDULE OF THE CITY'S INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2020.....	5.27%
June 30, 2019.....	-9.31%
June 30, 2018.....	2.51%
June 30, 2017.....	3.26%

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

See notes to required supplementary information.

**SCHEDULE OF CHANGES IN THE
COLLEGE'S NET OPEB LIABILITY AND RELATED RATIOS
OTHER POSTEMPLOYMENT BENEFIT PLAN**

	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB Liability				
Service Cost.....	\$ 674,800	\$ 699,466	\$ 747,474	\$ 834,659
Interest.....	627,199	712,688	807,004	910,383
Changes of benefit terms.....	-	-	-	(3,223,536)
Differences between expected and actual experience.....	-	-	-	1,451,299
Changes of assumptions.....	-	368,056	432,926	152,928
Benefit payments.....	(179,759)	(194,140)	(201,606)	(202,217)
Net change in total OPEB liability.....	1,122,240	1,586,070	1,785,798	(76,484)
Total OPEB liability - beginning.....	7,776,109	8,898,349	10,484,419	12,270,217
Total OPEB liability - ending (a).....	<u>\$ 8,898,349</u>	<u>\$ 10,484,419</u>	<u>\$ 12,270,217</u>	<u>\$ 12,193,733</u>
Plan fiduciary net position				
Employer contributions.....	\$ 327,405	\$ 357,313	\$ -	\$ -
Employer contributions for OPEB payments.....	179,759	194,140	201,606	202,217
Net investment income.....	209,428	208,373	126,627	59,621
Benefit payments.....	(179,759)	(194,140)	(201,606)	(202,217)
Net change in plan fiduciary net position.....	536,833	565,686	126,627	59,621
Plan fiduciary net position - beginning of year.....	1,269,514	1,806,347	2,372,033	2,498,660
Plan fiduciary net position - end of year (b).....	<u>\$ 1,806,347</u>	<u>\$ 2,372,033</u>	<u>\$ 2,498,660</u>	<u>\$ 2,558,281</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 7,092,002</u>	<u>\$ 8,112,386</u>	<u>\$ 9,771,557</u>	<u>\$ 9,635,452</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	20.30%	22.62%	20.36%	20.98%
Covered-employee payroll.....	\$ 18,980,282	\$ 20,133,908	\$ 16,242,541	\$ 16,175,514
Net OPEB liability as a percentage of covered-employee payroll.....	37.37%	40.29%	60.16%	59.57%

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

See notes to required supplementary information.

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

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2020.....	\$ 1,278,203	\$ (202,217)	\$ 1,075,986	\$ 16,175,514	1.25%
June 30, 2019.....	1,232,260	(201,606)	1,030,654	16,242,541	1.24%
June 30, 2018.....	1,152,210	(551,453)	600,757	20,133,908	2.74%
June 30, 2017.....	1,083,386	(507,164)	576,222	18,980,282	2.67%

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

See notes to required supplementary information.

SCHEDULE OF THE COLLEGE'S INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

Year	Annual money-weighted rate of return, net of investment expense
June 30, 2020.....	2.39%
June 30, 2019.....	5.41%
June 30, 2018.....	11.54%
June 30, 2017.....	16.50%

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

See notes to required supplementary information.

NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITYBudgetary Information

Municipal Law requires the adoption of a balanced budget that is approved by a majority vote at the City Council. The Mayor presents an annual operating and capital budget at 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 full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote. Increases or transfers between departments subsequent to the approval of the annual budget require majority approval via the City Council.

The majority of appropriations are non-continuing which lapse at the end of each year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior year be carried forward and made available for spending in the current year. These carry forwards are included as part of the subsequent year's original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final judgments may exceed the level of spending authorized by two-thirds majority vote of a City Council.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2020 approved budget authorized approximately \$335.9 million in appropriations inclusive of \$4.7 million of encumbrances carried forward from 2019. During 2020, the Council also approved supplemental appropriations that collectively totaled \$5.2 million. The increase in appropriations was due to the use of \$6.5 million of free cash, offset by a \$2.7 million reduction to the tax levy. Free cash was used to reduce the tax levy, fund \$1.3 million to the OPEB trust, \$1.2 million for stabilization, and other items.

The Municipal Finance Office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2020, is presented on the following page.

Net change in fund balance - budgetary basis.....	\$ (5,257,624)
<u>Perspective differences:</u>	
Activity of the stabilization funds recorded in the general fund for GAAP.....	2,058,405
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	256,000
Net change in recording 60 day receipts.....	1,138,000
Net change in recording accrued interest on notes payable.....	118,900
Recognition of revenue for on-behalf payments.....	31,145,908
Recognition of expenditures for on-behalf payments.....	<u>(31,145,908)</u>
Net change in fund balance - GAAP basis.....	\$ <u>(1,686,319)</u>

NOTE B – PENSION PLAN***Pension Plan Schedules – Retirement System***Schedule of Changes in the Net Pension Liability and Related Ratios

The Schedule of Changes in the Net Pension Liability and Related Ratios includes the detailed changes in the System's total pension liability, changes in the System's net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

Schedule of Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The total appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the System's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. Employers may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual employer contributions may be less than the "total appropriation". The pension fund appropriations are allocated amongst employers based on covered payroll.

Schedule of Investment Returns

The money-weighted rate of return is calculated as the internal rate of return on pension plan investments, net of pension plan investment expense. A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. Inputs to the money-weighted rate of return calculation are determined monthly.

Pension Plan Schedules – City and College

The following schedules apply to both the City and the College but have been presented separately.

