

CITY OF REVERE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2017

On the cover: Honoring America's Service Members at the Annual Revere Beach Sand-sculpting Contest.



Above: Historic Photo of Roller Coaster at Revere Beach

CITY OF REVERE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For the year ended
June 30, 2017**

Prepared By:

Director of Finance

CITY OF REVERE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2017

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Introductory Section



Aerial View of High School Graduation at the recently renovated Harry Della Russo Stadium

City of Revere, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2017

Introductory Section

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THE CITY OF
REVERE MASSACHUSETTS

CITY HALL
281 BROADWAY
REVERE, MA 02151

GEORGE M. ANZUONI

Director of Finance - City Collector and City Treasurer

Letter of Transmittal

December 22, 2017

To the Honorable City Council and Citizens of the City of Revere:

State law requires the City of Revere, Massachusetts ("the City"), to publish at the close of each year a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, I hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Revere, Massachusetts, for the year ending June 30, 2017 for your review.

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

The City's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended June 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

Profile of the City

The City of Revere, is located on the eastern coast of Massachusetts, and is bordered by Boston, Winthrop, and Chelsea on the south, Everett and Malden on the west, Saugus and Lynn on the north, and the Atlantic Ocean on the east; home of America's first public beach. The City has a population of approximately 52,000 (according to the 2010 U.S. Census) and occupies a land area of 5.95 square miles. Settled in 1626 and originally a part of Chelsea, Revere was established as a separate Town in 1871 and incorporated as a city in 1915. It is primarily a residential suburb of Boston.

The City provides general governmental services for the territory within its boundaries, including police and fire protection, disposal of solid waste, public education, street maintenance, parks and recreational facilities. The City provides water/sewer services as a business-type activity to the users.

The City is a municipal corporation governed by an elected Mayor and an eleven member City Council with six members being elected from wards and five members elected city-wide.

The School Committee, consisting of 6 elected members and the Mayor who serves as an ex-officio, appoint the School Superintendent who administers the public school system of the City.

Factors Affecting Financial Condition

The City continues to reflect a strong local economic condition through the recent fiscal crisis. The per capita income continues to rise and outpace the state averages. The City also has a low comparable unemployment rate.

The City remains a very desirable community and this is reflected in the strong residential sales market. The City offers a unique mix of proximity to Boston and major highways and transportation, while maintaining a desirable residential community. The City offers a broad range of high quality services and an attractive quality of life.

The growth of the City's main source of revenues, property taxes, is capped by Proposition 2½ and can only be overridden by a majority vote at a City election. While revenue increases have been limited in recent years, tax base growth was enhanced by commercial construction. This helped offset the steady increases in fixed costs, including health insurance and pension costs, which have increased substantially. On the City's operating side, the 2017 budgets and service levels were maintained through a modest 2% increase in the operating budget. This allowed the City to continue to provide high quality services while minimizing the impact on the property tax burden.

The City continues to manage its financial affairs in a prudent manner, primarily through considerable long-term planning and strong financial policies. It has maintained a high bond rating even with the overall unsettled economy. It has been able to do so by incorporating long range planning tools such as a five-year Capital Improvement Program; maintaining reserve balances despite tight budgets; investing in technology to ensure efficient operations; negotiating sustainable collective bargaining agreements; and maintaining an aggressive pay as you go financing strategy for capital improvements. The City's long-term policies will preserve its strong financial position for the foreseeable future. In 2017, the City continued to demonstrate its commitment to the Financial Policy of maintaining and building an appropriate reserve account.

The City has remained dedicated to an aggressive retirement of debt policy. Whenever possible, debt is issued for shorter time periods than allowed, typically ten years. The City monitors and schedules retirement and issuances of debt to ensure that debt service does not exceed 10% of the operating budget ensuring availability of resources for ongoing operations.

The City contributes to the Revere Contributory Retirement System, a cost-sharing, multiple-employer defined benefit pension plan (Plan) administered by the Revere Contributory Retirement Board. Every two years, an independent actuary engaged by the Board calculates the amount of the annual contribution that the City must make to the pension plan to ensure its ability to fully meet its obligations to retired employees. As required by law, the City fully funds each year's annual required contribution to the pension plan as determined by the actuary. As of December 31, 2016, the latest measurement date, the System had succeeded in funding 55.6% of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over 17 years as part of the annual required contribution as calculated by the actuary.

The City also provides postemployment health care benefits for certain retirees and their dependents. There are approximately 700 retirees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP now requires the City to conduct an actuarial valuation to determine the unfunded liability and to recognize the annual cost of reducing this liability in addition to the current year benefits. The City's most recent actuarial valuation is dated June 30, 2017 and was prepared in accordance with GASB Statement #45. The valuation projects an unfunded total OPEB liability of \$205,892,000. To date, in accordance with Statement #45 the City has recognized \$88,385,000 of this liability on the Statement of Net Position. Beginning in fiscal year 2018, upon implementation of GASB Statement #75, the City anticipates the recognized liability to significantly increase to an amount similar to the current total unfunded OPEB liability.

Economic Development and Expansion

The City is well positioned geographically to take advantage of: access to Logan Airport which serves international fliers; access to major state and interstate highway systems; easy access to intercity public commuter rail, subway and bus systems; and access to a multitude of well-respected higher learning institutions.

All of these factors have contributed to recent and anticipated redevelopment activity within the City limits. A few national, big-box retail companies have completed projects that increased total available retail square footage by approximately 219,000. Plans are currently underway for the City to realize an additional 150,000 square feet of retail space.

The most exciting development possibilities exist along Revere Beach, and in particular, the area surrounding the Wonderland T Station. After a lengthy review, the City of Revere has designated Eurovest Development as the developer of this area. The proposal and vision that was submitted by Eurovest calls for 902 market-rate residential condominium units, a 275,000 square foot mixed use building to include a 125 room hotel, 149 condominium hotel units, 5,000 square feet of retail space and a 12,000 square foot cultural center.

Also planned for the Wonderland Station area is a 145,000 square foot office building and 20,000 square feet of retail space. The entire project will represent a \$470 million dollar investment in the City of Revere. This project was awarded and has received a state grant in the amount of \$10 million. The project is scheduled to be completed in 2018.

Financial and Management Systems

Internal Controls

The City Auditor and the Director of Finance of the City are responsible for establishing and maintaining an internal control structure designed to ensure the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The Director of Finance is responsible for evaluating the adequacy and effectiveness of the internal control structure and implementing improvements.

Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Budgetary Controls

The Mayor is responsible for preparing and presenting the budget to the City Council. The City Council, having the authority to amend down and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

The level of budgetary control is established by City Council and defines the level at which expenditures may not exceed appropriations. This level is typically at the individual department program level. The City Auditor is responsible for ensuring all payroll and invoices are within budget parameters before authorizing payment. Additional appropriations may be approved by the City Council throughout the year.

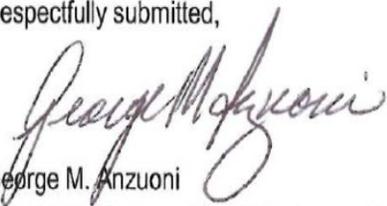
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Revere for its comprehensive annual financial report (CAFR) for the year ended June 30, 2016. This was the fourth time that the City submitted a CAFR to the GFOA. The City was awarded this Certificate in all four years. In order to receive this prestigious award, a government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

This report represents significant effort by the entire financial team of the City, whose dedicated efforts have significantly improved the financial operations of the City. I would like to express my appreciation to the members of all the departments who assisted and contributed to the preparation of this report. I would also like to acknowledge and give credit to the Mayor and the City Council for their constant support to uphold the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,



George M. Anzuoni
Director of Finance, City Collector and City Treasurer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

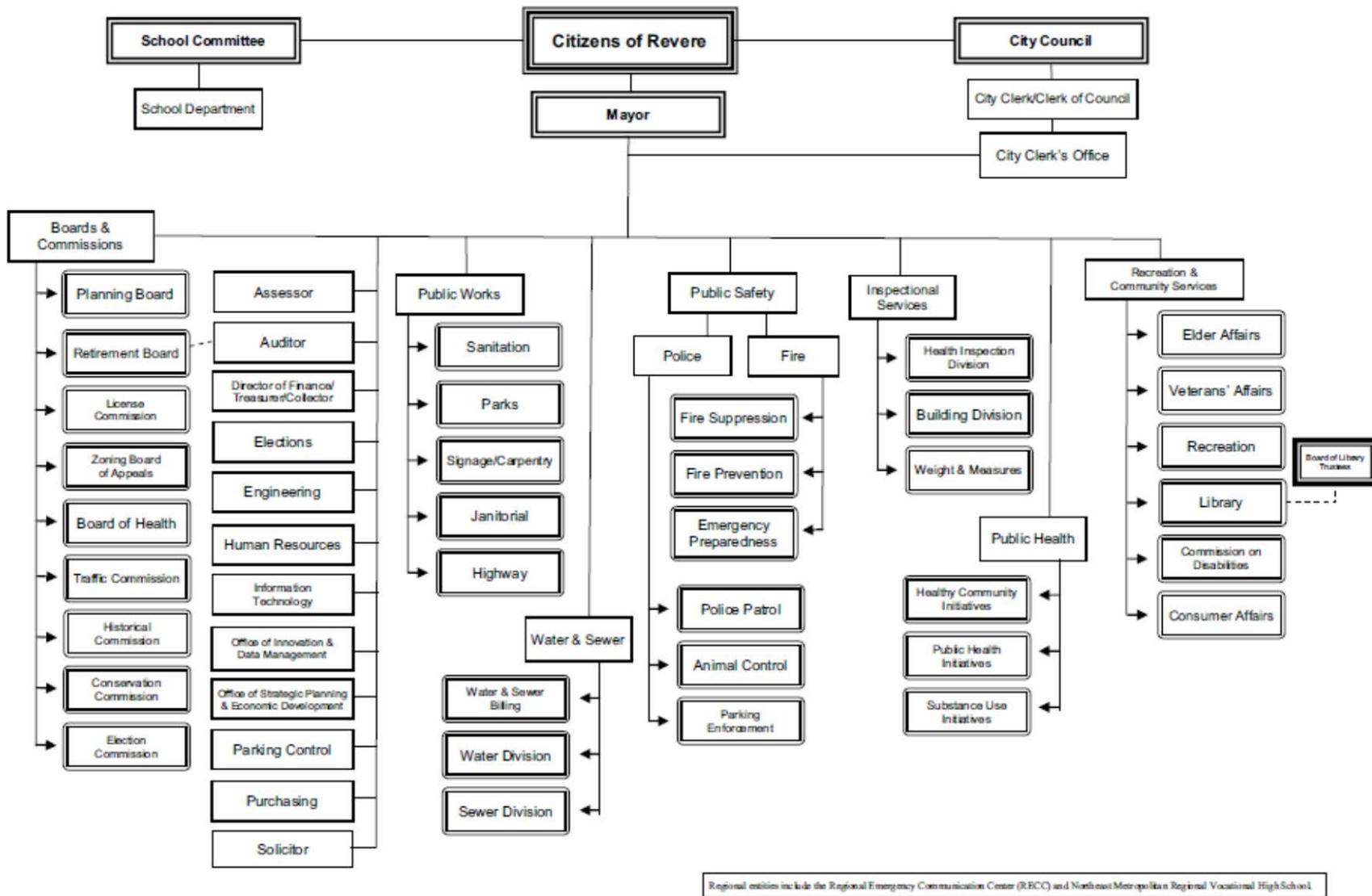
Presented to

**City of Revere
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO



Principal City Officials

Elected Officials

Mayor

Brian Arrigo

City Council

City Councilors-at-Large

Jessica Ann Giannino

Steven Morabito

George J. Rotondo

Anthony T. Zambuto

Ward City Councilors

Joanne McKenna

Ira Novoselsky

Arthur F. Guinasso

Patrick M. Keefe, Jr.

John F. Powers

Charles J. Patch, Sr.

School Committee

Michael A. Ferrante

Susan J. Gravallese

Dan Maguire

Stacey A. Rizzo

Frederick A. Sannella

Carol A. Tye

Northeast Metropolitan Regional
Vocational School Committee

Ronald J. Jannino

Principal Executive Officers

Director of Finance, City Collector and City Treasurer

George M. Anzuoni

City Auditor

Laurie Giardella

Assessor – Chairman of the Board

Dana Brangiforte

Assessor – Member of the Board

John Verrengia

Assessor – Member of the Board

Matthew McGrath

City Clerk

Ashley E. Melnik

Police Chief

James Guido

Fire Chief

Christopher P. Bright

Superintendent of Schools

Dianne Kelly

School Business Manager

Matthew Kruse

City Engineer

Nicholas J. Rystrom

DPW Superintendent

Donald Goodwin

City Solicitor

Paul Capizzl, Esq.

Clerk of City Council

Ashley E. Melnik

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Financial Section



Revere Beach sand-sculpture celebrating Fenway Park's 100 Year Anniversary

City of Revere, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2017

Financial Section

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Independent Auditor's Report

To the Honorable Mayor and City Council
City of Revere, 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 Revere, Massachusetts, as of and for the year ended June 30, 2017 (except for the Revere Contributory Retirement System which is as of and for the year ended December 31, 2016), and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Revere, Massachusetts, as of June 30, 2017 (except for the Revere Contributory Retirement System which is as of and for the year ended December 31, 2016), 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Revere, Massachusetts' basic financial statements. The introductory section, combining and individual fund statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, on our consideration of the City of Revere, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Revere, Massachusetts' internal control over financial reporting and compliance.



December 22, 2017

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Revere (the "City"), we offer readers of these basic financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2017. We encourage readers to consider the information presented in this report.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government'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 or charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, human services, culture and recreation, and interest. The business type activities include costs relating to the water and sewer activities.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate public employee retirement system for which the City is financially accountable. Financial information for this *component unit* is reported separately 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 and outflows 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 funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains a variety of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and the School Construction Fund. Data from the other funds are combined into a single, aggregate presentation under the caption *nonmajor governmental funds*.

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

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

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

Internal service fund is used to accumulate and allocate costs internally among various functions. The City uses internal service funds to account for self-insured employee health programs. Because these programs primarily benefit governmental rather than business-type activities, they have been included within *governmental activities* in the government-wide financial statements.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for propriety funds.

The City maintains three different types of fiduciary funds. The *Pension Trust Fund* is used to report resources held in trust for retirees and beneficiaries covered by the Plan. The *Private Purpose Trust Funds* is used to report resources held in trust for the benefit of private individuals or organizations. The *Agency Fund* reports resources held by the City in a custodial capacity for individuals, private organizations, and other governments.

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 assets and deferred outflows of resources exceeded liabilities by \$41.2 million at the close of 2017, an increase of \$2.9 million from the prior year.

Net position of \$141.0 million reflects its investment in capital assets (e.g., land, buildings, infrastructure, 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 portion of the City's net position, \$8.9 million, represents resources that are subject to external restrictions on how they may be used. Unrestricted net position is in a deficit of \$108.7 million.

At the end of the current year the City is able to report positive balances in two of the three categories of net position for the City as a whole. Unrestricted net position is negative due primarily to the impact of the recognition of the other postemployment liability and the net pension liability which total \$186.8 million.

Details related to the City's governmental and business-type activities follow.

Governmental Activities

As noted earlier net position may serve, over time, as a useful indicator of a government's financial position. The governmental activities assets and deferred outflows of resources exceeded liabilities by \$12.5 million at the close of 2017. Components of the City's governmental financial position are listed below.

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets.....	\$ 70,817,276	\$ 58,674,524
Capital assets, non-depreciable.....	11,035,425	11,035,425
Capital assets, depreciable.....	180,112,825	183,561,425
Total assets.....	<u>261,965,526</u>	<u>253,271,374</u>
Deferred Outflows of Resources.....	<u>18,574,077</u>	<u>24,322,245</u>
Liabilities:		
Current liabilities (excluding debt).....	9,146,844	10,213,553
Noncurrent liabilities (excluding debt).....	186,745,621	179,866,444
Current debt.....	8,242,337	22,965,743
Noncurrent debt.....	63,909,324	49,848,495
Total liabilities.....	<u>268,044,126</u>	<u>262,894,235</u>
Net Position:		
Net investment in capital assets.....	127,306,721	131,609,885
Restricted.....	8,907,370	3,896,591
Unrestricted.....	(123,718,614)	(120,807,092)
Total net position.....	<u>\$ 12,495,477</u>	<u>\$ 14,699,384</u>

A significant portion of the City's governmental activities net position, \$127.3 million, reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding.

An additional portion of the net position of \$8.9 million represents resources that are subject to external restrictions on how they may be used. The remaining deficit balance of unrestricted net position in the amount of \$123.7 million is due primarily to the recognition of an \$87.2 million postemployment benefits liability and a \$95.2 million net pension liability.

Governmental activity liabilities also include \$68.4 million in general obligation bonds, \$3.3 million in compensated absence liabilities for unused vacation, special leave, and enhanced longevity benefits payable and \$2.4 million of liabilities relating to workers compensation claims.

The following summarizes the current and prior year governmental activities:

	<u>2017</u>	<u>2016</u>
Program Revenues:		
Charges for services..... \$	6,851,822	\$ 6,536,310
Operating grants and contributions.....	94,942,813	86,346,593
Capital grants and contributions.....	6,662,478	4,665,724
General Revenues:		
Real estate and personal property taxes.....	78,440,674	74,090,958
Tax liens.....	523,786	2,642,165
Motor vehicle and other excise taxes.....	5,621,860	5,479,414
Hotel/Motel and meals tax.....	2,356,928	2,354,584
Penalties and interest on taxes.....	754,037	771,965
Fines and forfeitures.....	132,506	236,873
Grants and contributions not restricted to specific programs.....	10,814,407	10,474,377
Unrestricted investment income.....	221,915	363,407
Total revenues.....	<u>207,323,226</u>	<u>193,962,370</u>
Expenses:		
General government.....	17,155,162	15,303,774
Public safety.....	39,421,440	37,684,056
Education.....	139,897,194	130,866,169
Public works.....	10,552,669	9,438,057
Human services.....	3,852,268	3,761,556
Culture and recreation.....	1,873,795	1,991,367
Interest.....	2,051,332	2,220,766
Total expenses.....	<u>214,803,860</u>	<u>201,265,745</u>
Excess (Deficiency) before transfers and extraordinary item.....	(7,480,634)	(7,303,375)
Extraordinary item - Tornado Insurance Recovery.....	2,215,140	-
Transfers.....	<u>3,061,587</u>	<u>2,844,191</u>
Change in net position.....	(2,203,907)	(4,459,184)
Net position - beginning.....	<u>14,699,384</u>	<u>19,158,568</u>
Net position - ending..... \$	<u><u>12,495,477</u></u>	<u><u>14,699,384</u></u>

The governmental activities net position decreased in the current year by \$2.2 million. The decrease in net position is due primarily to \$8.2 million in expenses related to the other post-employment benefit liability which was not funded; pension expense of \$5.6 million which is above and beyond budgeted contributions. These increases were offset by the recognition of \$6.7 million of capital grants mainly relating to school construction and renovation efforts and Chapter 90 grant reimbursements. Also contributing to the increase was the positive budgetary performance of the general fund which is discussed later in the management discussion and analysis.

Business-Type Activities

The following summarizes the financial components of the City's Business-Type Activities:

	<u>2017</u>	<u>2016</u>
Assets:		
Current assets.....	\$ 26,133,096	\$ 32,262,373
Capital assets.....	76,282,318	61,717,125
Total assets.....	<u>102,415,414</u>	<u>93,979,498</u>
Deferred Outflows of Resources.....	<u>563,660</u>	<u>734,921</u>
Liabilities:		
Current liabilities (excluding debt).....	2,750,695	6,002,025
Noncurrent liabilities (excluding debt).....	4,483,408	4,370,786
Current debt.....	2,599,680	29,466,896
Noncurrent debt.....	64,483,607	31,284,139
Total liabilities.....	<u>74,317,390</u>	<u>71,123,846</u>
Net Position:		
Net investment in capital assets.....	13,684,220	14,989,438
Unrestricted.....	14,977,464	8,601,135
Total net position.....	<u>\$ 28,661,684</u>	<u>\$ 23,590,573</u>
Program Revenues:		
Charges for services.....	\$ 28,350,626	\$ 25,386,189
Capital grants and contributions.....	487,713	192,329
General Revenues:		
Unrestricted investment income.....	29,814	17,490
Total revenues.....	<u>28,868,153</u>	<u>25,596,008</u>
Expenses:		
Water & Sewer.....	20,735,455	19,100,397
Excess before transfers.....	<u>8,132,698</u>	<u>6,495,611</u>
Transfers.....	<u>(3,061,587)</u>	<u>(2,844,191)</u>
Change in net position.....	<u>5,071,111</u>	<u>3,651,420</u>
Net position - beginning.....	<u>23,590,573</u>	<u>19,939,153</u>
Net position - ending.....	<u>\$ 28,661,684</u>	<u>\$ 23,590,573</u>

The Water & Sewer enterprise fund net position increased by \$5.1 million during the current year. Most of the change is attributable to increased usage rates as well as upgrade in technology that has resulted increased accuracy in gallons utilized by rate payers. The City is under a consent decree that will require a substantial

investment in infrastructure over the foreseeable future. The increase in rates is due to the City's intent of developing a user rate that is reflective of the long-term cost of providing services. The City's ability to increase usage rates while managing overall costs in a prudent fashion also contributed to the increase in net position. Total business type activities assets and deferred inflows of resources exceeded liabilities by \$28.7 million at the close of 2017.

Net position of \$13.7 million reflects the investment in capital assets less any debt used to acquire those assets that are still outstanding. The remaining balance of unrestricted net position of \$15 million may be used to meet ongoing obligations.

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 2017, governmental funds reported combined ending fund balances of \$51.4 million, an increase of \$31.3 million from the prior year.

General Fund

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund equaled \$20.2 million, while total fund balance equaled \$34.8 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents about 11.5% of general fund budgetary expenditures while total fund balance represents about 19.2%. The general fund increased by \$6.7 million during 2017. The increase was the result of the City experiencing higher than anticipated revenues collections and conservative management of the budget resulting in actual expenditures and encumbrances being \$984,000 lower than budget.

At June 30, 2017, \$7.4 million has been set aside in stabilization funds that are classified as part of the general fund in the governmental funds financial statements as unassigned. The stabilization fund balance can be used for general and/or capital purposes upon a two-thirds vote of the City Council. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the City Council. See Note 9 for further discussion of the Stabilization Fund.

School Construction Fund

This fund accounts for activity associated with the construction of the Staff Sergeant James J. Hill Elementary School and associated parkland restoration. During the year the fund recognized \$514,000 of expenditures related to the construction of the new school and parkland restoration. The City received \$581,000 in reimbursements from the Massachusetts School Building Authority (MSBA), inclusive of a \$643,000 receivable from MSBA, to help offset the cost of construction. The fund also recognized the issuance of long term debt. At June 30, 2017, the fund had a surplus of balance of \$702,000.

General Fund Budgetary Highlights

The difference of \$3.1 million between the original budget appropriations of \$174.7 million and the final amended budget of \$177.8 million was due to an equal amount of transfers out to the general stabilization and capital purpose stabilization funds. The transfers to the stabilization funds were partly funded by free cash in the amount of \$1.45 million.

Revenues exceeded budget mainly as a result of tax lien receipts. Unbudgeted tax liens totaled \$2.3 million; however, this was offset by real estate revenues being under budget by \$236,000. In total, actual collections in budgeted revenue categories were \$866,000 higher than expected.

Capital Asset and Debt Administration

Capital Assets. The City's valuation of governmental activities capital assets as of June 30, 2017, amounts to \$191.1 million, net of accumulated depreciation. This amount represents purchases made over time in the following categories: land; construction in process; buildings and improvements; machinery, equipment and furnishings; and infrastructure.

Additional information on the City's capital assets may be found in Note 4 to the basic financial statements.

The City's valuation of business-type activities capital assets as of June 30, 2017, amounts to \$76.3 million, net of accumulated depreciation. This amount represents purchase made over time in relation to the water and sewer distribution, collections and disposal infrastructure.

Long-term debt. At June 30, 2017, the City had total governmental bonded debt of \$65.1 million. Of this amount, \$34.1 million is for school purposes, \$22.3 million is for public safety purposes, \$4.5 is for the stadium reconstruction, \$2.8 million is related to land acquisition costs and \$695,000 is for various other governmental purposes.

The water & sewer enterprise fund has \$67.1 million in long-term debt that is supported by the water and sewer rates.

Currently the City has \$23.7 million in authorized and unissued long-term debt relating to future projects.

Additional information on the City's debt and capital asset activity may be found in notes 4, 6 & 7 to the basic financial statements.

Requests for Information

This financial report is designed to provide a general overview of the City of Revere's finances for all those with an interest in the government'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 Finance, City of Revere, 281 Broadway, Revere, Massachusetts 02151.

Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2017

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 56,023,419	\$ 13,974,212	\$ 69,997,631
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	245,766	-	245,766
Tax liens.....	2,969,603	-	2,969,603
Motor vehicle and other excise taxes.....	1,514,200	-	1,514,200
User fees.....	-	8,162,534	8,162,534
Departmental and other.....	1,196,691	-	1,196,691
Intergovernmental.....	5,994,704	3,996,350	9,991,054
Tax foreclosures.....	107,693	-	107,693
Working capital deposit.....	2,690,200	-	2,690,200
Other assets.....	75,000	-	75,000
Total Current Assets.....	70,817,276	26,133,096	96,950,372
NONCURRENT:			
Capital assets, not being depreciated.....	11,035,425	-	11,035,425
Capital assets, net of accumulated depreciation.....	180,112,825	76,282,318	256,395,143
Total Noncurrent Assets.....	191,148,250	76,282,318	267,430,568
TOTAL ASSETS.....	261,965,526	102,415,414	364,380,940
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding.....	2,347,822	-	2,347,822
Deferred outflows of resources related to pensions.....	16,226,255	563,660	16,789,915
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	18,574,077	563,660	19,137,737
LIABILITIES			
CURRENT:			
Warrants payable.....	4,566,718	2,222,564	6,789,282
Accrued liabilities.....	933,403	-	933,403
Accrued payroll.....	249,824	-	249,824
Health claims payable.....	1,215,824	-	1,215,824
Tax refunds payable.....	115,964	-	115,964
Accrued interest.....	752,111	481,131	1,233,242
Other liabilities.....	-	1,000	1,000
Compensated absences.....	852,000	46,000	898,000
Workers' compensation.....	461,000	-	461,000
Notes payable.....	3,706,627	-	3,706,627
Bonds payable.....	4,535,710	2,599,680	7,135,390
Total Current Liabilities.....	17,389,181	5,350,375	22,739,556
NONCURRENT:			
Compensated absences.....	2,451,000	27,000	2,478,000
Workers' compensation.....	1,907,000	-	1,907,000
Other postemployment benefits.....	87,234,000	1,151,000	88,385,000
Net pension liability.....	95,153,621	3,305,408	98,459,029
Bonds payable.....	63,909,324	64,483,607	128,392,931
Total Noncurrent Liabilities.....	250,654,945	68,967,015	319,621,960
TOTAL LIABILITIES.....	268,044,126	74,317,390	342,361,516
NET POSITION			
Net investment in capital assets.....	127,306,721	13,684,220	140,990,941
Restricted for:			
Debt service.....	1,175,865	-	1,175,865
Gifts and grants.....	7,731,505	-	7,731,505
Unrestricted.....	(123,718,614)	14,977,464	(108,741,150)
TOTAL NET POSITION.....	\$ 12,495,477	\$ 28,661,684	\$ 41,157,161

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

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.....	\$ 17,155,162	\$ 3,065,829	\$ 1,122,805	\$ 89,784	\$ (12,876,744)
Public safety.....	39,421,440	1,159,881	1,169,421	-	(37,092,138)
Education.....	139,897,194	1,450,368	90,708,790	4,129,870	(43,608,166)
Public works.....	10,552,669	552,317	588,746	2,211,124	(7,200,482)
Human services.....	3,852,268	283,556	1,246,786	-	(2,321,926)
Culture and recreation.....	1,873,795	339,871	106,265	231,700	(1,195,959)
Interest.....	2,051,332	-	-	-	(2,051,332)
Total Governmental Activities.....	<u>214,803,860</u>	<u>6,851,822</u>	<u>94,942,813</u>	<u>6,662,478</u>	(106,346,747)
<i>Business-Type Activities:</i>					
Water & Sewer.....	<u>20,735,455</u>	<u>28,350,626</u>	<u>-</u>	<u>487,713</u>	8,102,884
Total Primary Government.....	<u>\$ 235,539,315</u>	<u>\$ 35,202,448</u>	<u>\$ 94,942,813</u>	<u>\$ 7,150,191</u>	\$ (98,243,863)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ (106,346,747)	\$ 8,102,884	\$ (98,243,863)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	78,440,674	-	78,440,674
Tax liens.....	523,786	-	523,786
Motor vehicle excise taxes.....	5,621,860	-	5,621,860
Hotel/motel and meals tax.....	2,356,928	-	2,356,928
Penalties and interest on taxes.....	754,037	-	754,037
Payments in lieu of taxes.....	132,506	-	132,506
Grants and contributions not restricted to specific programs.....	10,814,407	-	10,814,407
Unrestricted investment income.....	221,915	29,814	251,729
<i>Transfers, net</i>	3,061,587	(3,061,587)	-
Total general revenues and transfers.....	101,927,700	(3,031,773)	98,895,927
Extraordinary item - July 2014 Tornado - Insurance Recovery.....	2,215,140	-	2,215,140
Change in net position.....	(2,203,907)	5,071,111	2,867,204
<i>Net Position:</i>			
Beginning of year.....	14,699,384	23,590,573	38,289,957
End of year.....	\$ <u>12,495,477</u>	\$ <u>28,661,684</u>	\$ <u>41,157,161</u>

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2017

	General	School Construction	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 34,778,134	\$ 3,362,678	\$ 14,949,292	\$ 53,090,104
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	245,766	-	-	245,766
Tax liens.....	2,969,603	-	-	2,969,603
Motor vehicle and other excise taxes.....	1,514,200	-	-	1,514,200
Departmental and other.....	911,469	-	-	911,469
Intergovernmental.....	367,624	643,000	4,984,080	5,994,704
Tax foreclosures.....	107,693	-	-	107,693
Due from other funds.....	584,020	-	-	584,020
Other assets.....	75,000	-	-	75,000
TOTAL ASSETS.....	\$ 41,553,509	\$ 4,005,678	\$ 19,933,372	\$ 65,492,559
LIABILITIES				
Warrants payable.....	\$ 1,392,483	\$ 447,339	\$ 1,355,271	\$ 3,195,093
Accrued liabilities.....	933,403	-	-	933,403
Accrued payroll.....	161,913	-	87,911	249,824
Tax refunds payable.....	115,964	-	-	115,964
Due to other funds.....	-	-	584,020	584,020
Notes payable.....	-	2,856,627	850,000	3,706,627
TOTAL LIABILITIES.....	2,603,763	3,303,966	2,877,202	8,784,931
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenues.....	5,166,351	-	156,014	5,322,365
FUND BALANCES				
Restricted.....	-	701,712	17,172,131	17,873,843
Assigned.....	13,618,143	-	-	13,618,143
Unassigned.....	20,165,252	-	(271,975)	19,893,277
TOTAL FUND BALANCES.....	33,783,395	701,712	16,900,156	51,385,263
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 41,553,509	\$ 4,005,678	\$ 19,933,372	\$ 65,492,559

See notes to basic financial statements.

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

JUNE 30, 2017

Total governmental fund balances.....		\$ 51,385,263
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		191,148,250
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		5,322,365
Changes in the net pension liability are required to be included in pension expense over future periods. These changes are reported as deferred outflows of resources or (deferred inflows of resources) related to pensions.....		16,226,255
Internal service funds are used by management to account for retirees' and employees health insurance activities:		
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		3,321,288
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(752,111)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds		
Bonds payable.....	(68,445,034)	
Other postemployment benefits liability.....	(87,234,000)	
Net pension liability.....	(95,153,621)	
Compensated absences.....	(3,303,000)	
Workers' compensation.....	<u>(2,368,000)</u>	
Net effect of reporting long-term liabilities.....		(256,503,655)
Deferred outflows due to deferred losses on debt refundings.....		<u>2,347,822</u>
Net position of governmental activities.....		<u>\$ 12,495,477</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

	General	School Construction	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 78,369,948	\$ -	\$ -	\$ 78,369,948
Tax liens.....	1,833,246	-	-	1,833,246
Motor vehicle excise taxes.....	5,350,845	-	-	5,350,845
Hotel/motel and meals tax.....	2,356,928	-	-	2,356,928
Charges for services.....	1,523,281	-	875,531	2,398,812
Penalties and interest on taxes.....	641,505	-	-	641,505
Payments in lieu of taxes.....	132,506	-	-	132,506
Licenses and permits.....	1,215,769	-	-	1,215,769
Fines and forfeitures.....	1,445,890	-	-	1,445,890
Intergovernmental.....	86,563,827	580,493	22,888,872	110,033,192
Departmental and other.....	-	-	3,304,698	3,304,698
Contributions.....	-	-	877,091	877,091
Investment income.....	200,031	-	12,718	212,749
TOTAL REVENUES.....	179,633,776	580,493	27,958,910	208,173,179
EXPENDITURES:				
Current:				
General government.....	8,024,834	-	1,884,176	9,909,010
Public safety.....	20,049,758	-	645,531	20,695,289
Education.....	75,355,966	54,161	17,778,677	93,188,804
Public works.....	7,556,518	-	2,776,990	10,333,508
Human services.....	2,081,799	-	559,782	2,641,581
Culture and recreation.....	927,061	460,067	622,248	2,009,376
Pension benefits.....	28,600,269	-	-	28,600,269
Employee benefits.....	19,239,707	-	-	19,239,707
State and county charges.....	9,346,992	-	-	9,346,992
Debt service:				
Principal.....	2,784,683	-	-	2,784,683
Interest.....	2,042,251	-	-	2,042,251
TOTAL EXPENDITURES.....	176,009,838	514,228	24,267,404	200,791,470
EXCESS (DEFICIENCY) OF REVENUES OVER/(UNDER) EXPENDITURES.....	3,623,938	66,265	3,691,506	7,381,709
OTHER FINANCING SOURCES (USES):				
Issuance of bonds.....	-	15,854,193	1,823,807	17,678,000
Premium from issuance of bonds.....	-	-	918,539	918,539
Transfers in.....	5,927,812	-	758,146	6,685,958
Transfers out.....	(2,860,925)	-	(763,446)	(3,624,371)
TOTAL OTHER FINANCING SOURCES (USES).....	3,066,887	15,854,193	2,737,046	21,658,126
EXTRAORDINARY ITEM:				
July 2014 Tornado - Insurance Recovery.....	-	-	2,215,140	2,215,140
NET CHANGE IN FUND BALANCES.....	6,690,825	15,920,458	8,643,692	31,254,975
FUND BALANCES AT BEGINNING OF YEAR.....	27,092,570	(15,218,746)	8,256,464	20,130,288
FUND BALANCES AT END OF YEAR.....	\$ 33,783,395	\$ 701,712	\$ 16,900,156	\$ 51,385,263

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, 2017

Net change in fund balances - total governmental funds.....	\$	31,254,975
<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.....	5,364,924	
Depreciation expense.....	<u>(8,813,524)</u>	
Net effect of reporting capital assets.....		(3,448,600)
<p>Revenues in the Statement of Activities that do not provide current financial resources are fully unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(859,119)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any 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 deferred and amortized in the Statement of Activities.</p>		
Issuance of bonds.....	(17,678,000)	
Premium from issuance of bonds.....	(918,539)	
Principal payments on capital leases.....	72,224	
Amortization of bond premiums.....	265,718	
Debt service principal payments.....	<u>2,784,683</u>	
Net effect of reporting long-term debt.....		(15,473,914)
<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.....	308,000	
Net change in workers' compensation accrual.....	719,000	
Net change in other postemployment benefits accrual.....	(8,209,000)	
Net change in accrued interest on long-term debt.....	(107,084)	
Net change in net pension liability.....	710,823	
Net change in deferred outflows/(inflows) related to pensions.....	(5,580,453)	
Net change in deferred outflows/(inflows) related to long-term debt.....	<u>(167,715)</u>	
Net effect of recording long-term liabilities.....		(12,326,429)
<p>Internal service funds are used by management to account for health insurance and workers' compensation activities.</p>		
The net activity of internal service funds is reported with Governmental Activities.....		<u>(1,350,820)</u>
Change in net position of governmental activities.....	\$	<u><u>(2,203,907)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2017

	Water & Sewer Enterprise	Internal Service Fund Health Insurance
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$ 13,974,212	\$ 2,933,315
Receivables, net of allowance for uncollectibles:		
User fees.....	8,162,534	-
Departmental and other.....	-	285,222
Intergovernmental.....	3,996,350	-
Working capital deposit.....	-	2,690,200
Total current assets.....	<u>26,133,096</u>	<u>5,908,737</u>
NONCURRENT:		
Capital assets, net of accumulated depreciation.....	<u>76,282,318</u>	<u>-</u>
TOTAL ASSETS.....	<u>102,415,414</u>	<u>5,908,737</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions.....	<u>563,660</u>	<u>-</u>
LIABILITIES		
CURRENT:		
Warrants payable.....	2,222,564	1,371,625
Health claims payable.....	-	1,215,824
Accrued interest.....	481,131	-
Other liabilities.....	1,000	-
Compensated absences.....	46,000	-
Bonds payable.....	<u>2,599,680</u>	<u>-</u>
Total current liabilities.....	<u>5,350,375</u>	<u>2,587,449</u>
NONCURRENT:		
Compensated absences.....	27,000	-
Other postemployment benefits.....	1,151,000	-
Net pension liability.....	3,305,408	-
Bonds payable.....	<u>64,483,607</u>	<u>-</u>
Total noncurrent liabilities.....	<u>68,967,015</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>74,317,390</u>	<u>2,587,449</u>
NET POSITION		
Net investment in capital assets.....	13,684,220	-
Unrestricted.....	<u>14,977,464</u>	<u>3,321,288</u>
TOTAL NET POSITION.....	<u>\$ 28,661,684</u>	<u>\$ 3,321,288</u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2017

	Water & Sewer Enterprise	Internal Service Fund Health Insurance
OPERATING REVENUES:		
Employer and employee contributions.....	\$ -	\$ 21,963,927
Charges for services.....	28,350,626	-
TOTAL OPERATING REVENUES	28,350,626	21,963,927
OPERATING EXPENSES:		
Cost of services and administration	17,707,659	-
Depreciation.....	2,171,076	-
Employee benefits	-	23,323,913
TOTAL OPERATING EXPENSES	19,878,735	23,323,913
OPERATING INCOME (LOSS).....	8,471,891	(1,359,986)
NONOPERATING REVENUES (EXPENSES):		
Investment income.....	29,814	9,166
Interest expense.....	(856,720)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(826,906)	9,166
INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS.....	7,644,985	(1,350,820)
TRANSFERS:		
Transfers in.....	2,275,233	-
Transfers out.....	(5,336,820)	-
TOTAL TRANSFERS.....	(3,061,587)	-
CAPITAL CONTRIBUTIONS.....	487,713	-
CHANGE IN NET POSITION.....	5,071,111	(1,350,820)
NET POSITION AT BEGINNING OF YEAR.....	23,590,573	4,672,108
NET POSITION AT END OF YEAR.....	\$ 28,661,684	\$ 3,321,288

See notes to basic financial statements.