Schedule of the City's and the College's Proportionate Share of the Net Pension Liability

The Schedule of the City's and the College's Proportionate Share of the Net Pension Liability details the allocated percentage of the net pension liability (asset), the proportionate share of the net pension liability, and the covered employee payroll. It also demonstrates the net position as a percentage of the pension liability and the net pension liability as a percentage of covered payroll.

Schedule of City's and College's Contributions

Governmental employers are required to pay an annual appropriation as established by PERAC. The appropriation includes the amounts to pay the pension portion of each member's retirement allowance, an amount to amortize the actuarially determined unfunded liability to zero in accordance with the System's funding schedule, and additional appropriations in accordance with adopted early retirement incentive programs. The appropriations are payable on July 1 and January 1. The City and the College may choose to pay the entire appropriation in July at a discounted rate. Accordingly, actual contributions may be less than the "total appropriation". The pension fund appropriation is allocated to the City and the College based on covered payroll.

Schedule of the Special Funding Amounts of the Net Pension Liabilities

The Commonwealth of Massachusetts is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers which creates a special funding situation. Since the City, and the College do not contribute directly to MTRS, there is no net pension liability to recognize. This schedule discloses the Commonwealth's 100% share of the collective net pension liability that is associated with the City and College; the portion of the collective pension expense as both revenue and pension expense recognized by the City and College; and the Plan's fiduciary net position as a percentage of the total liability.

Changes in Assumptions – None.

Changes in Provisions – None.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The City of Quincy 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.

The Other Postemployment Benefit Plan

The following schedules apply to both the City and the College but have been presented separately.

The Schedule of Changes in the City’s and the College’s Net Other Postemployment Benefit Liability and Related Ratios

The Schedule of Changes in the City’s and College’s Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan’s total OPEB liability, changes in the Plan’s net position, and ending net OPEB liability. It also demonstrates the Plan’s net position as a percentage of the total liability and the Plan’s net other postemployment benefit liability as a percentage of covered employee payroll.

Schedule of the City’s and the College’s Contributions

The Schedule of the City’s and the College’s Contributions includes the annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered-employee payroll. The City and College are not required to fully fund this contribution. It also demonstrates the contributions as a percentage of covered-employee payroll. Actuarially contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Methods and assumptions used to determine contribution rates are as follows:

Valuation date.....	December 31, 2019
Actuarial cost method.....	Entry Age Normal.
Amortization method.....	Level Percentage of Payroll, payments increase 3.0% per year.
Remaining amortization period.....	27 years as of December 31, 2019.
Asset valuation method.....	Market Value.
Investment rate of return.....	6.50% as of June 30, 2020, previously 7.00%.
Discount rate.....	2.21% as of June 30, 2020, previously 3.50%.
Inflation rate.....	3.00%
Projected salary increases.....	Non Teachers: 4.00% Teachers: 7.50%, 7.10%, 7.00%, 6.90%, 6.80%, 6.70%, 6.60%, 6.50%, 6.30%, 6.10%, 5.90%, 5.70%, 5.20%, 4.70%, 4.35%, 4.20%, 4.10%, 4.00%
Healthcare trend rates.....	Non-Medicare and Medicare Medical/Rx: 7.00% graded by 0.25% down to an ultimate level of 4.50% over 10 years. Dental: 3.00% Part B reimbursement: 4.50% Medicare Contributions: Retiree contributions are expected to increase with medical trend. Non-Medicare Contributions: Retiree contributions are expected to increase by 9.50%, then 6.75% graded by 0.25% down to an ultimate level of 4.50% over 9 years.
Pre-retirement mortality (non-teachers).....	RP-2006 Employee Mortality Table generationally projected using Scale MP-2016.
Healthy mortality (non-teachers).....	RP-2006 Healthy Annuitant Mortality Table generationally projected using Scale MP-2016.
Disabled mortality (non-teachers).....	RP-2006 Healthy Annuitant Mortality Table set forward 2 years, and generationally projected using Scale MP-2016.
Pre-retirement mortality (teachers).....	RP-2014 White Collar Employee Mortality Table projected generationally with Scale MP-2016.
Healthy mortality (teachers).....	RP-2014 White Collar Healthy Annuitant Mortality Table projected generationally with Scale MP-2016.
Disabled mortality (teachers).....	RP-2014 Healthy Annuitant Mortality Table set forward 4 years projected generationally with Scale BB from 2014.

Schedule of Investment Returns

The Schedule of Investment Returns includes the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

Changes in Assumptions:

- The percentage of active employees assumed to elect coverage at retirement was updated with this valuation.
- The impact of the excise tax on high cost health plans (part of the Patient Protection and Affordable Care Act) was removed, as the tax was repealed effective December 20, 2019.
- Medicare Part B premiums were updated with this valuation.
- The salary increase assumption for non-teachers was lowered.
- The salary increase assumption and disabled mortality assumption for teachers were changed to be consistent with the Massachusetts Teachers' Retirement System Actuarial Valuation Report as of January 1, 2019.
- The salary increase assumption for non-teachers was lowered.
- The mortality assumption for non-teachers was updated to match the Quincy Retirement System Actuarial Valuation as of January 1, 2018.
- Trend rates were updated with this valuation.
- The City's discount rate was decreased from 3.50% to 2.21%.
- Quincy College's discount rate decreased from 7.25% to 7.00%.

Changes in Provisions:

- Healthcare is now provided through Blue Cross Blue Shield of Massachusetts instead of the Group Insurance Commission (GIC). Per capita costs were updated to reflect the FY2020 self-funded premium equivalent rates for these plans.