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2017

	Water & Sewer Enterprise	Internal Service Fund Health Insurance
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from customers and users.....	\$ 27,036,339	\$ 21,826,989
Payments to vendors.....	(17,474,709)	(23,144,059)
Payments to employees.....	(992,561)	-
NET CASH FROM OPERATING ACTIVITIES.....	8,569,069	(1,317,070)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Transfers in.....	2,275,233	-
Transfers out.....	(5,336,820)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(3,061,587)	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Proceeds from the issuance of bonds and notes.....	44,499,672	-
Intergovernmental capital contributions.....	487,713	-
Acquisition and construction of capital assets.....	(19,138,079)	-
Principal payments on bonds and notes.....	(29,462,488)	-
Interest expense.....	(662,746)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(4,275,928)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Investment income.....	29,814	9,166
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	1,261,368	(1,307,904)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	12,712,844	4,241,219
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 13,974,212	\$ 2,933,315
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>		
Operating income (loss).....	\$ 8,471,891	\$ (1,359,986)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation.....	2,171,076	-
Deferred (outflows)/inflows related to pensions.....	171,261	-
Changes in assets and liabilities:		
User fees.....	(1,314,287)	-
Departmental and other.....	-	(136,938)
Working capital deposit.....	-	200
Warrants payable.....	(1,037,494)	177,074
Health claims payable.....	-	2,580
Accrued compensated absences.....	12,000	-
Workers' compensation.....	(63,000)	-
Net pension liability.....	74,622	-
Other postemployment benefits.....	83,000	-
Total adjustments.....	97,178	42,916
NET CASH FROM OPERATING ACTIVITIES.....	\$ 8,569,069	\$ (1,317,070)
<u>NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>		
Purchase of equipment on account.....	\$ (2,401,810)	\$ -
Intergovernmental receivable and notes payable from MCWT.....	(3,996,350)	-

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	Pension Trust Fund (as of December 31, 2016)	Private Purpose Trust Funds	Agency Funds
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 3,416,445	\$ 76,089	\$ 362,280
Investments:			
Pension Reserve Investment Trust.....	132,190,658	-	-
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	3,737,221	-	-
TOTAL ASSETS.....	139,344,324	76,089	362,280
LIABILITIES			
Liabilities due depositors.....	-	-	287,280
Other liabilities.....	-	-	75,000
TOTAL LIABILITIES.....	-	-	362,280
NET POSITION			
Restricted for pension benefits.....	139,344,324	-	-
Held in trust for other purposes.....	-	76,089	-
TOTAL NET POSITION.....	\$ 139,344,324	\$ 76,089	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2017

	Pension Trust Fund (as of December 31, 2016)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer.....	\$ 11,773,616	\$ -
Employee.....	3,251,425	-
Private donations.....	-	6,354
Total contributions.....	<u>15,025,041</u>	<u>6,354</u>
Net investment income (loss):		
Net change in fair value of investments.....	6,359,440	-
Interest and dividends.....	3,721,832	183
Total investment income (loss).....	10,081,272	183
Less: investment expense.....	<u>(688,452)</u>	<u>-</u>
Net investment income.....	<u>9,392,820</u>	<u>183</u>
Intergovernmental.....	271,615	-
Transfers from other systems.....	<u>455,104</u>	<u>-</u>
TOTAL ADDITIONS.....	<u>25,144,580</u>	<u>6,537</u>
DEDUCTIONS:		
Administration.....	237,390	-
Refunds to plan members.....	107,538	-
Transfers to other systems.....	652,668	-
Retirement benefits and refunds.....	15,182,495	-
Educational scholarships.....	-	6,000
TOTAL DEDUCTIONS.....	<u>16,180,091</u>	<u>6,000</u>
CHANGE IN NET POSITION.....	8,964,489	537
NET POSITION AT BEGINNING OF YEAR.....	<u>130,379,835</u>	<u>75,552</u>
NET POSITION AT END OF YEAR.....	<u>\$ 139,344,324</u>	<u>\$ 76,089</u>

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the City of Revere, 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 City accounting policies are described herein.

A. Reporting Entity

The City is a municipal corporation governed by an elected Mayor and an eleven member 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 relationship between the City and the component unit.

The Revere Contributory Retirement System (the System) was established to provide retirement benefits to the employees and beneficiaries of the City and the Revere Housing Authority. The System is governed by a five-member board comprised of the City Auditor (ex-officio), two members elected by the System's participants, one member appointed by the Mayor and one member appointed by the other board 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 did not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 281 Broadway, Revere, Massachusetts 02151.

Joint Ventures

The City is a member of the Northeast Metropolitan Regional Vocational Technical School District that provides for the vocational education for the City's students who are of high school age. The members share in the operations of the District and each member is responsible for its proportionate share of the operational and capital cost of the District, which are paid in the form of assessments. The City does not have an equity interest in the District and the 2017 assessment was \$1,839,311. The financial statement of the Northeast Metropolitan Regional Vocational Technical School District may be obtained by writing to the Treasurer of the District at 100 Hemlock Road, Wakefield, Massachusetts 01880.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

Major Fund Criteria

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

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

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

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

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

The following major governmental funds are reported:

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

The *school construction fund* accounts for the construction of the Staff Sergeant James J. Hill Elementary School.

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

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

The *debt service fund* is used to account for the accumulation of resources for the payment of debt associated with school construction projects.

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

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 major proprietary fund reported is the *water & sewer enterprise fund*, which is used to account for water and sewer activities.

Additionally, the *internal service fund* is reported as a proprietary fund type, which is designed to account for the financing of services provided by one department to other departments or governmental units. The internal service fund is used to account for risk financing activities related to employee and retiree health plan financing.

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 trust fund* is used to account for the activities of the System, which accumulates resources to provide pension benefits to eligible retirees and their beneficiaries.

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

The *agency fund* is used to account for police and fire detail activity, student activity funds, and assets held in a purely custodial capacity. Agency funds apply the accrual basis of accounting but do not have a measurement focus.

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 traded 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 of each year and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are

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

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

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

Motor Vehicle Excise

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

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

User Fees

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

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

Departmental and Other

Departmental and other receivables consist primarily of outstanding parking tickets and are recorded as receivables in the year accrued.

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

Intergovernmental

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

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

G. Inventories

Government-Wide and Fund Financial Statements

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

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

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>
Buildings and improvements.....	20 - 40
Machinery, equipment and furnishings.....	5 - 20
Infrastructure.....	30 - 75

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

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 debt refundings 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 did not have any elements that qualify for reporting 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 amounts 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.

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.

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

Operating 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

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

L. 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 reported as “net investment in capital assets” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets. Outstanding debt related to future reimbursements from the state’s school building program is not considered to be capital related debt.

Net position has been “restricted for” the following:

“Debt service” represents restrictions placed on assets accumulated to provide for the future payment of general obligation bond principal and interest.

“Gifts and grants” represents restrictions placed on assets from outside parties such as federal and state grants. 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 components may be segregated into the following classifications:

“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. The City does not currently have any nonspendable portions of fund balance.

“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.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority. For the City, the City Council is the highest level of decision making authority that can vote a City Council Order to commit fund balance. Once committed, the limitation imposed by the vote remains in place until the funds are used for their intended purpose or a City Council vote is taken to remove or revise the commitment. The City does not currently have any committed portions of fund balance.

“Assigned” fund balance includes amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City’s by-laws authorize the City Auditor 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 fund that reports a positive unassigned fund balance amount.

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

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

N. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Revere Contributory Retirement System (System) and the Massachusetts Teachers Retirement System 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. Investment Income

Excluding the internal service 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.

P. 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

Compensated absences are reported in the governmental funds only if they have matured, i.e. unused reimbursable leave still outstanding following an employee's resignation or retirement. Vested or accumulated vacation and sick leave, which will be liquidated with expendable available financial resources, are reported as expenditures and fund liabilities upon maturity of the liability.

Q. 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.

R. Individual Fund Deficits

There are fund deficits within the Strategic Planning fund (\$223,687) and the Harry Della Russo Stadium capital project fund (\$48,288). These deficits will be funded through future grants, bond proceeds, and available fund balances.

S. Total Column*Government-Wide Financial Statements*

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

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

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

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

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

The City participates in the MMDT cash portfolio which as of June 30, 2017, had a balance of \$8,987,202. MMDT maintains a cash portfolio and a short-term bond portfolio. The cash portfolio had a weighted average maturity of 43 days and a short term bond portfolio had a weighted average maturity of 2.85 years. Credit ratings associated with the short term bond portfolio ranged from BBB to AAA. Approximately 63% of the total was rated AAA, approximately 15% of the total was rated A/AA and approximately 19% was rated BBB. A portion (3%) of the bond portfolio was investment in cash equivalents that are unrated.

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

The PRIT fund, as a pool, invests in various products including, but not limited to, money market mutual funds, equities, pooled foreign and domestic fixed income and equity funds, United States government sponsored enterprises and Treasury notes, real estate, and commodities. The underlying components of PRIT's fixed income portfolio had an effective weighted duration rate ranging from .45 to 22.60 years.

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 \$61,448,800 and the bank balance totaled \$68,590,324. Of the bank balance, \$1,013,847 was covered by Federal Depository Insurance, and \$67,576,477 was collateralized.

At December 31, 2016, carrying amount of deposits for the System totaled \$3,416,445 and the bank balance totaled \$3,482,305. All of the bank balance of the System was covered by the Federal Depository Insurance.

Investments

As of December 31, 2016, the System had \$132,190,658 invested in the Pension Reserve Investment Trust.

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. The City's investment in MMDT is not subject custodial credit risk because the investment is not evidenced by securities that exist in physical or book-entry form.

At December 31, 2016, the System investment in PRIT is not subject custodial credit risk because the investment is not evidenced by securities that exist in physical or book-entry form.

Neither the City nor the System has policies relating to custodial credit risk of investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City and the System's investment policy is to follow state statutes, which limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

Credit Risk

The City has not adopted a formal policy related to 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 narrative format for the fair value disclosure.

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.

As of June 30, 2017, the City had a balance in the MMDT cash portfolio of \$8,987,202.

The investment in MMDT is comprised of a cash portfolio and a bond portfolio. The cash portfolio is 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. The bond portfolio is valued at fair value.

Retirement System

The retiree pension defined benefit plan holds significant amounts of investments that are measured at fair value on a recurring basis. Because investing is a key part of the plan's activities, the plan shows greater disaggregation in its disclosures.

At December 31, 2016, the System's recurring fair value measurements for its investment in PRIT was \$132,190,658.

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

NOTE 3 – RECEIVABLES

At June 30, 2017, receivables for the individual major and nonmajor governmental funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 809,974	\$ (564,208)	\$ 245,766
Tax liens.....	2,969,603	-	2,969,603
Motor vehicle and other excise taxes.....	3,262,803	(1,748,603)	1,514,200
Departmental and other.....	2,087,080	(890,389)	1,196,691
Intergovernmental.....	5,994,704	-	5,994,704
 Total	 <u>\$ 15,124,164</u>	 <u>\$ (3,203,200)</u>	 <u>\$ 11,920,964</u>

At June 30, 2017, receivables for the water & sewer enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User fees.....	\$ 8,162,534	\$ -	\$ 8,162,534
Intergovernmental.....	3,996,350	-	3,996,350
 Total	 <u>\$ 12,158,884</u>	 <u>\$ -</u>	 <u>\$ 12,158,884</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 were as follows:

	General Fund	Nonmajor Governmental Funds	Total
<u>Receivables and other asset types:</u>			
Real estate and personal property taxes.....	\$ 101,205	\$ -	\$ 101,205
Tax liens.....	2,603,744	-	2,603,744
Motor vehicle and other excise taxes.....	1,514,197	-	1,514,197
Departmental and other.....	839,512	-	839,512
Intergovernmental.....	-	156,014	156,014
Tax foreclosures.....	107,693	-	107,693
 Total.....	 <u>\$ 5,166,351</u>	 <u>\$ 156,014</u>	 <u>\$ 5,322,365</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 8,275,252	\$ -	\$ -	\$ 8,275,252
Construction in progress.....	2,760,173	-	(2,760,173)	-
Total capital assets, not being depreciated.....	<u>11,035,425</u>	<u>-</u>	<u>(2,760,173)</u>	<u>8,275,252</u>
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	261,776,688	5,365,126	-	267,141,814
Machinery, equipment and furnishings.....	18,753,034	-	-	18,753,034
Infrastructure.....	24,661,449	2,759,971	-	27,421,420
Total capital assets being depreciated.....	<u>305,191,171</u>	<u>8,125,097</u>	<u>-</u>	<u>313,316,268</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(96,940,169)	(6,840,096)	-	(103,780,265)
Machinery, equipment and furnishings.....	(14,123,625)	(1,070,823)	-	(15,194,448)
Infrastructure.....	(10,565,952)	(902,605)	-	(11,468,557)
Total accumulated depreciation.....	<u>(121,629,746)</u>	<u>(8,813,524)</u>	<u>-</u>	<u>(130,443,270)</u>
Total capital assets being depreciated, net.....	<u>183,561,425</u>	<u>(688,427)</u>	<u>-</u>	<u>182,872,998</u>
Total governmental activities capital assets, net.....	<u>\$ 194,596,850</u>	<u>\$ (688,427)</u>	<u>\$ (2,760,173)</u>	<u>\$ 191,148,250</u>
Enterprise Activities:				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 192,659	\$ -	\$ -	\$ 192,659
Machinery, equipment and furnishings.....	4,985,683	-	-	4,985,683
Infrastructure.....	77,553,327	16,736,269	-	94,289,596
Total capital assets being depreciated.....	<u>82,731,669</u>	<u>16,736,269</u>	<u>-</u>	<u>99,467,938</u>
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(161,441)	(2,833)	-	(164,274)
Machinery, equipment and furnishings.....	(4,769,623)	(53,723)	-	(4,823,346)
Infrastructure.....	(16,083,480)	(2,114,520)	-	(18,198,000)
Total accumulated depreciation.....	<u>(21,014,544)</u>	<u>(2,171,076)</u>	<u>-</u>	<u>(23,185,620)</u>
Total enterprise activities capital assets, net.....	<u>\$ 61,717,125</u>	<u>\$ 14,565,193</u>	<u>\$ -</u>	<u>\$ 76,282,318</u>

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

Governmental Activities:	
General government.....	\$ 431,705
Public safety.....	1,429,471
Education.....	5,926,005
Public works.....	884,022
Human services.....	48,800
Culture and recreation.....	<u>93,521</u>
Total depreciation expense - governmental activities.....	<u>\$ 8,813,524</u>
Business-Type Activities:	
Water & sewer.....	<u>\$ 2,171,076</u>

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at June 30, 2017, are internal short-term advances for cash flow purposes and are summarized as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Strategic Planning Fund.....	\$ 223,687
General Fund	Highway Improvements Fund.....	312,045
General Fund	Harry Della Russo Stadium Fund.....	48,288
		<u>\$ 584,020</u>

The repayment of the advances will be completed in 2018 with state grants and other available funding.

Interfund transfers for the year ended June 30, 2017, are summarized as follows:

Transfers Out:	Transfers In:			Total	
	General Fund	Nonmajor Governmental Funds	Water & Sewer Enterprise Fund		
General Fund.....	\$ -	\$ 585,692	\$ 2,275,233	\$ 2,860,925	(1)
Nonmajor Governmental Funds.....	590,992	172,454	-	763,446	(2)
Water & Sewer Enterprise Fund.....	<u>5,336,820</u>	-	-	<u>5,336,820</u>	(3)
Total.....	<u>\$ 5,927,812</u>	<u>\$ 758,146</u>	<u>\$ 2,275,233</u>	<u>\$ 8,961,191</u>	

- (1) Budgeted transfer to the water & sewer enterprise fund for principal and interest payments budgeted in and paid for by the general fund. Transfer from the general fund to the nonmajor governmental funds for various capital projects.
- (2) Budgeted transfer of \$190,000 from the Public Safety Facility Fund and \$180,000 to offset debt service in the general fund. Transfers from nonmajor grant funds to nonmajor capital project funds. Transfers from nonmajor revolving funds to the general fund.
- (3) Budgeted transfer from the Water & Sewer Enterprise Fund for indirect costs incurred.

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 or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).
- Current project costs and other approved expenditures incurred, that are approved to be reimbursed by the Commonwealth, through the issuance of state anticipation notes (SANS).

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.

As of June 30, 2017, the City had the following outstanding short-term debt:

Type	Description	Maturity Date	Rate %	Balance at June 30, 2016	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2017
<i>Governmental Funds</i>							
BAN	Bond Anticipation Note....	4/14/17	2.00	\$ 19,843,118	\$ -	\$ (19,843,118)	\$ -
BAN	Bond Anticipation Note....	4/13/18	2.50	-	3,706,627	-	3,706,627
Total governmental funds.....				19,843,118	3,706,627	(19,843,118)	3,706,627
<i>Water & Sewer Enterprise Fund</i>							
BAN	MWCT Interim Loans.....	6/30/17	2.00	27,850,000	-	(27,850,000)	-
Total short-term debt.....				\$ 47,693,118	\$ 3,706,627	\$ (47,693,118)	\$ 3,706,627

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".

Details related to the City's outstanding general obligation indebtedness as of June 30, 2017, and the debt service requirements for the governmental activities are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
General Obligation State Qualified Issue 2004.....	2021	\$ 440,000	4.2	\$ 125,000	\$ -	\$ (25,000)	\$ 100,000
Refunding Issue 1997.....	2017	2,235,772	4.0	195,140	-	(195,140)	-
General Obligation State Qualified Issue 2007.....	2026	9,286,000	4.0 - 5.5	490,000	-	(490,000)	-
General Obligation State Qualified Issue 2009.....	2039	26,381,000	3.2 - 4.9	2,665,000	-	(850,000)	1,815,000
MSBA School Debt 2010.....	2031	5,990,850	2.0	4,493,135	-	(299,543)	4,193,592
General Obligation State Qualified Issue 2010.....	2031	12,686,000	2.0 - 4.0	9,810,000	-	(620,000)	9,190,000
General Obligation State Qualified Issue 2015.....	2035	3,636,000	2.0 - 4.0	3,470,000	-	(205,000)	3,265,000
General Obligation State Qualified Issue 2015.....	2029	9,786,200	2.0 - 4.0	9,686,200	-	(100,000)	9,586,200
General Obligation State Qualified Refunding 2016.....	2039	19,250,000	3.0 - 4.0	19,250,000	-	-	19,250,000
General Obligation State Qualified Issue 2017.....	2044	17,678,000	3.0 - 5.0	-	17,678,000	-	17,678,000
Total Bonds Payable.....				50,184,475	17,678,000	(2,784,683)	65,077,792
Add: Unamortized Premium.....				2,714,421	918,539	(265,718)	3,367,242
Total Bonds Payable, net.....				\$ 52,898,896	\$ 18,596,539	\$ (3,050,401)	\$ 68,445,034

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

Year	Principal	Interest	Total
2018.....	\$ 3,482,543	\$ 3,293,121	\$ 6,775,664
2019.....	3,664,543	3,068,896	6,733,439
2020.....	3,684,543	2,007,466	5,692,009
2021.....	3,694,543	1,869,115	5,563,658
2022.....	3,724,543	1,727,302	5,451,845
2023.....	3,845,743	1,583,961	5,429,704
2024.....	3,859,543	1,436,561	5,296,104
2025.....	3,619,543	1,289,899	4,909,442
2026.....	3,479,543	1,154,165	4,633,708
2027.....	3,254,543	1,023,548	4,278,091
2028.....	3,369,543	899,370	4,268,913
2029.....	3,269,543	775,655	4,045,198
2030.....	2,704,543	672,601	3,377,144
2031.....	2,379,533	588,475	2,968,008
2032.....	1,720,000	524,993	2,244,993
2033.....	1,605,000	475,025	2,080,025
2034.....	1,650,000	426,094	2,076,094
2035.....	1,710,000	375,363	2,085,363
2036.....	1,555,000	325,506	1,880,506
2037.....	1,595,000	277,325	1,872,325
2038.....	1,660,000	227,825	1,887,825
2039.....	1,705,000	175,969	1,880,969
2040.....	585,000	122,428	707,428
2041.....	605,000	102,346	707,346
2042.....	630,000	81,507	711,507
2043.....	650,000	59,500	709,500
2044.....	675,000	36,312	711,312
2045.....	700,000	12,250	712,250
Total.....	\$ <u>65,077,792</u>	\$ <u>24,612,578</u>	\$ <u>89,690,370</u>

In prior years, the City defeased general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At June 30, 2017, \$18,465,000 of defeased bonds remains outstanding.

Details related to the City's outstanding general obligation indebtedness as of June 30, 2017, and the debt service requirements for the business-type activities are as follows:

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2016	Issued	Redeemed	Outstanding at June 30, 2017
General Obligation State Qualified Issue 2007.....	2025	\$ 1,500,000	4.1	\$ 80,000	\$ -	\$ (80,000)	-
Refunded Debt Water 2005.....	2017	959,228	3.9	54,860	-	(54,860)	-
MCWT Water 2007.....	2018	480,000	2.0	103,984	-	(51,472)	52,512
MCWT Water 2010.....	2031	575,000	2.0	452,044	-	(26,101)	425,943
MCWT Water 2012.....	2043	5,883,727	2.0	5,442,678	-	(154,397)	5,288,281
MWRA Water 2013.....	2023	2,500,000	0.0	1,750,000	-	(250,000)	1,500,000
MCWT Water 2013.....	2033	5,007,999	2.0	4,386,959	-	(216,076)	4,170,883
MWRA Water 2015.....	2025	1,850,000	0.0	1,665,000	-	(185,000)	1,480,000
General Obligation State Qualified Issue 2015.....	2026	683,800	3.0 - 4.0	683,800	-	-	683,800
MCWT Water 2015.....	2045	9,021,487	2.0 - 2.4	8,608,905	-	(226,890)	8,382,015
MCWT Water 2016.....	2046	9,485,903	2.0 - 2.4	9,485,903	-	(367,692)	9,118,211
MCWT Water 2017.....	2047	35,981,642	2.0	-	35,981,642	-	35,981,642
Total.....				\$ 32,714,133	\$ 35,981,642	\$ (1,612,488)	\$ 67,083,287

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

Year	Principal	Interest	Total
2017.....	\$ 2,599,680	\$ 1,264,066	\$ 3,863,746
2018.....	2,595,460	1,414,119	4,009,579
2019.....	2,644,901	1,365,891	4,010,792
2020.....	2,695,500	1,316,168	4,011,668
2021.....	2,747,359	1,264,915	4,012,274
2022.....	2,794,235	1,212,639	4,006,874
2023.....	2,594,785	1,159,389	3,754,174
2024.....	2,650,434	1,105,005	3,755,439
2025.....	2,522,418	1,049,380	3,571,798
2026.....	2,256,057	993,892	3,249,949
2027.....	2,310,272	943,600	3,253,872
2028.....	2,365,793	891,820	3,257,613
2029.....	2,422,664	839,335	3,261,999
2030.....	2,480,930	785,297	3,266,227
2031.....	2,505,331	730,312	3,235,643
2032.....	2,565,718	674,340	3,240,058
2033.....	2,279,563	556,173	2,835,736
2034.....	2,335,354	565,620	2,900,974
2035.....	2,313,314	512,588	2,825,902
2036.....	2,370,165	459,842	2,830,007
2037.....	1,705,813	405,782	2,111,595
2038.....	1,749,806	364,845	2,114,651
2039.....	1,794,934	322,850	2,117,784
2040.....	1,841,224	279,769	2,120,993
2041.....	1,888,710	235,578	2,124,288
2042.....	1,937,420	190,252	2,127,672
2043.....	1,732,623	146,772	1,879,395
2044.....	1,777,376	105,188	1,882,564
2045.....	1,458,247	62,530	1,520,777
2046.....	1,147,201	27,534	1,174,735
Total.....	\$ 67,083,287	\$ 21,245,491	\$ 88,328,778

Authorized and Unissued Debt

The City is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2017, the City had the following authorized and unissued debt:

Purpose	Amount
Stormwater and Wastewater.....	\$ 644,289
Beachmont (additional school).....	200,000
Winthrop Ave Emergency Funding.....	108,594
Land Acquisition.....	1,100,000
Garfield School.....	8,585,315
Lincoln School Air Conditioning.....	70,000
Public Safety Facility Planning.....	6,580
Capital Equipment - Public Works.....	800,000
McKinley Elementary School.....	2,500,000
School Building Energy Management Contract.....	616
Public Safety Technology.....	180,000
Purchase of Water/Sewer Capital Equipment.....	700,000
Drinking Water Construction Project # 3833.....	779,057
Clean Water Construction Project # 3518.....	852,564
MWRA Inflow and Infiltration.....	626,925
Clean Water Construction Project # 3910.....	1,253,695
Clean Water Construction Project # 3955.....	250,000
Clean Water Construction Project # 3958.....	2,186,287
Clean Water Construction Project # 3959.....	2,900,000
Total.....	\$ 23,743,922

Changes in Long-term Liabilities

During the year ended June 30, 2017, the following changes occurred in long-term liabilities:

	Beginning Balance	Bonds Issued	Bonds Redeemed	Other Increases	Other Decreases	Ending Balance	Current Portion
Governmental Activities:							
Bonds payable.....	\$ 50,184,475	\$ 17,678,000	\$ (2,784,683)	\$ -	\$ -	\$ 65,077,792	\$ 3,482,543
Add: Unamortized premium.....	2,714,421	918,539	(265,718)	-	-	3,367,242	1,053,167
Total Bonds Payable.....	52,898,896	18,596,539	(3,050,401)	-	-	68,445,034	4,535,710
Capital lease obligations.....	72,224	-	-	-	(72,224)	-	-
Workers' compensation.....	3,087,000	-	-	-	(719,000)	2,368,000	461,000
Compensated absences.....	3,611,000	-	-	819,000	(1,127,000)	3,303,000	852,000
Other postemployment benefits.....	79,025,000	-	-	14,224,000	(6,015,000)	87,234,000	-
Net pension liability.....	95,864,444	-	-	9,952,663	(10,663,486)	95,153,621	-
Total governmental activity long-term liabilities.....	<u>\$ 234,558,564</u>	<u>\$ 18,596,539</u>	<u>\$ (3,050,401)</u>	<u>\$ 24,995,663</u>	<u>\$ (18,596,710)</u>	<u>\$ 256,503,655</u>	<u>\$ 5,848,710</u>
Business-Type Activities:							
Bonds payable.....	\$ 32,714,133	\$ 35,981,642	\$ (1,612,488)	\$ -	\$ -	\$ 67,083,287	\$ 2,599,680
Compensated absences.....	61,000	-	-	43,000	(31,000)	73,000	46,000
Workers' compensation.....	63,000	-	-	-	(63,000)	-	-
Other postemployment benefits.....	1,068,000	-	-	429,000	(346,000)	1,151,000	-
Net pension liability.....	3,230,786	-	-	445,045	(370,423)	3,305,408	-
Total business type activity long-term liabilities.....	<u>\$ 37,136,919</u>	<u>\$ 35,981,642</u>	<u>\$ (1,612,488)</u>	<u>\$ 917,045</u>	<u>\$ (810,423)</u>	<u>\$ 71,612,695</u>	<u>\$ 2,645,680</u>

The governmental activities long-term liabilities are generally liquidated by the general fund and the business-type activities long-term liabilities are generally liquidated by the applicable enterprise fund.

NOTE 8 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

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 does not maintain any funds or items that are required to be reported as non-spendable.

In addition to the nonspendable fund balance, spendable fund balances are classified 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 City’s highest level of decision making authority is the City Council. The City does not maintain any funds or items that are required to be reported as committed.
- Assigned: fund balances that contain self-imposed constraints of the government 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, 2017, the governmental fund balances consisted of the following:

	<u>General</u>	<u>School Construction</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCES				
Restricted for:				
City revolving funds.....	\$ -	\$ -	\$ 1,264,088	\$ 1,264,088
City grant funds.....	-	-	5,467,058	5,467,058
Community development grant funds.....	-	-	201,263	201,263
City receipts reserved for appropriation.....	-	-	8,643	8,643
School revolving funds.....	-	-	2,804,203	2,804,203
School grant funds.....	-	-	2,063,184	2,063,184
City capital projects.....	-	-	665,125	665,125
School construction.....	-	701,712	-	701,712
School capital projects.....	-	-	3,522,702	3,522,702
Debt service fund.....	-	-	1,175,865	1,175,865
Assigned to:				
General government.....	574,847	-	-	574,847
Public safety.....	519,734	-	-	519,734
Education.....	11,608,103	-	-	11,608,103
Public works.....	856,131	-	-	856,131
Human services.....	5,063	-	-	5,063
Culture and recreation.....	54,265	-	-	54,265
Unassigned.....	<u>20,165,252</u>	<u>-</u>	<u>(271,975)</u>	<u>19,893,277</u>
TOTAL FUND BALANCES.....	\$ <u>33,783,395</u>	\$ <u>701,712</u>	\$ <u>16,900,156</u>	\$ <u>51,385,263</u>

The assigned balances in the general fund are encumbrances carried forward to next year. The detail of each assignment is included in the budgetary comparison schedule presented as required supplementary information.

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

At June 30, 2017, \$7,445,276 has been set aside in stabilization funds that are classified as part of the general fund in the governmental funds financial statements as unassigned. During the year the general fund transferred \$1,678,683 to the stabilization funds. The stabilization fund balance can be used for general and/or capital purposes upon approval of the City Council. Additions to the fund can only be made upon City Council approval.

NOTE 9 – RISK FINANCING

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has purchased commercial insurance for these risks; except for its’ workers compensation and employee and retiree health insurance programs for which the City is self-insured. The health insurance activities are accounted for in the internal service fund and the workers’ compensation activities are accounted for in the general fund where revenues are recorded when earned and expenses are recorded when the liability is incurred. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

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) including non-incremental expenses. 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 City estimates its’ Incurred But Not Reported (IBNR) health claims based on historical and current claim payment analysis. The City purchases individual stop loss insurance for claims in excess of the \$150,000 coverage provided by the City. At June 30, 2017, the amount of the liability for health insurance claims totaled \$1,215,824. The workers compensation IBNR is estimated by a case-by-case analysis and all long-term payments are discounted at a 5% rate. Non-incremental claims adjustment expenses are not considered significant and are not included in the calculation of the liabilities.

Changes in the reported health insurance and workers compensation liability since July 1, 2015, are as follows:

Health Insurance

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2016.....	\$ 1,287,179	\$ 22,202,871	\$ (22,276,806)	\$ 1,213,244
2017.....	1,213,244	23,326,493	(23,323,913)	1,215,824

Workers Compensation

	Balance at Beginning of Year		Current Year Claims and Changes in Estimate		Claims Payments		Balance at Year-End
	<u>Year</u>		<u>Estimate</u>		<u>Payments</u>		<u>Year-End</u>
2016.....	\$ 5,949,000	\$	(2,563,000)	\$	(299,000)	\$	3,087,000
2017.....	3,087,000		(258,000)		(461,000)		2,368,000

NOTE 10 – PENSION PLAN*Plan Descriptions*

The City is a member of the Revere Contributory Retirement System (RCRS), 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, 2016. The City's portion of the collective pension expense, contributed by the Commonwealth, of \$17,566,361 is reported in the general fund as intergovernmental revenue and pension expenditures in the current year. The portion of the Commonwealth's collective net pension liability associated with the City is \$172,208,154 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. No benefits terms have changed from the previous measurement date.

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, 2016.

At December 31, 2016, the RCRS membership consists of the following:

Active members.....	562
Inactive members.....	78
Retirees and beneficiaries currently receiving benefits.....	<u>506</u>
 Total.....	 <u><u>1,146</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 RCRS 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, 2016, was an actuarially determined amount of \$11,773,616. 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 unit's contribution is equal to 35.95% of covered payroll. The City's proportionate share of the required contribution was \$11,033,908 which equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2017, were as follows:

Total pension liability.....	\$ 244,404,000
The pension plan's fiduciary net position.....	<u>(139,344,324)</u>
The net pension liability.....	<u>\$ 105,059,676</u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	57%

At June 30, 2017, the City reported a liability of \$98,459,029 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2015. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31,

2016, the City's proportion was 93.72%, which increased 0.14% from its proportion measured at December 31, 2015.

Additional information regarding the changes in the net pension liability can be found in the Required Supplementary Information section of the financial statements.

Pension Expense

For the year ended June 30, 2017, the City recognized pension expense of \$15,706,072. At June 30, 2017, the City reported deferred outflows of resources related to pensions of \$16,789,915, of which \$5,258,474 is from the net difference between projected and actual investment earnings on pension plan investments, \$6,268,329 is from reported differences between expected and actual experience, \$5,158,197 is from a change of assumptions as of December 31, 2016, and \$97,000 is due to a change in proportion among member units.

The balances of deferred outflows and inflows of resources at June 30, 2017, consist of the following:

Deferred category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 6,268,329	\$ -	\$ 6,268,329
Changes of assumptions.....	5,158,197	-	5,158,197
Difference between projected and actual earnings.....	5,258,474	-	5,258,474
Changes in proportionate share of contributions.....	<u>97,000</u>	<u>-</u>	<u>97,000</u>
Total Deferred Outflows/(Inflows) of Resources.....	<u>\$ 16,782,000</u>	<u>\$ -</u>	<u>\$ 16,782,000</u>

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

Year ended June 30:

2018.....	\$ 5,712,000
2019.....	5,717,000
2020.....	5,265,000
2021.....	67,000
2022.....	<u>21,000</u>
Total.....	<u>\$ 16,782,000</u>

Changes in Plan Assumptions

There were no changes in assumptions.

Changes in Plan Provisions

There were no changes in provisions.

Actuarial Assumptions

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2016:

Valuation date.....	January 1, 2015. Actuarial liabilities were rolled forward to the December 31, 2016 measurement date.
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization method.....	Total payments increase 5% per year until FY 2031, with a final amortization payment in FY 2032
Remaining amortization period.....	16 years from July 1, 2016
Asset valuation method.....	Market value. For funding purposes, gains and losses are recognized over a 5 year period.
Inflation rate.....	Not explicitly assumed
Projected salary increases.....	Select and ultimate by job group. Ultimate rates of 4.25% for Group 1, and 4.75% for Group 4.
Cost of living adjustments.....	3.0% of the first \$12,000 of retirement income.
Mortality Rates:	
Pre-Retirement.....	The RP-2000 Employees Table projected generationally with Scale BB and a base year of 2009 (gender distinct).
Post Retirement.....	The RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year of 2009 (gender distinct).
Disabled Retiree.....	The RP-2000 Healthy Annuitant Table projected generationally with Scale BB and a base year of 2012 (gender distinct).
Investment rate of return/Discount rate.....	7.60%, net of pension plan investment expense, including inflation

Investment policy

The pension plan’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 pension plan’s target asset allocation as of January 1, 2016, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large Cap Equities.....	14.50%	7.50%
Small/Mid Cap Equities.....	3.50%	7.75%
International Equities (Unhedged).....	16.00%	7.83%
Emerging International Equities.....	6.00%	9.61%
High-Yield Bonds.....	1.50%	5.75%
Bank Loans.....	1.50%	6.00%
EMD (Local Currency).....	2.00%	6.50%
EMD (External).....	1.00%	5.75%
20 Year Treasury Strips.....	5.00%	3.75%
TIPS.....	3.00%	3.75%
Core Bonds.....	5.00%	4.00%
Private Equity.....	10.00%	9.50%
Private Debt.....	4.00%	9.06%
Real Estate.....	10.00%	6.50%
Hedge Funds.....	13.00%	6.48%
Timber/Natural Resources.....	4.00%	6.00%

Rate of return

For the year ended December 31, 2016, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 7.59%. 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 7.6%. 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 pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.60%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60%) or 1-percentage-point higher (8.60%) than the current rate:

	1% Decrease (6.60%)	Current Discount (7.60%)	1% Increase (8.60%)
The City's proportionate share of the net pension liability.....	\$ 127,812,510	\$ 98,459,028	\$ 81,784,224
The System's total net pension liability.....	\$ 136,381,000	\$ 105,060,000	\$ 87,267,000

NOTE 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description - The City of Revere 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. Retired teachers and their spouses receive coverage through the City’s participation in the Group Insurance Commission of the Commonwealth of Massachusetts (GIC). Non-teaching retirees and spouses as well all other active employees receive coverage through various non-GIC premium based plans. These plans cover both active and retired members and their spouses. 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.

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 75 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 25 percent of their premium costs. Administrative costs are assumed to be included in the fully insured premium rates. For 2017, the City’s age adjusted contribution to the plan totaled \$6.4 million or 7.1% of covered payroll which totaled \$90.5 million.

Plan Membership - The following table represents the Plan’s membership at June 30, 2017:

Active members.....	1,183
Retired/Disabled members.....	<u>1,096</u>
Total.....	<u><u>2,279</u></u>

Annual OPEB Cost and Net OPEB Obligation - The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the City’s annual OPEB cost for 2016, the estimated amount actually contributed to the plan, and changes in the City’s net OPEB obligation are summarized in the following table:

Annual required contribution.....	\$ 15,595,000
Interest on existing net OPEB obligation.....	3,204,000
Adjustments to annual required contribution.....	<u>(4,146,000)</u>
Annual OPEB cost (expense).....	14,653,000
Contributions made.....	<u>(6,361,000)</u>
Increase in net OPEB obligation.....	8,292,000
Net OPEB obligation - beginning of year.....	<u>80,093,000</u>
Net OPEB obligation - end of year.....	<u><u>\$ 88,385,000</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years is as follows:

<u>Year Ended</u>		<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>		<u>Net OPEB Obligation</u>
6/30/17	\$	14,653,000	43.4%	\$	88,385,000
6/30/16		16,233,000	47.2%		80,093,000
6/30/15		15,278,000	49.2%		71,527,000

Funded Status and Funding Progress - As of June 30, 2017, the most recent actuarial valuation date, the actuarial liability for benefits was \$205.9 million, all of which was unfunded. The annual covered payroll was \$90.6 million and the ratio of the unfunded actuarial accrued liability to the annual covered payroll is 227.3%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress and employer contributions, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2017, actuarial valuation, actuarial liabilities were determined using the individual entry age method, closed. The actuarial assumptions included a 4% investment rate of return net of investment expenses, a 2.5% inflation rate, projected salary increases of 3%, an annual medical/drug cost trend rate of 5% and a dental of 5%. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized increasing at 4% over thirty years, closed. The remaining amortization period at June 30, 2017, was 24 years.

NOTE 12 – COMMITMENTS

The Commonwealth of Massachusetts has approved school construction assistance. The assistance program, which is administered by the Massachusetts School Business Authority (MSBA), provides resources to fund school construction under a grant program. The program is for all new construction where the City submits grant reimbursement requests as the construction occurs. The City recently completed construction on the Staff Sargent James J. Hill Elementary School. The MSBA has approved grant funding of approximately \$45.4 million, which represents an 80% reimbursement rate of eligible costs. Through the end of 2017 the City has expended approximately \$45.6 million and has received approximately \$26.8 million in construction grant reimbursements. The City is currently awaiting the final close out audit of the project by MSBA and has recorded an estimated receivable of \$643,000 relative to the project.

The City also anticipates embarking on three additional school construction projects; however, the level of MSBA participation and the initial cost estimates were not complete at June 30, 2017.

The City is also operating under the terms of a Consent Decree between the City, the United States Environmental Protection Agency and the Commonwealth of Massachusetts. Under the terms of the decree, the City is anticipating expenditures of more than \$100,000,000 to address various sewer infrastructure matters. The City anticipates the expenditure to occur over the next eight years. As of June 30, 2017, the City has expended approximately \$64.5 million under the terms of the consent decree.

NOTE 13 - CONTINGENCIES

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

Various other legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2017, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2017.

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 22, 2017, which is the date the financial statements were available to be issued.

NOTE 15 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2017, the following GASB pronouncements were implemented:

- GASB Statement #74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.
- GASB Statement #77, *Tax Abatement Disclosures*. This pronouncement did not impact the basic financial statements.
- GASB Statement #78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This pronouncement did not impact the basic financial statements.
- GASB Statement #80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement #14*. This pronouncement did not impact the basic financial statements.
- GASB Statement #82, *Pension Issues – an amendment of GASB Statements #67, #68, and #73*. The basic financial statements and related notes were updated to be in compliance with this pronouncement.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which is required to be implemented in 2018.
- The GASB issued Statement #81, Irrevocable Split-Interest Agreements, which is required to be implemented in 2018.
- The GASB issued Statement #83, Certain Asset Retirement Obligations, which is required to be implemented in 2019.
- The GASB issued Statement #84, Fiduciary Activities, which is required to be implemented in 2020.
- The GASB issued Statement #85, Omnibus 2017, which is required to be implemented in 2018.
- The GASB issued Statement #86, Certain Debt Extinguishment Issues, which is required to be implemented in 2018.
- The GASB issued Statement #87, Leases, which is required to be implemented in 2021.

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

Required Supplementary Information

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General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the City which is used to account for all 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, 2017

	Budgeted Amounts		Actual Amounts	Amounts	
	Original Budget	Final Budget		Carried Forward To Next Year	Variance to Final Budget
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 77,988,255	\$ 78,465,625	\$ 78,230,115	\$ -	\$ (235,510)
Tax liens.....	-	-	2,017,477	-	2,017,477
Motor vehicle excise taxes.....	5,178,000	5,178,000	5,350,845	-	172,845
Hotel/motel and meals tax.....	2,300,000	2,300,000	2,356,928	-	56,928
Charges for services.....	762,500	1,347,500	1,412,042	-	64,542
Penalties and interest on taxes.....	500,000	500,000	641,505	-	141,505
Payments in lieu of taxes.....	219,065	219,065	132,506	-	(86,559)
Licenses and permits.....	1,370,000	1,370,000	1,215,769	-	(154,231)
Fines and forfeitures.....	1,000,000	1,000,000	1,445,890	-	445,890
Intergovernmental.....	69,317,954	68,767,954	68,997,466	-	229,512
Interest income.....	80,000	80,000	200,056	-	120,056
TOTAL REVENUES.....	158,715,774	159,228,144	162,000,599	-	2,772,455
EXPENDITURES:					
Current:					
Appeal Board:					
Salaries.....	11,600	11,600	11,600	-	-
Office supplies.....	760	760	680	-	80
Total.....	12,360	12,360	12,280	-	80
Assessors:					
Salaries.....	236,273	247,913	247,780	-	133
Computer services/data processing.....	4,775	4,775	3,039	1,256	480
Office supplies.....	3,894	3,894	1,059	2,178	657
Dues, conferences, etc.....	2,906	2,906	2,649	160	97
Travel allowance.....	2,700	2,700	2,625	-	75
Property revaluation.....	105,700	102,600	102,600	-	-
Total.....	356,248	364,788	359,752	3,594	1,442
Auditing:					
Salaries.....	322,588	277,288	276,557	-	731
City Hall telephone systems.....	720	720	552	73	95
Office supplies.....	10,772	10,772	4,148	6,624	-
Accounting and auditing services.....	105,675	150,975	49,840	89,311	11,824
Insurance.....	1,035,825	1,131,581	1,114,103	17,478	-
Total.....	1,475,580	1,571,336	1,445,200	113,486	12,650
Human Resources:					
Salaries.....	100,006	50,006	49,527	-	479
Employee group health.....	17,459,644	17,480,011	17,480,011	-	-
Workers compensation.....	472,145	307,145	253,132	-	54,013
Unemployment compensation.....	80,000	80,000	74,928	-	5,072
Medical benefits.....	120,000	145,000	125,702	-	19,298
Medicare tax account.....	1,367,952	1,317,592	1,305,934	-	11,658
Contracted services.....	-	50,000	50,000	-	-
Total.....	19,599,747	19,429,754	19,339,234	-	90,520
City Clerk:					
Salaries.....	245,819	245,819	244,088	-	1,731
Contracted services.....	47,230	48,055	37,030	1,205	9,820
Total.....	293,049	293,874	281,118	1,205	11,551

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Amounts	
	Original Budget	Final Budget		Carried Forward To Next Year	Variance to Final Budget
City Council:					
Salaries.....	248,286	249,803	249,774	-	29
Office supplies.....	79,200	79,200	79,200	-	-
Total.....	<u>327,486</u>	<u>329,003</u>	<u>328,974</u>	<u>-</u>	<u>29</u>
Collector/Treasurer:					
Salaries.....	721,608	721,608	700,016	-	21,592
Banking services.....	260,000	350,000	344,280	-	5,720
Certification of notes/bonds.....	140,000	140,000	139,556	-	444
SRF bond admin fees.....	93,972	93,972	93,949	-	23
Office supplies.....	71,472	61,472	50,122	2,762	8,588
Computer operations.....	255,988	75,988	12,846	55,819	7,323
Tax title.....	121,606	361,606	279,422	82,184	-
Bonded debt.....	3,524,683	2,784,683	2,784,683	-	-
Bonded debt interest.....	2,383,995	2,013,995	2,042,251	-	(28,256)
Total.....	<u>7,573,324</u>	<u>6,603,324</u>	<u>6,447,125</u>	<u>140,765</u>	<u>15,434</u>
Office of Strategic Planning & Economic Development:					
Salaries.....	197,790	197,790	151,828	-	45,962
Contracted services.....	8,000	137,799	2,901	129,849	5,049
Total.....	<u>205,790</u>	<u>335,589</u>	<u>154,729</u>	<u>129,849</u>	<u>51,011</u>
Conservation Commission:					
Salaries.....	6,400	6,400	5,667	-	733
Election:					
Salaries.....	169,153	172,153	163,654	-	8,499
Administrative personnel.....	66,500	80,200	73,360	-	6,840
Rentals.....	5,545	9,545	6,003	8	3,534
Data processing.....	38,825	50,125	36,244	2,950	10,931
Postage.....	14,542	14,542	14,484	-	58
Other supplies.....	3,375	12,375	7,280	209	4,886
Total.....	<u>297,940</u>	<u>338,940</u>	<u>301,025</u>	<u>3,167</u>	<u>34,748</u>
License Commission:					
Salaries.....	3,200	3,200	3,200	-	-
Office supplies.....	1,000	1,000	938	60	2
Total.....	<u>4,200</u>	<u>4,200</u>	<u>4,138</u>	<u>60</u>	<u>2</u>
Management Information System:					
Salaries.....	207,489	207,489	165,360	-	42,129
Computer operations.....	840,719	840,719	825,875	13,365	1,479
Supplies.....	2,500	2,500	2,324	169	7
Travel allowance.....	900	900	900	-	-
Total.....	<u>1,051,608</u>	<u>1,051,608</u>	<u>994,459</u>	<u>13,534</u>	<u>43,615</u>
Mayor:					
Salaries.....	430,817	422,400	420,259	-	2,141
Home care.....	45,000	45,000	45,000	-	-
CitiStat.....	149,357	149,357	46,562	102,795	-
Office supplies.....	16,971	16,971	12,522	1,435	3,014
Reserve for contract negotiations.....	-	575,000	574,138	862	-
Municipal association.....	47,061	47,061	17,809	12,061	17,191
Total.....	<u>689,206</u>	<u>1,255,789</u>	<u>1,116,290</u>	<u>117,153</u>	<u>22,346</u>

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Amounts	
	Original Budget	Final Budget		Carried Forward To Next Year	Variance to Final Budget
Planning & Community Development:					
Contract services.....	20,000	20,000	-	-	20,000
Work study program.....	419	419	-	-	419
Office supplies.....	45	45	-	-	45
Office supplies.....	240	240	-	-	240
Total.....	20,704	20,704	-	-	20,704
Economic Development:					
Salaries.....	78,965	78,965	73,596	-	5,369
Engineering:					
Salaries.....	209,697	209,697	206,475	-	3,222
Other Expenses.....	5,911	5,911	5,175	343	393
Total.....	215,608	215,608	211,650	343	3,615
Purchasing:					
Salaries.....	119,429	119,429	119,146	-	283
Postage.....	120,000	120,000	119,126	373	501
Office supplies.....	21,265	21,265	1,621	19,644	-
Total.....	260,694	260,694	239,893	20,017	784
Solicitor:					
Salaries.....	305,037	308,977	308,455	-	522
Outside legal services.....	250,500	430,500	410,998	19,502	-
Software updates.....	6,421	6,421	4,526	1,478	417
Other expenses, appraisals.....	2,000	3,800	2,345	520	935
Releases.....	26,500	51,500	41,747	9,753	-
Office supplies.....	7,803	7,803	7,354	146	303
Litigation expenses.....	3,000	1,200	920	275	5
Total.....	601,261	810,201	776,345	31,674	2,182
Pension and Retirement:					
Pension contribution.....	11,033,908	11,033,908	11,033,908	-	-
Fire:					
Salaries.....	8,650,760	8,595,760	8,542,100	-	53,660
Emergency medical training.....	5,544	5,544	2,090	2,850	604
Fire alarm.....	34,682	34,682	34,306	376	-
Utilities.....	101,865	101,865	73,378	26,419	2,068
Fire radio and vocal.....	49,640	49,640	46,078	1,358	2,204
Medical.....	55,000	110,000	92,589	269	17,142
Emergency management.....	14,880	14,880	-	14,880	-
EMS supplies.....	5,000	5,000	2,410	-	2,590
Maintenance and supplies.....	66,721	71,721	60,814	4,704	6,203
Automotive maintenance.....	105,497	100,497	(24,511)	122,971	2,037
Firefighters memorial.....	1,000	1,000	-	884	116
Other expenses.....	4,000	4,000	2,950	340	710
Uniform allowance.....	113,300	113,300	110,000	-	3,300
Personal equipment.....	15,705	15,705	13,261	1,887	557
New equipment/leases.....	42,527	42,527	3,206	22,709	16,612
Total.....	9,266,121	9,266,121	8,958,671	199,647	107,803

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Amounts	
	Original Budget	Final Budget		Carried Forward To Next Year	Variance to Final Budget
Police:					
Salaries.....	9,064,601	8,978,601	8,853,379	-	125,222
Medical.....	126,200	142,850	105,477	4,570	32,803
Maintenance of equipment.....	121,352	157,051	9,905	138,850	8,296
Utilities.....	120,457	127,657	116,704	10,916	37
Radio system.....	36,163	32,163	16,089	15,589	485
Animal control.....	15,000	15,000	12,347	980	1,673
Communications.....	45,196	52,696	49,335	60	3,301
Computer services.....	84,029	84,029	84,003	-	26
Training expense.....	35,000	49,000	48,728	272	-
Auxiliary police.....	-	4,500	3,633	867	-
Weapons and support items.....	30,485	32,685	27,659	2,793	2,233
Gasoline and oil.....	120,000	91,000	80,964	9,036	1,000
Traffic control.....	12,307	12,307	10,102	1,638	567
Automotive maintenance.....	55,807	55,807	36,687	18,374	746
Office supplies.....	16,034	17,284	10,466	5,473	1,345
Identification.....	10,075	8,575	5,337	2,931	307
Drug unit.....	5,000	5,000	5,000	-	-
Other services.....	35,003	35,003	33,888	1,023	92
Building maintenance.....	65,000	80,000	62,159	17,841	-
Uniform allowance.....	118,450	113,950	101,833	-	12,117
Grant writer.....	32,000	32,000	32,000	-	-
Total.....	10,148,159	10,127,158	9,705,695	231,213	190,250
Regional Emergency Communication Center:					
Operations.....	495,000	1,035,002	950,816	84,186	-
Total.....	495,000	1,035,002	950,816	84,186	-
Inspectional Services - Building Department:					
Salaries.....	346,928	346,928	345,545	-	1,383
Training.....	4,450	4,450	1,201	590	2,659
Telephone.....	2,400	2,400	2,220	-	180
Materials.....	4,569	4,569	3,424	876	269
Travel allowance.....	16,200	16,200	16,200	-	-
Total.....	374,547	374,547	368,590	1,466	4,491
Inspectional Services - Health:					
Salaries.....	479,229	476,323	468,036	-	8,287
Elderly flu shot program.....	14,488	31,228	30,450	778	-
Telephone.....	1,923	873	870	-	3
Abandoned buildings.....	4,000	4,000	230	-	3,770
Office supplies.....	18,701	23,201	19,956	2,144	1,101
Travel allowance.....	25,000	21,290	18,030	300	2,960
Total.....	543,341	556,915	537,572	3,222	16,121
Inspectional Services - Weights & Measures:					
Salaries.....	66,626	69,532	62,126	-	7,406
Other expenses.....	822	822	710	-	112
Travel.....	3,600	6,200	3,150	-	3,050
Total.....	71,048	76,554	65,986	-	10,568

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Amounts	
	Original Budget	Final Budget		Carried Forward To Next Year	Variance to Final Budget
Public Works:					
Salaries.....	1,385,630	1,406,130	1,398,561	-	7,569
Clothing allowance.....	22,000	19,500	17,600	-	1,900
Stipend.....	29,362	29,362	29,362	-	-
Public building lighting.....	199,912	214,912	177,784	30,788	6,340
Public building heating.....	85,012	85,012	67,115	8,193	9,704
Rubbish collection.....	2,176,632	2,129,632	1,819,711	161,948	147,973
Rubbish disposal.....	1,580,592	1,580,592	1,231,427	193,501	155,664
Street and memorial signs.....	28,848	28,848	19,380	8,719	749
Snow removal.....	200,000	200,000	713,623	53,312	(566,935)
Street lighting.....	670,738	800,738	673,487	127,038	213
Contracted painting service.....	71,250	71,250	65,739	136	5,375
Contracted pothole repair.....	72,442	72,442	33,588	30,086	8,768
Gasoline and oil.....	84,690	53,690	47,981	5,709	-
Maintenance and repair.....	75,064	130,064	110,798	13,555	5,711
Materials.....	105,527	105,527	69,582	20,332	15,613
Maintenance of equipment.....	101,872	101,872	83,449	18,298	125
Tools and equipment.....	4,099	4,099	3,634	465	-
Janitorial supplies.....	23,750	23,750	22,504	1,185	61
Office supplies.....	53,344	53,344	43,587	4,016	5,741
Computer supplies and maintenance.....	2,280	2,280	1,703	-	577
Traffic signal repair.....	38,000	38,000	29,798	6,201	2,001
Equipment rental.....	7,275	8,616	8,066	550	-
Street sweeping.....	123,500	141,500	136,350	5,150	-
Tree removal.....	47,500	80,500	63,933	14,395	2,172
Police Details.....	25,000	5,659	924	1,088	3,647
Field Maintenance.....	65,715	320,955	311,267	-	9,688
Prisoner crews.....	166,904	166,904	62,450	85,630	18,824
Field Maintenance.....	480,040	235,000	194,415	39,082	1,503
Spraying and planting.....	59,850	59,850	38,559	19,317	1,974
Equipment and supplies.....	24,700	34,700	24,092	699	9,909
Capital improvements.....	48,450	48,450	41,321	6,738	391
Travel allowance.....	6,000	6,000	6,000	-	-
Total.....	8,065,978	8,259,178	7,547,790	856,131	(144,743)
Public Works Parks Division:					
Spraying and planting.....	1,594	1,594	545	-	1,049
Equipment and supplies.....	68	67	-	-	67
Equipment repair.....	5,471	5,472	3,383	-	2,089
Capital improvements.....	13,000	13,000	4,800	-	8,200
Total.....	20,133	20,133	8,728	-	11,405
Council on Elder Affairs:					
Salaries.....	245,929	245,729	219,244	-	26,485
Rentals.....	4,000	4,000	3,875	-	125
Office supplies.....	500	500	384	-	116
Clothing allowance.....	200	400	400	-	-
Elderly programs.....	21,759	21,759	17,640	2,543	1,576
Total.....	272,388	272,388	241,543	2,543	28,302
Public Health Initiatives:					
Salaries.....	488,839	488,839	392,031	-	96,808
Expense.....	-	3,960	3,960	-	-
Total.....	488,839	492,799	395,991	-	96,808

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Amounts	
	Original Budget	Final Budget		Carried Forward To Next Year	Variance to Final Budget
Public Health Community Initiatives:					
Salaries.....	9,167	9,167	6,414	-	2,753
Expense.....	1,000	1,000	664	316	20
Total.....	10,167	10,167	7,078	316	2,773
Public Health Substance Abuse:					
Salaries.....	9,167	9,167	7,119	-	2,048
Expense.....	1,000	1,000	628	308	64
Total.....	10,167	10,167	7,747	308	2,112
Commission on Disabilities:					
Salaries.....	6,300	6,300	3,458	-	2,842
Other expenses.....	1,000	1,000	-	-	1,000
Total.....	7,300	7,300	3,458	-	3,842
Consumer Affairs:					
Salaries.....	36,820	37,256	37,254	-	2
Veterans Affairs:					
Salaries.....	106,407	107,507	107,216	-	291
Office supplies.....	3,839	3,839	3,505	-	334
Travel.....	1,300	1,300	675	66	559
Celebration programs.....	4,940	4,940	1,189	1,805	1,946
Veterans benefits.....	805,000	783,900	738,571	25	45,304
Total.....	921,486	901,486	851,156	1,896	48,434
Library:					
Salaries.....	410,857	398,451	370,541	-	27,910
Maintenance and repairs.....	6,659	6,659	2,522	3,680	457
Utilities.....	27,365	27,365	15,017	6,246	6,102
Other services.....	5,092	54,092	38,635	14,312	1,145
Custodial supplies.....	600	600	361	239	-
Office supplies.....	1,600	1,600	1,383	217	-
Library materials.....	84,621	84,621	61,418	14,540	8,663
Local matching funds.....	11,614	11,614	7,107	3,666	841
Control account: library network.....	49,000	-	-	-	-
Total.....	597,408	585,002	496,984	42,900	45,118
Recreation Services:					
Salaries.....	153,347	141,942	141,118	-	824
Seasonal salaries.....	140,600	151,495	151,495	-	-
Equipment and supplies.....	8,104	8,104	4,824	3,172	108
Travel.....	3,600	3,600	3,600	-	-
Recreation services.....	131,782	137,582	129,045	8,193	344
Total.....	437,433	442,723	430,082	11,365	1,276
Education:					
Education.....	85,114,175	85,133,294	73,497,849	11,608,103	27,342
Expenses Northeast Metropolitan Regional Vocational School.....	18,900	18,900	18,800	-	100
Northeast Regional Vocational School Assessment.....	1,893,311	1,893,311	1,839,312	-	53,999
Total.....	87,026,386	87,045,505	75,355,961	11,608,103	81,441
State and county charges.....	9,488,767	9,488,767	9,346,992	-	141,775
TOTAL EXPENDITURES.....	172,385,566	173,026,213	158,443,477	13,618,143	964,593
EXCESS (DEFICIENCY) OF REVENUES					
OVER/(UNDER) EXPENDITURES.....	(13,669,792)	(13,798,069)	3,557,122	(13,618,143)	3,737,048

(Continued)

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

YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Amounts	Variance to Final Budget
	Original Budget	Final Budget		Carried Forward To Next Year	
OTHER FINANCING SOURCES (USES):					
Use of fund balance to fund prior year carryforwards.....	10,238,205	10,238,205	-	-	(10,238,205)
Other amounts to be raised.....	-	726,493	-	-	(726,493)
Use of free cash to fund transfers out.....	-	1,666,159	-	-	(1,666,159)
Transfers in.....	5,706,820	6,706,820	6,927,812	-	220,992
Transfers out.....	(2,275,233)	(5,539,608)	(5,539,608)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	13,669,792	13,798,069	1,388,204	-	(12,409,865)
NET CHANGE IN FUND BALANCE.....	-	-	4,945,326	(13,618,143)	(8,672,817)
BUDGETARY FUND BALANCE, Beginning of year.....	20,771,159	20,771,159	20,771,159	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 20,771,159	\$ 20,771,159	\$ 25,716,485	\$ (13,618,143)	\$ (8,672,817)

See notes to required supplementary information.

(Concluded)

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 Return 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.

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

	December 31, 2014	December 31, 2015	December 31, 2016
Total pension liability:			
Service cost.....	\$ 4,551,000	\$ 5,383,000	\$ 5,625,000
Interest.....	15,558,000	15,746,000	17,803,000
Differences between expected and actual experience.....	-	11,315,000	-
Changes in assumptions.....	-	9,300,000	-
Benefit payments, including refunds of employee contributions.....	<u>(14,469,000)</u>	<u>(14,534,000)</u>	<u>(15,302,000)</u>
Net change in total pension liability.....	5,640,000	27,210,000	8,126,000
Total pension liability, beginning.....	<u>203,428,000</u>	<u>209,068,000</u>	<u>236,278,000</u>
Total pension liability, ending (a).....	<u>\$ 209,068,000</u>	<u>\$ 236,278,000</u>	<u>\$ 244,404,000</u>
Plan fiduciary net position:			
Member contributions.....	\$ 3,448,000	\$ 3,249,000	\$ 3,331,000
Employer contributions.....	10,792,421	11,212,968	11,773,616
Net investment income (loss).....	8,903,800	805,050	9,399,263
Retirement benefits and refunds.....	(14,469,618)	(14,534,000)	(15,302,000)
Administrative expenses.....	<u>(264,922)</u>	<u>(233,905)</u>	<u>(237,390)</u>
Net increase (decrease) in fiduciary net position.....	8,409,681	499,113	8,964,489
Fiduciary net position at beginning of year.....	<u>121,471,041</u>	<u>129,880,722</u>	<u>130,379,835</u>
Fiduciary net position at end of year (b).....	<u>\$ 129,880,722</u>	<u>\$ 130,379,835</u>	<u>\$ 139,344,324</u>
Net pension liability - ending (a) - (b).....	<u>\$ 79,187,278</u>	<u>\$ 105,898,165</u>	<u>\$ 105,059,676</u>
Plan fiduciary net position as a percentage of the total pension liability.....	62.12%	55.18%	57.01%
Covered-employee payroll.....	\$ 27,431,000	\$ 32,748,000	\$ 32,748,000
Net pension liability as a percentage of covered-employee payroll.....	288.7%	323.4%	320.8%

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.

**REVERE CONTRIBUTORY RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS**

	December 31, 2014	December 31, 2015	December 31, 2016
Actuarially determined contribution.....	\$ 10,792,421	\$ 11,212,968	\$ 11,773,616
Contributions in relation to the actuarially determined contribution.....	<u>10,792,421</u>	<u>11,212,968</u>	<u>11,773,616</u>
Contribution deficiency (excess).....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll.....	\$ 27,431,000	\$ 32,748,000	\$ 32,748,000
Contributions as a percentage of covered- employee payroll.....	39.34%	34.24%	35.95%

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.

**REVERE CONTRIBUTORY RETIREMENT SYSTEM
SCHEDULE OF INVESTMENT RETURN**

	December 31, 2014	December 31, 2015	December 31, 2016
Annual money-weighted rate of return, net of investment expense.....	7.71%	0.65%	7.59%

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.

The annual money-weighted rate of return has been calculated by
the Pension Reserves Investment Management Board (PRIM).

See notes to required supplementary information.

Pension Plan Schedules – City

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

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

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

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

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

	December 31, 2014	December 31, 2015	December 31, 2016
City's proportion of the net pension liability (asset).....	92.93%	93.58%	93.72%
City's proportionate share of the net pension liability (asset)..... \$	73,576,106	\$ 99,095,075	\$ 98,459,029
City's covered employee payroll..... \$	25,491,527	\$ 30,644,257	\$ 30,690,522
Net pension liability as a percentage of covered-employee payroll.....	288.63%	323.37%	320.81%
Plan fiduciary net position as a percentage of the total pension liability.....	62.12%	55.18%	57.01%

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

See notes to required supplementary information.

**SCHEDULE OF CONTRIBUTIONS
REVERE CONTRIBUTORY RETIREMENT SYSTEM**

	June 30, 2015	June 30, 2016	June 30, 2017
Actuarially determined contribution.....	\$ 10,029,357	\$ 10,492,643	\$ 11,033,908
Contributions in relation to the actuarially determined contribution.....	<u>10,029,357</u>	<u>10,492,643</u>	<u>11,033,908</u>
Contribution deficiency (excess).....	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll.....	\$ 25,491,527	\$ 30,644,257	\$ 30,690,522
Contributions as a percentage of covered- employee payroll.....	39.34%	34.24%	35.95%

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

See notes to required supplementary information.

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

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

<u>Fiscal Year</u>	<u>Commonwealth's 100% Share of the Net Pension Liability Associated with the City</u>	<u>City's Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2017.....	\$ 172,208,154	\$ 17,566,361	52.73%
2016.....	157,005,486	12,734,542	55.38%
2015.....	123,836,717	8,603,531	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 Funding progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions presents multi-year trend information for required and actual contributions relating to the plan.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
6/30/2017	\$ -	\$ 205,892,000	\$ 205,892,000	0%	\$ 90,570,298	227.3%
6/30/2014	-	213,713,000	213,713,000	0%	71,824,862	297.5%
6/30/2012	-	231,920,000	231,920,000	0%	69,732,876	332.6%
7/1/2010	-	241,621,000	241,621,000	0%	67,701,821	356.9%
7/1/2008	-	160,287,000	160,287,000	0%	65,332,257	245.3%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
6/30/2017	\$ 15,595,000	\$ 6,361,000	41%
6/30/2016	16,539,000	7,515,000	45%
6/30/2014	15,835,000	7,386,000	47%
6/30/2013	21,155,000	7,891,000	37%
6/30/2012	20,248,000	7,272,000	36%
6/30/2011	23,811,000	9,326,000	39%

See notes to required supplementary information.

OTHER POSTEMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS

Actuarial Methods:

Valuation date.....	June 30, 2017
Actuarial cost method.....	Individual Entry Age Normal
Amortization method.....	Amortization payments increasing at 4.0%, closed
Remaining amortization period.....	24 years as of June 30, 2014

Actuarial Assumptions:

Investment rate of return.....	4.0%
Inflation assumption.....	2.5%
Projected salary increases.....	3.0%
Medical/drug cost trend rate - City plans.....	5.0%
Dental.....	5.0%

Plan Membership:

Active members.....	1,183
Retired/Disabled members.....	<u>1,096</u>
Total.....	<u><u>2,279</u></u>

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Budgetary Information**

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

Increases or transfers between and within departments subsequent to the approval of the annual budget, requires two-thirds vote or a majority City Council, respectively, and the Mayor’s approval via a supplemental appropriation or City Council order.

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 the City Council.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original 2017 approved budget authorizing approximately \$174.7 million in current year appropriations and other financing uses. The original approved budget is inclusive of approximately \$21 million in encumbrances and appropriations carried over from previous years. During 2017, the City Council approved supplemental appropriations totaling approximately \$3.2 million. The additional appropriations mainly funded capital projects.

The City Auditor has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation account basis. Budgetary control is exercised through the City’s accounting system.

B. 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, 2017, is presented below:

Net change in fund balance - budgetary basis.....	\$ 4,945,326
<u>Perspective difference:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	1,678,683
<u>Basis of accounting differences:</u>	
Net change in recording 60-day receipts accrual.....	(220,398)
Net change in recording tax refunds payable.....	176,000
Decrease in expenditures due to accruals.....	(256,907)
Increase in revenues due to on-behalf payments.....	17,566,361
Increase in expenditures due to on-behalf payments.....	<u>(17,566,361)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 6,322,704</u>

C. Appropriation Deficits

At June 30, 2017, appropriation deficits existed in the bonded debt interest account and the public works - snow removal account. The deficits were \$28,256 and \$566,935, respectively. These deficits will be funded through the 2018 tax rate.

NOTE B – PENSION PLAN

Pension Plan Schedules – Retirement System

A. Schedule of Changes in the Net Pension Liability and Related Ratios

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

B. Schedule of Contributions

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

C. Schedule of Investment Return

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

A. Schedule of the City's Proportionate Share of the Net Pension Liability

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

B. Schedule of City's Contributions

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

C. Schedule of the Special Funding Amounts of the Net Pension Liabilities

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

D. Changes in Plan Assumptions

There were no changes in assumptions.

E. Changes in Plan Provisions

There were no changes in provisions.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

The City of Revere 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 participation in the Group Insurance Commission of the Commonwealth of Massachusetts (GIC) and through the purchase of additional coverage through various non-GIC premium based plans. These plans which covers both active and retired members.

The City currently finances its other postemployment benefits (OPEB) on a pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 0%. In accordance with Governmental Accounting Standards, the City has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Schedule of Employer Contributions presents multi-year trend information for required and actual contributions relating to the plan.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

Other Supplementary Information

Combining and Individual Statements

The combining financial statements provide a more detailed view of the “Basic Financial Statements” presented in the preceding subsection.

Combining statements are presented when there are more than one fund of a given fund type.

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than capital project funds) that are restricted by law or administrative action to expenditures for specified purposes. The City's special revenue funds are grouped into the following categories:

City Revolving Funds – accounts for the non-school related activity of revolving funds established in accordance with MGL Chapter 44, Section 53E ½.

City Grant Funds – accounts for other non-school related funds designated for specific programs, this fund consists primarily of state and federal grants.

Highway Improvements Grant Fund – accounts for construction, reconstruction and improvements of roadways, streets and sidewalks.

Community Development Grant Funds – accounts for the community development block grant program.

Strategic Planning – accounts for revenue and costs associated with the Wonderland redevelopment project.

City Receipts Reserved Funds – accounts for activities associated with operations of City owned public parking lots.

School Revolving Funds – accounts for the school department's revolving funds established in accordance with MGL Chapter 44, Section 53E ½ and Chapter 71. The School Lunch program is included within fund and includes charges for services along with federal and state grant revenue.

School Grant Funds – accounts for the school department's grant funds received from state and federal governments which are designated for specific programs.

Capital Project Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition, construction or improvement of major capital assets (other than those financed by enterprise funds). Such resources are derived principally from proceeds of general obligation bonds and grants.

Harry Della Russo Stadium Funds – accounts for activity and resources associated with the renovation of the Stadium.

City Capital Project Funds – accounts for the construction and renovation of City's non-school projects.

School Capital Project Funds – accounts for non-construction capital improvements.

Debt Service Fund

The *Debt Service Fund* is used to account for the accumulation of resources for the payment of debt service costs related to school construction projects.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2017

	<i>Special Revenue Funds</i>					
	City Revolving Funds	City Grant Funds	Highway Improvements Grant Fund	Community Development Grant Funds	Strategic Planning	City Receipts Reserved
ASSETS						
Cash and cash equivalents.....	\$ 1,361,257	\$ 5,691,907	\$ -	\$ 201,263	\$ -	\$ 8,643
Receivables, net of uncollectibles:						
Intergovernmental.....	-	359,231	579,330	-	-	-
TOTAL ASSETS.....	\$ 1,361,257	\$ 6,051,138	\$ 579,330	\$ 201,263	\$ -	\$ 8,643
LIABILITIES						
Warrants payable.....	\$ 97,169	\$ 584,080	\$ 111,271	\$ -	\$ -	\$ -
Accrued payroll.....	-	-	-	-	-	-
Due to other funds.....	-	-	312,045	-	223,687	-
Notes payable.....	-	-	-	-	-	-
TOTAL LIABILITIES.....	97,169	584,080	423,316	-	223,687	-
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues.....	-	-	156,014	-	-	-
FUND BALANCES						
Restricted.....	1,264,088	5,467,058	-	201,263	-	8,643
Unassigned.....	-	-	-	-	(223,687)	-
TOTAL FUND BALANCES.....	1,264,088	5,467,058	-	201,263	(223,687)	8,643
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES.....	\$ 1,361,257	\$ 6,051,138	\$ 579,330	\$ 201,263	\$ -	\$ 8,643

(Continued)

Special Revenue Funds			Capital Project Funds				Total Nonmajor Governmental Funds	
School Revolving Funds	School Grant Funds	Subtotal	Harry Della Russo Stadium	City Capital Projects	School Capital Projects	Subtotal	Debt Service Fund	
\$ 2,816,371	\$ 1,693,414	\$ 11,772,855	\$ -	\$ 765,166	\$ 1,235,406	\$ 2,000,572	\$ 1,175,865	\$ 14,949,292
-	554,663	1,493,224	-	-	3,490,856	3,490,856	-	4,984,080
<u>\$ 2,816,371</u>	<u>\$ 2,248,077</u>	<u>\$ 13,266,079</u>	<u>\$ -</u>	<u>\$ 765,166</u>	<u>\$ 4,726,262</u>	<u>\$ 5,491,428</u>	<u>\$ 1,175,865</u>	<u>\$ 19,933,372</u>
\$ 4,502	\$ 104,648	\$ 901,670	\$ -	\$ 41	\$ 453,560	\$ 453,601	\$ -	\$ 1,355,271
7,666	80,245	87,911	-	-	-	-	-	87,911
-	-	535,732	48,288	-	-	48,288	-	584,020
-	-	-	-	100,000	750,000	850,000	-	850,000
<u>12,168</u>	<u>184,893</u>	<u>1,525,313</u>	<u>48,288</u>	<u>100,041</u>	<u>1,203,560</u>	<u>1,351,889</u>	<u>-</u>	<u>2,877,202</u>
-	-	156,014	-	-	-	-	-	156,014
2,804,203	2,063,184	11,808,439	-	665,125	3,522,702	4,187,827	1,175,865	17,172,131
-	-	(223,687)	(48,288)	-	-	(48,288)	-	(271,975)
<u>2,804,203</u>	<u>2,063,184</u>	<u>11,584,752</u>	<u>(48,288)</u>	<u>665,125</u>	<u>3,522,702</u>	<u>4,139,539</u>	<u>1,175,865</u>	<u>16,900,156</u>
<u>\$ 2,816,371</u>	<u>\$ 2,248,077</u>	<u>\$ 13,266,079</u>	<u>\$ -</u>	<u>\$ 765,166</u>	<u>\$ 4,726,262</u>	<u>\$ 5,491,428</u>	<u>\$ 1,175,865</u>	<u>\$ 19,933,372</u>

(Concluded)

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

YEAR ENDED JUNE 30, 2017

	<i>Special Revenue Funds</i>					
	City Revolving Funds	City Grant Funds	Highway Improvements Grant Fund	Community Development Grant Funds	Strategic Planning	City Receipts Reserved
REVENUES:						
Charges for services.....	\$ 454,051	\$ -	\$ -	\$ 127,392	\$ -	\$ 13,045
Intergovernmental.....	109,111	4,672,997	634,462	647,111	-	-
Departmental and other.....	507,030	67,842	-	12,480	-	-
Contributions.....	50,000	438,423	-	-	-	-
Investment income.....	654	-	-	165	-	15
TOTAL REVENUES.....	1,120,846	5,179,262	634,462	787,148	-	13,060
EXPENDITURES:						
Current:						
General government.....	695,801	585,399	-	563,475	-	9,611
Public safety.....	175,996	419,826	-	-	-	-
Education.....	-	30,020	-	-	-	-
Public works.....	117,550	2,172,993	363,832	-	-	-
Human services.....	45,551	514,231	-	-	-	-
Culture and recreation.....	107,306	14,707	-	25,388	-	-
TOTAL EXPENDITURES.....	1,142,204	3,737,176	363,832	588,863	-	9,611
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(21,358)	1,442,086	270,630	198,285	-	3,449
OTHER FINANCING SOURCES (USES):						
Proceeds from bonds and notes.....	-	-	-	-	-	-
Premium from issuance of bonds.....	-	-	-	-	-	-
Transfers in.....	15,192	-	-	-	-	-
Transfers out.....	(237,446)	-	-	(172,454)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	(222,254)	-	-	(172,454)	-	-
EXTRAORDINARY ITEM:						
July 2014 Tornado - Insurance Recovery.....	-	2,215,140	-	-	-	-
NET CHANGE IN FUND BALANCES.....	(243,612)	3,657,226	270,630	25,831	-	3,449
FUND BALANCES AT BEGINNING OF YEAR.....	1,507,700	1,809,832	(270,630)	175,432	(223,687)	5,194
FUND BALANCES AT END OF YEAR.....	\$ 1,264,088	\$ 5,467,058	\$ -	\$ 201,263	\$ (223,687)	\$ 8,643

(Continued)

Special Revenue Funds			Capital Project Funds				Debt Service Fund	Total Nonmajor Governmental Funds
School Revolving Funds	School Grant Funds	Subtotal	Harry Della Russo Stadium	City Capital Projects	School Capital Projects	Subtotal		
\$ 281,043	\$ -	\$ 875,531	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 875,531
3,283,650	9,818,985	19,166,316	-	231,700	3,490,856	3,722,556	-	22,888,872
1,392,664	1,324,682	3,304,698	-	-	-	-	-	3,304,698
388,668	-	877,091	-	-	-	-	-	877,091
-	-	834	-	74	967	1,041	10,843	12,718
<u>5,346,025</u>	<u>11,143,667</u>	<u>24,224,470</u>	<u>-</u>	<u>231,774</u>	<u>3,491,823</u>	<u>3,723,597</u>	<u>10,843</u>	<u>27,958,910</u>
-	-	1,854,286	29,850	40	-	29,890	-	1,884,176
-	-	595,822	-	49,709	-	49,709	-	645,531
5,258,491	10,565,327	15,853,838	-	-	1,924,839	1,924,839	-	17,778,677
-	-	2,654,375	-	122,615	-	122,615	-	2,776,990
-	-	559,782	-	-	-	-	-	559,782
-	-	147,401	-	474,847	-	474,847	-	622,248
<u>5,258,491</u>	<u>10,565,327</u>	<u>21,665,504</u>	<u>29,850</u>	<u>647,211</u>	<u>1,924,839</u>	<u>2,601,900</u>	<u>-</u>	<u>24,267,404</u>
<u>87,534</u>	<u>578,340</u>	<u>2,558,966</u>	<u>(29,850)</u>	<u>(415,437)</u>	<u>1,566,984</u>	<u>1,121,697</u>	<u>10,843</u>	<u>3,691,506</u>
-	-	-	1,823,807	-	-	1,823,807	-	1,823,807
-	-	-	-	-	-	-	918,539	918,539
-	-	15,192	-	642,954	100,000	742,954	-	758,146
<u>(173,546)</u>	<u>-</u>	<u>(583,446)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(180,000)</u>	<u>(763,446)</u>
<u>(173,546)</u>	<u>-</u>	<u>(568,254)</u>	<u>1,823,807</u>	<u>642,954</u>	<u>100,000</u>	<u>2,566,761</u>	<u>738,539</u>	<u>2,737,046</u>
-	-	2,215,140	-	-	-	-	-	2,215,140
(86,012)	578,340	4,205,852	1,793,957	227,517	1,666,984	3,688,458	749,382	8,643,692
<u>2,890,215</u>	<u>1,484,844</u>	<u>7,378,900</u>	<u>(1,842,245)</u>	<u>437,608</u>	<u>1,855,718</u>	<u>451,081</u>	<u>426,483</u>	<u>8,256,464</u>
<u>\$ 2,804,203</u>	<u>\$ 2,063,184</u>	<u>\$ 11,584,752</u>	<u>\$ (48,288)</u>	<u>\$ 665,125</u>	<u>\$ 3,522,702</u>	<u>\$ 4,139,539</u>	<u>\$ 1,175,865</u>	<u>\$ 16,900,156</u>

(Concluded)

Agency Fund

The Agency Fund is used to account for the collection and payment of charges for police extra duty, student activities, performance bonds and other minor activity.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2017

	<u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2017</u>
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 261,282	\$ 4,345,802	\$ (4,244,804)	\$ 362,280
LIABILITIES				
Liabilities due depositors.....	\$ 186,282	\$ 4,345,802	\$ (4,244,804)	\$ 287,280
Other liabilities.....	75,000	-	-	75,000
TOTAL LIABILITIES.....	\$ 261,282	\$ 4,345,802	\$ (4,244,804)	\$ 362,280

Statistical Section

Statistical tables differ from financial statements since they usually cover more than one fiscal year and may present non-accounting data. The following tables reflect social and economic data, financial trends, and fiscal capacity.



Revere City Hall

**City of Revere, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2017**

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Statistical Section

Statistical tables differ from financial statements since they usually cover more than one year and may present nonaccounting data. The following tables reflect social and economic data, financial trends, and fiscal capacity.

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

SOURCES: Unless otherwise noted, the information in these schedules is derived from the audited financial reports for the relevant year or our Official Statements.

**Net Position By Component
Last Ten Years**

	2008	2009	2010	2011	2012	2013	2014 (1)	2015	2016	2017
Governmental activities										
Net investment in capital assets.....	\$ 106,607,675	\$ 113,686,482	\$ 113,452,351	\$ 111,575,070	\$ 107,332,295	\$ 109,167,229	\$ 106,119,983	\$ 127,833,259	\$ 131,609,885	\$ 127,306,721
Restricted.....	9,771,513	5,865,025	7,954,894	7,779,724	2,716,851	1,869,989	2,829,287	4,482,348	3,896,591	8,907,370
Unrestricted.....	<u>14,472,670</u>	<u>9,459,834</u>	<u>7,156,081</u>	<u>(8,855,945)</u>	<u>(11,779,070)</u>	<u>(27,031,738)</u>	<u>(25,058,484)</u>	<u>(113,157,039)</u>	<u>(120,807,092)</u>	<u>(123,718,614)</u>
Total governmental activities net position.....	<u>\$ 130,851,858</u>	<u>\$ 129,011,341</u>	<u>\$ 128,563,326</u>	<u>\$ 110,498,849</u>	<u>\$ 98,270,076</u>	<u>\$ 84,005,480</u>	<u>\$ 83,890,786</u>	<u>\$ 19,158,568</u>	<u>\$ 14,699,384</u>	<u>\$ 12,495,477</u>
Business-type activities										
Net investment in capital assets.....	\$ 5,251,582	\$ 5,852,519	\$ 6,301,464	\$ 6,435,325	\$ 8,146,094	\$ 12,409,419	\$ 10,956,551	\$ 12,291,030	\$ 14,989,438	\$ 13,684,220
Unrestricted.....	<u>6,400,336</u>	<u>5,553,227</u>	<u>7,417,693</u>	<u>9,846,953</u>	<u>7,700,383</u>	<u>7,300,804</u>	<u>11,404,907</u>	<u>7,648,123</u>	<u>8,601,135</u>	<u>14,977,464</u>
Total business-type activities net position.....	<u>\$ 11,651,918</u>	<u>\$ 11,405,746</u>	<u>\$ 13,719,157</u>	<u>\$ 16,282,278</u>	<u>\$ 15,846,477</u>	<u>\$ 19,710,223</u>	<u>\$ 22,361,458</u>	<u>\$ 19,939,153</u>	<u>\$ 23,590,573</u>	<u>\$ 28,661,684</u>
Primary government										
Net investment in capital assets.....	\$ 111,859,257	\$ 119,539,001	\$ 119,753,815	\$ 118,010,395	\$ 115,478,389	\$ 121,576,648	\$ 117,076,534	\$ 140,124,289	\$ 146,599,323	\$ 140,990,941
Restricted.....	9,771,513	5,865,025	7,954,894	7,779,724	2,716,851	1,869,989	2,829,287	4,482,348	3,896,591	8,907,370
Unrestricted.....	<u>20,873,006</u>	<u>15,013,061</u>	<u>14,573,774</u>	<u>991,008</u>	<u>(4,078,687)</u>	<u>(19,730,934)</u>	<u>(13,653,577)</u>	<u>(105,508,916)</u>	<u>(112,205,957)</u>	<u>(108,741,150)</u>
Total primary government net position.....	<u>\$ 142,503,776</u>	<u>\$ 140,417,087</u>	<u>\$ 142,282,483</u>	<u>\$ 126,781,127</u>	<u>\$ 114,116,553</u>	<u>\$ 103,715,703</u>	<u>\$ 106,252,244</u>	<u>\$ 39,097,721</u>	<u>\$ 38,289,957</u>	<u>\$ 41,157,161</u>

(1) = Unrestricted net position has been revised to reflect the implementation of GASB Statements #68 and #71.

**Changes in Net Position
Last Ten Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses										
Governmental activities:										
General government.....	\$ 14,130,382	\$ 15,229,524	\$ 16,445,366	\$ 13,876,016	\$ 13,177,547	\$ 13,635,709	\$ 14,944,569	\$ 14,579,999	\$ 15,303,774	\$ 17,155,162
Public safety.....	23,963,165	18,123,530	27,690,307	30,177,585	33,635,750	34,551,022	32,719,876	35,329,334	37,684,056	39,421,440
Education.....	91,781,232	104,179,630	109,888,965	121,902,392	114,958,701	122,818,604	121,174,485	124,884,310	130,866,169	139,897,194
Public works.....	10,249,934	10,280,884	10,308,314	10,772,461	8,471,555	9,649,872	9,433,792	11,220,595	9,438,057	10,552,669
Human services.....	1,874,235	2,034,882	2,244,371	2,454,502	2,490,676	2,925,397	3,626,255	3,376,833	3,761,556	3,852,268
Culture and recreation.....	980,199	1,217,336	1,053,825	1,192,257	1,521,865	1,444,959	1,531,659	1,493,526	1,991,367	1,873,795
Strategic planning.....	-	-	-	25,548,137	20,256,530	3,642,265	819,746	207,799	-	-
Claims and judgements.....	-	-	-	-	1,750,000	-	-	-	-	-
Interest.....	1,550,283	2,020,777	1,967,472	2,220,225	1,964,510	1,949,914	1,873,105	2,310,793	2,220,766	2,051,332
Total government activities expenses.....	144,529,430	153,086,563	169,598,620	208,143,575	198,227,134	190,617,742	186,123,487	193,403,189	201,265,745	214,803,860
Business-type activities:										
Water & sewer.....	14,762,578	14,227,815	15,100,676	15,910,330	16,558,665	16,088,537	17,538,539	18,479,166	19,100,397	20,735,455
Total primary government expenses.....	\$ 159,292,008	\$ 167,314,378	\$ 184,699,296	\$ 224,053,905	\$ 214,785,799	\$ 206,706,279	\$ 203,662,026	\$ 211,882,355	\$ 220,366,142	\$ 235,539,315
Program Revenues										
Governmental activities:										
General government charges for services.....	\$ 1,457,045	\$ 2,844,202	\$ 2,379,823	\$ 2,008,916	\$ 3,004,120	\$ 2,366,884	\$ 2,772,807	\$ 3,999,341	\$ 2,881,437	\$ 3,065,829
Public safety charges for services.....	1,116,737	992,072	971,049	982,186	1,537,451	1,637,350	1,528,468	1,419,882	1,432,731	1,159,881
Education charges for services.....	3,477,326	1,662,912	1,400,251	1,364,209	2,252,117	1,249,635	1,383,320	1,448,378	1,430,759	1,450,368
Other charges for services.....	4,086,957	4,340,835	4,008,841	5,550,005	593,421	787,185	730,967	1,625,709	791,383	1,175,744
Public safety operating grants and contributions.....	412,178	1,402,730	796,857	804,148	1,194,480	1,029,732	1,576,676	1,378,063	390,740	1,169,421
Education operating grants and contributions.....	50,895,911	56,273,087	64,048,205	66,082,994	67,256,169	73,557,574	76,364,168	73,945,800	83,115,134	90,708,790
Other operating grants and contributions.....	3,431,288	4,419,990	6,190,045	2,368,839	630,228	2,460,573	2,773,342	2,773,342	2,840,719	3,064,602
Strategic planning operating grant and contributions.....	-	-	-	27,525,717	19,607,354	3,840,719	737,047	39,372	-	-
Education capital grant and contributions.....	22,181,902	6,762,026	8,383,233	-	532,031	527,105	7,026,329	18,134,937	3,886,257	4,129,870
Public works and other capital grant and contributions.....	542,392	284,858	229,466	245,549	1,421,613	593,221	976,855	279,964	779,467	2,211,124
Other capital grant and contributions.....	-	-	-	-	-	-	-	1,701,643	-	321,484
Total government activities program revenues.....	87,601,736	78,982,712	88,407,770	106,932,563	98,028,984	88,049,978	95,058,692	106,746,432	97,548,627	108,457,113
Business-type activities:										
Water & sewer charges for services.....	17,003,371	16,824,327	19,083,686	20,217,325	20,216,422	21,537,126	22,854,183	22,036,024	25,386,189	28,350,626
Water & sewer capital grant and contributions.....	-	-	-	610,487	-	1,765,159	505,729	475,630	192,329	487,713
Total business-type activities program revenues.....	17,003,371	16,824,327	19,083,686	20,827,812	20,216,422	23,302,285	23,359,912	22,511,654	25,578,518	28,838,339
Total primary government program revenues.....	\$ 104,605,107	\$ 95,807,039	\$ 107,491,456	\$ 127,760,375	\$ 118,245,406	\$ 111,352,263	\$ 118,418,604	\$ 129,258,086	\$ 123,127,145	\$ 137,295,452
Net (Expense)/Revenue										
Governmental activities.....	\$ (56,927,694)	\$ (74,103,851)	\$ (81,190,850)	\$ (101,211,012)	\$ (100,198,150)	\$ (102,567,764)	\$ (91,064,795)	\$ (86,656,757)	\$ (103,717,118)	\$ (106,346,747)
Business-type activities.....	2,240,793	2,596,512	3,983,010	4,917,482	3,657,757	7,213,748	5,821,373	4,032,488	6,478,121	8,102,884
Total primary government net expense.....	\$ (54,686,901)	\$ (71,507,339)	\$ (77,207,840)	\$ (96,293,530)	\$ (96,540,393)	\$ (95,354,016)	\$ (85,243,422)	\$ (82,624,269)	\$ (97,238,997)	\$ (98,243,863)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes and tax liens, net of tax refunds payable.....	\$ 57,518,974	\$ 59,675,342	\$ 62,260,654	\$ 64,124,854	\$ 68,118,412	\$ 68,949,533	\$ 69,151,736	\$ 72,670,958	\$ 76,733,123	\$ 78,964,460
Motor vehicle and other excise taxes.....	5,666,980	4,741,395	4,992,655	4,154,646	2,726,688	4,075,990	5,379,339	5,144,906	5,479,414	5,621,860
Hotel/motel tax and meals tax.....	-	-	-	1,607,745	1,902,531	1,967,019	2,131,853	2,326,545	2,354,584	2,356,928
Penalties and interest on taxes.....	572,379	597,696	681,735	517,927	558,307	386,637	435,661	484,909	771,965	754,037
Payments in lieu of taxes.....	-	-	-	-	179,452	203,909	275,527	219,835	236,873	132,506
Fines and forfeitures.....	1,154,008	1,217,147	1,196,664	1,063,952	-	-	-	-	-	-
Nonrestricted grants, contributions, and other.....	13,231,804	12,186,233	9,386,501	9,374,903	10,273,596	9,263,390	10,222,245	10,459,173	10,474,377	10,814,407
Unrestricted investment income.....	1,001,926	600,258	177,749	297,900	106,444	97,444	167,798	280,454	363,407	221,915
Miscellaneous.....	2,489,158	385,352	367,805	-	-	-	-	-	-	-
Transfers.....	1,458,947	2,859,911	1,679,072	2,529,382	2,873,947	3,359,246	3,185,942	3,051,265	2,844,191	3,061,587
Total governmental revenues.....	83,094,176	82,263,334	80,742,835	83,671,309	86,739,377	88,303,168	90,950,101	94,638,045	99,257,934	101,927,700
Extraordinary item - July 2014 Tornado Insurance Recovery.....	-	-	-	-	-	-	-	-	-	2,215,140
Total governmental activities.....	83,094,176	82,263,334	80,742,835	83,671,309	86,739,377	88,303,168	90,950,101	94,638,045	99,257,934	104,142,840
Business-type activities:										
Unrestricted investment income.....	96,940	17,227	9,473	10,247	10,389	9,244	15,804	12,240	17,490	29,814
Transfers.....	(1,458,947)	(2,859,911)	(1,679,072)	(2,529,382)	(2,873,947)	(3,359,246)	(3,185,942)	(3,051,265)	(2,844,191)	(3,061,587)
Total business type activities.....	(1,362,007)	(2,842,684)	(1,669,599)	(2,519,135)	(2,863,558)	(3,350,002)	(3,170,138)	(3,039,025)	(2,826,701)	(3,031,773)
Total primary government.....	\$ 81,732,169	\$ 79,420,650	\$ 79,073,236	\$ 81,152,174	\$ 83,875,819	\$ 84,953,166	\$ 87,779,963	\$ 91,599,020	\$ 96,431,233	\$ 101,111,067
Changes in Net Position										
Governmental activities.....	\$ 26,166,482	\$ 8,159,483	\$ (448,015)	\$ (17,539,703)	\$ (13,458,773)	\$ (14,264,596)	\$ (114,694)	\$ 7,981,288	\$ (4,459,184)	\$ (2,203,907)
Business-type activities.....	878,786	(246,172)	2,313,411	2,398,347	794,199	3,863,746	2,651,235	993,463	3,651,420	5,071,111
Total primary government.....	\$ 27,045,268	\$ 7,913,311	\$ 1,865,396	\$ (15,141,356)	\$ (12,664,574)	\$ (10,400,850)	\$ 2,536,541	\$ 8,974,751	\$ (807,764)	\$ 2,867,204

**Fund Balances, Governmental Funds
Last Ten Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund										
Reserved.....	\$ 8,649,262	\$ 9,538,603	\$ 12,508,304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	1,946,036	2,322,501	3,409,710	-	-	-	-	-	-	-
Nonspendable.....	-	-	-	2,800	-	-	-	-	-	-
Committed.....	-	-	-	1,244,428	-	-	-	-	-	-
Assigned.....	-	-	-	13,554,433	13,888,938	12,859,258	13,184,414	9,954,637	10,238,205	13,618,143
Unassigned.....	-	-	-	5,104,769	8,624,578	12,746,179	11,062,354	15,284,145	16,854,365	20,165,252
Total general fund.....	\$ 10,595,298	\$ 11,861,104	\$ 15,918,014	\$ 19,906,430	\$ 22,513,516	\$ 25,605,437	\$ 24,246,768	\$ 25,238,782	\$ 27,092,570	\$ 33,783,395
All Other Governmental Funds										
Reserved.....	\$ -	\$ -	\$ 850,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds.....	7,772,535	-	9,103,728	-	-	-	-	-	-	-
Capital projects funds.....	(22,785,406)	(766,370)	(3,964,271)	-	-	-	-	-	-	-
Debt service fund.....	1,998,978	2,182,947	1,491,793	-	-	-	-	-	-	-
Permanent funds.....	-	-	-	-	-	-	-	-	-	-
Restricted.....	-	-	-	11,741,935	9,414,907	7,804,071	8,024,826	10,711,778	12,095,952	17,873,843
Committed.....	-	-	-	93,674	-	-	-	-	-	-
Unassigned.....	-	-	-	(230,008)	(515,177)	(3,963,943)	(7,861,347)	(12,319,233)	(19,058,234)	(271,975)
Total all other governmental funds.....	\$ (13,013,893)	\$ 1,416,577	\$ 7,481,250	\$ 11,605,601	\$ 8,899,730	\$ 3,840,128	\$ 163,479	\$ (1,607,455)	\$ (6,962,282)	\$ 17,601,868

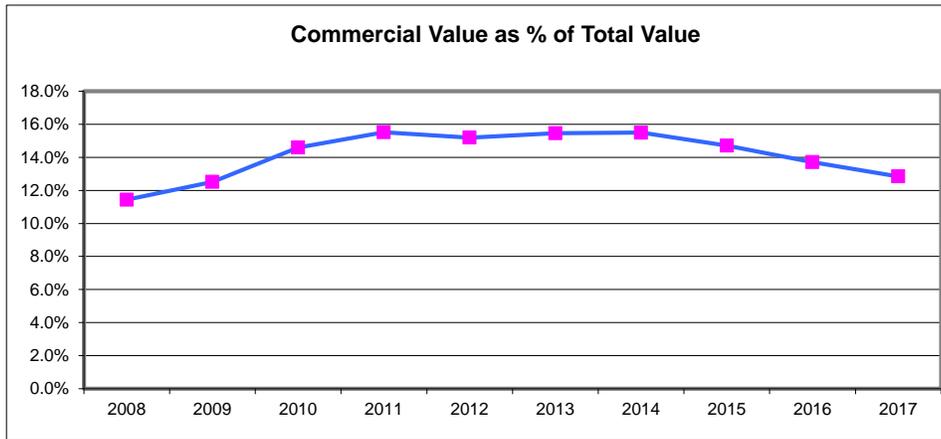
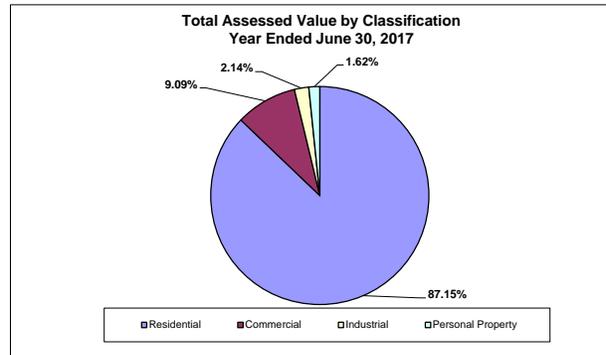
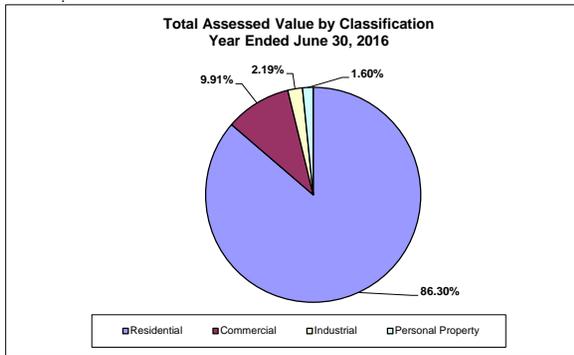
The City implemented GASB 54 in 2011, fund balances prior to 2011 have been reported in the pre-GASB 54 format.

**Changes in Fund Balances, Governmental Funds
Last Ten Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Real estate and personal property taxes and tax liens, net of tax refunds.....	\$ 56,651,709	\$ 59,647,753	\$ 62,800,086	\$ 63,899,454	\$ 63,011,680	\$ 66,929,836	\$ 67,479,252	\$ 69,834,888	\$ 74,122,267	\$ 78,369,948
Tax liens.....	-	-	-	-	2,803,933	1,939,232	1,271,875	2,223,312	2,672,391	1,833,246
Motor vehicle and other excise taxes.....	5,635,099	4,818,634	5,061,846	4,222,467	4,132,214	4,087,431	5,054,783	5,239,805	5,375,745	5,350,845
Hotel/motel and meals tax.....	-	-	-	1,607,745	1,902,531	1,967,019	2,131,853	2,326,545	2,354,584	2,356,928
Charges for service.....	5,567,090	5,291,334	4,552,069	4,268,111	2,894,974	3,136,253	2,549,423	2,219,396	2,224,461	2,398,812
Penalties and interest on taxes.....	572,379	597,696	681,735	-	558,307	386,637	435,661	465,719	597,950	641,505
Payments in lieu of taxes.....	-	-	-	-	179,452	203,909	275,527	219,835	236,873	132,506
Licenses and permits.....	857,647	745,577	695,953	-	914,911	985,547	1,395,268	1,870,200	1,382,497	1,215,769
Fines and forfeitures.....	1,154,008	1,217,147	1,196,664	1,063,952	1,034,896	985,001	1,006,469	977,642	1,285,992	1,445,890
Intergovernmental.....	90,695,475	81,328,924	89,034,307	106,402,150	100,220,957	90,340,499	97,627,870	108,087,862	99,090,780	110,033,192
Departmental and other.....	-	-	-	2,177,104	1,911,896	1,885,881	2,057,927	4,127,661	3,313,010	3,304,698
Contributions.....	-	-	-	-	156,683	150,817	168,892	652,503	772,300	877,091
Investment income.....	952,823	584,013	167,546	281,228	92,033	85,971	162,303	276,605	358,585	212,749
Miscellaneous.....	2,489,158	385,353	367,805	-	-	-	-	-	-	-
Total Revenue.....	164,575,388	154,616,431	164,558,011	183,922,211	179,814,467	173,084,033	181,617,103	198,521,973	193,787,435	208,173,179
Expenditures:										
General government.....	10,350,567	10,355,391	9,911,012	7,085,363	7,009,979	7,571,267	12,275,676	16,220,100	9,329,032	9,909,010
Public safety.....	26,529,669	19,029,101	15,599,101	16,677,931	17,964,253	18,149,554	19,580,090	21,644,540	20,942,915	20,695,289
Education.....	91,889,029	86,382,664	100,391,285	91,587,890	76,915,303	86,917,962	92,718,510	112,392,306	97,577,853	93,188,804
Public works.....	8,650,438	9,442,425	7,703,788	8,948,893	7,382,800	7,959,755	8,172,106	11,349,167	10,220,840	10,333,508
Human services.....	1,446,409	1,570,829	1,772,607	1,966,600	1,904,361	2,289,397	2,609,241	2,542,583	2,600,677	2,641,581
Culture and recreation.....	663,391	818,125	641,768	799,328	969,802	950,502	1,067,679	1,270,050	3,698,315	2,009,376
Strategic planning.....	-	-	-	25,548,137	20,256,530	3,642,265	819,746	207,799	-	-
Pension benefits.....	-	-	-	8,861,168	22,451,967	23,330,361	23,672,992	18,632,888	23,227,185	28,600,269
Employee benefits.....	21,317,941	22,545,085	22,567,589	16,300,467	15,931,499	15,826,404	17,903,409	18,446,949	19,141,043	19,239,707
State and county charges.....	6,706,619	7,165,980	8,086,965	8,201,209	7,500,902	7,341,494	7,448,290	8,034,077	8,368,133	9,346,992
Debt service:										
Principal.....	1,977,950	1,411,428	1,905,199	1,867,600	2,454,643	2,460,143	2,376,643	2,421,893	2,713,343	2,784,683
Interest.....	639,247	554,972	1,727,992	2,008,366	2,045,160	1,971,856	1,898,110	2,022,540	2,313,329	2,042,251
Total Expenditures.....	170,171,260	159,276,000	170,307,306	189,852,952	182,787,199	178,410,960	190,542,492	215,184,892	200,132,665	200,791,470
Excess of revenues over (under) expenditures.....	<u>(5,595,872)</u>	<u>(4,659,569)</u>	<u>(5,749,295)</u>	<u>(5,930,741)</u>	<u>(2,972,732)</u>	<u>(5,326,927)</u>	<u>(8,925,389)</u>	<u>(16,662,919)</u>	<u>(6,345,230)</u>	<u>7,381,709</u>
Other Financing Sources (Uses)										
Issuance of long-term debt.....	10,000	26,381,000	6,628,350	12,049,000	-	-	-	9,666,000	-	17,678,000
Issuance of refunding bonds.....	-	-	-	-	-	-	-	3,756,200	19,250,000	-
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	-	420,862	1,730,537	-
Premium from issuance of bonds.....	-	-	-	-	-	-	-	739,221	-	918,539
Payments to escrow agent.....	-	-	-	-	-	-	-	(4,111,767)	(20,980,537)	-
Insurance recovery.....	-	-	-	-	-	-	-	750,000	-	-
Capital lease financing.....	-	-	-	-	-	-	704,130	-	-	-
Transfers in.....	6,354,385	4,577,215	6,496,045	5,667,139	5,142,602	5,522,992	6,096,164	6,353,549	5,478,955	6,685,958
Transfers out.....	(4,895,438)	(1,717,304)	(4,816,973)	(3,137,757)	(2,268,655)	(2,163,746)	(2,910,222)	(1,690,066)	(2,634,764)	(3,624,371)
Total other financing sources (uses).....	1,468,947	29,240,911	8,307,422	14,578,382	2,873,947	3,359,246	3,890,072	15,883,999	2,844,191	21,658,126
Extraordinary item - July 2014 Tornado Insurance Recovery....	-	-	-	-	-	-	-	-	-	2,215,140
Net change in fund balance.....	\$ (4,126,925)	\$ 24,581,342	\$ 2,558,127	\$ 8,647,641	\$ (98,785)	\$ (1,967,681)	\$ (5,035,317)	\$ (778,920)	\$ (3,501,039)	\$ 31,254,975
Debt service as a percentage of noncapital expenditures.....	1.89%	1.34%	2.38%	2.10%	2.51%	2.57%	2.41%	2.47%	2.68%	2.47%

**Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates
Last Ten Years**

Year	Assessed and Actual Values and Tax Rates										
	Residential Value	Residential Tax Rate	Residential % of Total Value	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Commercial % of Total Value	Total Direct Rate (2)	Total City Value
2008	\$4,516,677,308	\$10.13	88.57%	\$446,544,292	\$88,298,500	\$48,051,760	\$582,894,552	\$19.63	11.43%	\$11.22	\$5,099,571,860
2009	\$4,153,116,437	\$11.23	87.49%	\$451,416,463	\$87,148,300	\$55,157,055	\$593,721,818	\$22.01	12.51%	\$12.58	\$4,746,838,255
2010	(1) \$3,447,300,073	\$13.37	85.41%	\$441,902,327	\$84,948,600	\$61,925,629	\$588,776,556	\$26.84	14.59%	\$15.33	\$4,036,076,629
2011	\$3,221,193,935	\$14.44	84.49%	\$440,181,065	\$85,194,800	\$65,949,860	\$591,325,725	\$29.30	15.51%	\$16.74	\$3,812,519,660
2012	\$3,206,665,958	\$15.07	84.81%	\$420,326,392	\$85,911,296	\$68,221,210	\$574,458,898	\$30.47	15.19%	\$17.41	\$3,781,124,856
2013	(1) \$3,187,488,035	\$15.56	84.55%	\$423,237,215	\$88,076,056	\$71,004,225	\$582,317,496	\$31.56	15.45%	\$18.03	\$3,769,805,531
2014	\$3,293,965,320	\$15.55	84.52%	\$441,870,015	\$88,655,856	\$72,976,627	\$603,502,498	\$31.55	15.48%	\$18.03	\$3,897,467,818
2015	\$3,637,807,938	\$14.80	85.29%	\$454,982,080	\$101,070,527	\$71,145,536	\$627,198,143	\$29.74	14.71%	\$17.00	\$4,265,006,081
2016	(1) \$3,974,968,803	\$14.45	86.30%	\$456,465,306	\$100,983,327	\$73,616,395	\$631,065,028	\$28.70	13.70%	\$16.40	\$4,606,033,831
2017	\$4,391,660,331	\$13.99	87.15%	\$457,918,990	\$107,790,363	\$81,625,159	\$647,334,512	\$27.53	12.85%	\$15.73	\$5,038,994,843



(1) Revaluation year.
 (2) Weighted average direct tax rate, calculated as weighted average of residential, commercial and personal property tax rates.
 Source: Assessor's Department, City of Revere
 All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the City. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

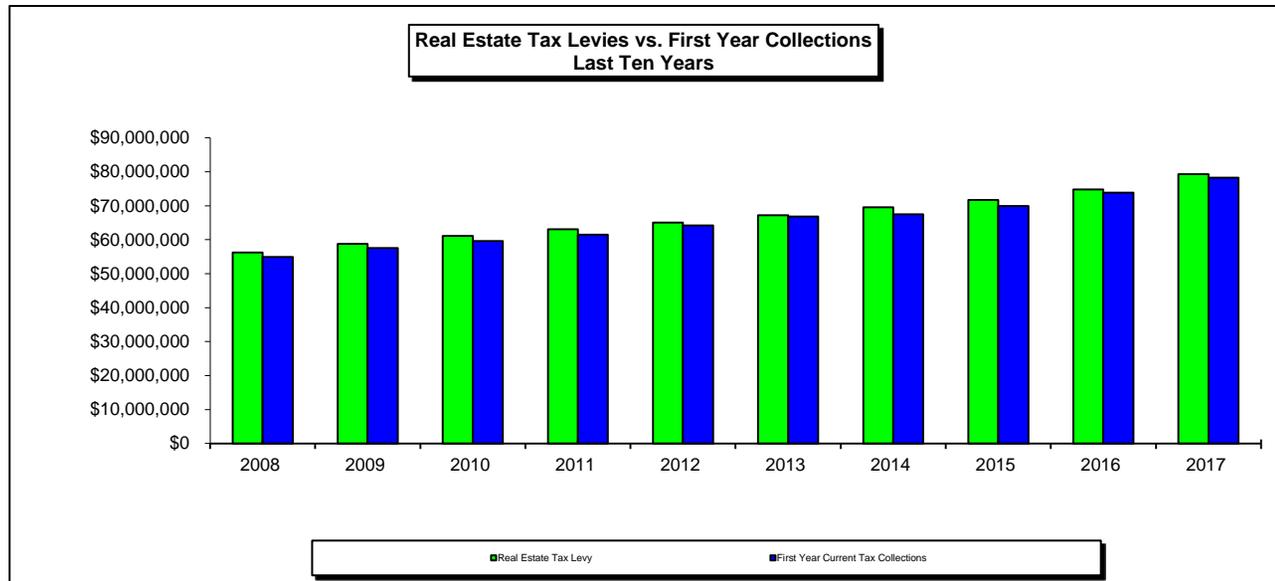
**Principal Taxpayers
Current Year and Eight Years Ago**

Name	Nature of Business	2017			2009 (1)		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Alterra II L.L.C	Apartments	\$ 74,484,000	1	1.48%	\$ -	-	-
Alterra ILLC& Mack-Cali TCL	Apartments	60,973,500	2	1.21%	-	-	-
Rumney Flats Apartments LLC	Apartments	37,192,200	3	0.74%	-	-	-
NECCO Realty MA LLC	Manufacturing	35,648,263	4	0.71%	26,889,000	4	0.57%
Vanguard Revere Apartments	Apartments	35,597,400	5	0.71%	-	-	-
TA Revere LLC	Apartments	31,402,300	6	0.62%	-	-	-
Waters Edge Limited Partnership	Apartments	29,789,100	7	0.59%	28,915,600	3	0.61%
HRCA Housing for Elderly, Inc.	Apartments	22,171,500	8	0.44%	-	-	-
Ceder-Revere LLC	Retail	18,155,000	9	0.36%	-	-	-
Northgate Apartments LLC	Apartments	17,929,900	10	0.36%	-	-	-
Overlook Ridge LLC	Retail	-	-	-	78,295,600	1	1.65%
Rowe Contracting Co.	Manufacturing	-	-	-	66,924,900	2	1.41%
Bendetson Richard	Apartments	-	-	-	21,105,900	5	0.44%
Wonderland Marketplace LTD Partnership II	Retail	-	-	-	18,066,100	7	0.38%
Squire Realty Inc.	Cinema	-	-	-	18,251,600	6	0.38%
Wonderland Greyhound Park LLC	Dog Racing	-	-	-	17,193,400	8	0.36%
Lantern Road LLC	Apartments	-	-	-	16,892,300	9	0.36%
Rumney Marsh Road LLC (BJs)	Retail	-	-	-	16,563,700	10	0.35%
	Totals	<u>\$ 363,343,163</u>		<u>7.21%</u>	<u>\$ 309,098,100</u>		<u>6.51%</u>

(1) Information for 2008 not available.
Source: Debt Offering Statements

**Property Tax Levies and Collections
Last Ten Years**

Year	Total Tax Levy	Less Estimated Abatements & Exemptions	Net Tax Levy	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2008	\$57,196,161	\$965,858	\$56,230,303	\$54,908,602	97.6%	\$1,041,332	\$55,949,934	99.50%
2009	\$59,707,315	\$934,756	\$58,772,559	\$57,577,844	98.0%	\$958,564	\$58,536,408	99.60%
2010 (1)	\$61,893,165	\$800,139	\$61,093,026	\$59,586,235	97.5%	\$945,381	\$60,531,616	99.08%
2011	\$63,839,884	\$803,512	\$63,036,372	\$61,501,551	97.6%	\$891,474	\$62,393,025	98.98%
2012	\$65,828,219	\$785,043	\$65,043,176	\$64,200,678	98.7%	\$468,555	\$64,669,233	99.43%
2013 (1)	\$67,975,254	\$788,393	\$67,186,861	\$66,871,892	99.5%	\$231,684	\$67,103,576	99.88%
2014	\$70,261,665	\$760,064	\$69,501,601	\$67,484,782	97.1%	\$929,124	\$68,413,906	98.44%
2015	\$72,492,427	\$802,232	\$71,690,195	\$69,921,634	97.5%	\$739,506	\$70,661,140	98.56%
2016 (1)	\$75,549,866	\$720,083	\$74,829,783	\$73,814,346	98.6%	\$987,703	\$74,802,049	99.96%
2017	\$80,055,269	\$794,822	\$79,260,447	\$78,230,115	98.7%	\$0	\$78,230,115	98.70%



Source: Massachusetts Department of Revenue Municipal Databank, Debt Offering Statements, City Ledgers

(1) Revaluation year.

**Ratios of Outstanding Debt and General Bonded Debt
Last Ten Years**

Year	Governmental Activities						Total General Bonded Debt			
	Population Estimates (1)	Personal Income (2)	Assessed Value (3)	General Obligation Bonds - Total (4)	Less: Resources Restricted for Debt Principal (5)	Total Net General Bonded Debt (4) - (5) + (6)	Capital Leases (6)	Per Capita (4 + 6) / 1	Percentage of Personal Income (4 + 6) / 2	Percentage of Assessed Value (4 + 6) / 3
2008	55,341	\$963,320,787	\$5,099,571,860	\$13,987,422	\$1,998,978	\$11,988,444	\$0	\$253	1.45%	0.27%
2009	60,204	\$1,066,513,860	\$4,746,838,255	\$38,956,994	\$2,171,947	\$36,785,047	\$0	\$647	3.65%	0.82%
2010	51,693	\$818,300,190	\$4,036,076,629	\$43,042,644	\$1,480,793	\$42,255,579	\$693,728	\$846	5.34%	1.08%
2011	51,858	\$798,250,194	\$3,812,519,660	\$52,238,940	\$161,105	\$52,678,620	\$600,785	\$1,019	6.62%	1.39%
2012	52,562	\$960,412,864	\$3,781,124,856	\$49,784,297	\$165,219	\$50,073,134	\$454,056	\$956	5.23%	1.33%
2013	53,179	\$936,375,832	\$3,769,805,531	\$47,324,154	\$8,013	\$47,682,475	\$366,334	\$897	5.09%	1.27%
2014	53,756	\$1,358,145,340	\$3,897,467,818	\$44,947,511	\$81,186	\$45,606,656	\$740,331	\$850	3.36%	1.17%
2015	54,157	\$1,413,064,444	\$4,265,006,081	\$53,272,901	\$276,506	\$53,407,251	\$410,856	\$991	3.80%	1.26%
2016	53,422	\$1,403,342,518	\$4,606,033,831	\$52,898,896	\$426,483	\$52,544,637	\$72,224	\$992	3.77%	1.15%
2017	53,157	\$1,423,810,245	\$5,038,994,843	\$68,445,034	\$1,175,865	\$67,269,169	\$0	\$1,288	4.81%	1.36%

Year	Total Net General Bonded Debt			Business-Type Activities			Total Primary Government			Total Primary Government			
	Per Capita (4 - 5 + 6) / 1	Percentage of Personal Income (4 - 5 + 6) / 2	Percentage of Assessed Value (4 - 5 + 6) / 3	General Obligation Bonds (7)	Total Debt Outstanding (4 + 6 + 7)	Per Capita (4 + 6 + 7) / 1	Percentage of Personal Income (4 + 6 + 7) / 2	Percentage of Assessed Value (4 + 6 + 7) / 3	Total Net General Bonded Debt Total Net Debt Outstanding (4 - 5 + 6 + 7)	Per Capita (4 - 5 + 6 + 7) / 1	Percentage of Personal Income (4 - 5 + 6 + 7) / 2	Percentage of Assessed Value (4 - 5 + 6 + 7) / 3	
2008	\$217	1.24%	0.24%	\$3,112,098	\$17,099,520	\$309	1.78%	0.34%	\$15,100,542	\$469	2.70%	0.51%	
2009	\$611	3.45%	0.77%	\$2,505,066	\$41,462,060	\$689	3.89%	0.87%	\$39,290,113	\$1,258	7.10%	1.60%	
2010	\$831	5.25%	1.06%	\$2,391,630	\$46,128,002	\$892	5.64%	1.14%	\$44,647,209	\$1,677	10.59%	2.15%	
2011	\$1,027	6.67%	1.40%	\$8,686,353	\$61,526,078	\$1,186	7.71%	1.61%	\$61,364,973	\$2,046	13.29%	2.78%	
2012	\$961	5.26%	1.34%	\$9,118,639	\$59,356,992	\$1,129	6.18%	1.57%	\$59,191,773	\$1,917	10.49%	2.66%	
2013	\$904	5.13%	1.27%	\$16,115,065	\$63,805,553	\$1,200	6.81%	1.69%	\$63,797,540	\$1,800	10.22%	2.54%	
2014	\$862	3.41%	1.19%	\$15,004,168	\$60,692,010	\$1,129	4.47%	1.56%	\$60,610,824	\$1,712	6.78%	2.36%	
2015	\$994	3.81%	1.26%	\$24,735,738	\$78,419,495	\$1,448	5.55%	1.84%	\$78,142,989	\$1,985	7.61%	2.52%	
2016	\$985	3.75%	1.14%	\$32,901,035	\$85,872,155	\$1,607	6.12%	1.86%	\$85,445,672	\$1,976	7.52%	2.29%	
2017	\$1,265	4.72%	1.33%	\$67,083,287	\$135,528,321	\$2,550	9.52%	2.69%	\$134,352,456	\$2,553	9.53%	2.69%	

(1) Massachusetts Department of Revenue Municipal Databank
(2) 2008 - 2010: City of Revere Statement of Indebtedness
(2) 2011 - 2016: City of Revere Audited Financial Statements
(3) City Finance Records.

Direct and Overlapping Governmental Activities Debt

As of June 30, 2017

<u>City of Revere, Massachusetts</u>	<u>Debt Outstanding</u>	<u>(1) Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Massachusetts Bay Transportation Authority.....	\$ 5,563,850,000	2.13%	\$ <u>118,343,090</u>
Subtotal, overlapping debt.....			118,343,090
Total direct debt.....			<u>68,445,034</u>
Total direct and overlapping debt.....			<u>\$ 186,788,124</u>

Source: Audited Financial Statements, Debt Offering Statements

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the taxpayers of City. This procedure recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

- (1) Under the MBTA's enabling legislation, debt service is to be financed by a dedicated revenue stream of a dedicated portion of statewide sales tax and assessments to member municipalities. The amount assessed is based on the weighted percentage of the total population of the authority as provided in the enabling legislation. The amount assessed is not permitted to increase more than 2.5% per year.

**Computation of Legal Debt Margin
Last Ten Years**

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Equalized Valuation.....	<u>\$ 5,049,492,600</u>	<u>\$ 5,571,573,100</u>	<u>\$ 5,571,573,100</u>	<u>\$ 4,308,496,500</u>	<u>\$ 4,308,496,500</u>	<u>\$ 4,012,985,500</u>	<u>\$ 4,012,985,500</u>	<u>\$ 4,135,457,600</u>	<u>\$ 4,135,457,600</u>	<u>\$ 4,891,574,500</u>
Debt Limit -5% of Equalized Valuation.....	\$ 252,474,630	\$ 278,578,655	\$ 278,578,655	\$ 215,424,825	\$ 215,424,825	\$ 200,649,275	\$ 200,649,275	\$ 206,772,880	\$ 206,772,880	\$ 244,578,725
Less:										
Outstanding debt applicable to limit.....	13,987,422	38,956,994	43,042,644	52,238,940	49,784,297	47,324,154	44,947,511	52,112,818	50,898,896	68,445,034
Authorized and unissued debt.....	<u>87,900,271</u>	<u>112,284,887</u>	<u>95,355,704</u>	<u>114,079,404</u>	<u>91,667,845</u>	<u>66,493,569</u>	<u>58,764,914</u>	<u>53,560,108</u>	<u>37,054,561</u>	<u>23,743,922</u>
Legal debt margin.....	<u>\$ 150,586,937</u>	<u>\$ 127,336,774</u>	<u>\$ 140,180,307</u>	<u>\$ 49,106,481</u>	<u>\$ 73,972,683</u>	<u>\$ 86,831,552</u>	<u>\$ 96,936,850</u>	<u>\$ 101,099,954</u>	<u>\$ 118,819,423</u>	<u>\$ 152,389,769</u>
Total debt applicable to the limit as a percentage of debt limit.....	40.36%	54.29%	49.68%	77.20%	65.66%	56.72%	51.69%	51.11%	42.54%	37.69%

Source: Massachusetts Department of Revenue - Equalized valuations are established as of January 1 of even-numbered years for the next two years.

**Demographic and Economic Statistics
Last Ten Years**

Year	Population Estimates (1)	Personal Income	Per Capita Personal Income (2)	School Enrollment (2)	Unemployment Rate (1)
2008	55,341	\$ 963,320,787	\$ 17,407	5,942	7.60%
2009	60,204	\$ 1,066,513,860	\$ 17,715	6,083	8.60%
2010	51,693	\$ 818,300,190	\$ 15,830	6,145	8.10%
2011	51,858	\$ 798,250,194	\$ 15,393	6,233	8.90%
2012	52,562	\$ 960,412,864	\$ 18,272	6,517	7.40%
2013	53,179	\$ 936,375,832	\$ 17,608	6,648	7.30%
2014	53,756	\$ 1,358,145,340	\$ 25,265	6,836	6.40%
2015	54,157	\$ 1,413,064,444	\$ 26,092	7,025	5.20%
2016	53,422	\$ 1,403,342,518	\$ 26,269	7,051	3.80%
2017	53,157	\$ 1,423,810,245	\$ 26,785	7,452	4.10%

Source: (1) Massachusetts Department of Revenue Municipal Databank.
(2) Massachusetts Department of Revenue Municipal Databank and Debt Offering Statements and United States Census Bureau.

**Principal Employers (excluding the City)
Current Year and Eight Years Ago**

Employer	Nature of Business	2017			2009		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
New England Confectionary Co.	Manufacturing	694	1	7.90%	694	1	7.98%
Market Basket	Retail - Grocery	400	2	4.56%	-	-	-
Stop & Shop	Retail - Grocery	374	3	4.26%	388	2	-
Target	Retail - Department Store	233	4	2.65%	-	-	-
Lighthouse Nursing Home	Medical	182	5	2.07%	182	4	2.09%
Mass General Hospital	Medical	150	6	1.71%	150	5	1.72%
Showcase Cinema	Entertainment	150	7	1.71%	150	5	1.72%
Annemark Nursing Home	Medical	140	8	1.59%	140	6	1.61%
Wonderland Dog Track	Entertainment	-	-	-	300	3	3.45%
Shaw's	Retail - Grocery	-	-	-	140	6	1.61%
Foodmaster	Retail - Grocery	-	-	-	110	7	1.26%
		<u>2323</u>		<u>26.46%</u>	<u>2254</u>		<u>21.45%</u>

Information for 2008 was unavailable.

Information on the 8th through 10th largest employer for 2007 was unavailable. Information on the 9th through 10th largest employers for 2017 was unavailable.

Source: Debt Offering Statements, Massachusetts Workplace Development Agency.

**Full-time Equivalent City Employees by Function
Last Ten Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Function</u>										
General government.....	77	77	74	75	76	80	79	73	76	69
Public safety.....	185	186	184	184	184	191	219	212	232	243
Public education.....	722	699	701	703	706	708	778	784	823	833
Public works.....	27	28	28	28	29	32	27	29	27	32
Human services.....	14	14	14	14	15	16	9	9	9	10
Culture and recreation.....	5	5	5	5	5	6	14	17	16	12
Water & Sewer.....	9	9	9	9	10	11	12	10	15	15
Total.....	<u>1,039</u>	<u>1,018</u>	<u>1,015</u>	<u>1,018</u>	<u>1,025</u>	<u>1,044</u>	<u>1,138</u>	<u>1,134</u>	<u>1,198</u>	<u>1,214</u>

Source: Various City Departments

**Capital Asset Statistics by Function/Program
Last Ten Years**

<u>Function/Program</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
General Government										
Number of buildings.....	2	2	2	2	2	2	2	2	2	2
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	5	5	5	5	5	5	5	5	5	5
Education										
Number of elementary schools.....	7	7	7	7	7	7	7	7	7	7
Number of middle schools.....	2	2	2	2	2	2	2	2	2	2
Number of high schools.....	2	2	2	2	2	2	2	2	2	2
Public Works										
Streets to maintain (miles).....	86	86	86	86	86	86	86	86	86	86
Culture and recreation										
Buildings.....	1	1	1	1	1	1	1	1	1	1
Miles of public beach front.....	3	3	3	3	3	3	3	3	3	3
Public beaches.....	1	1	1	1	1	1	1	1	1	1
Tennis courts.....	8	8	8	8	8	8	8	8	8	8

Source: Various City Departments

Free Cash and Stabilization Fund Balances

Last Ten Years

<u>Year</u>	<u>Free Cash</u>	<u>General Stabilization Fund</u>	<u>Capital Stabilization Fund</u>
2017.....	\$ not available	\$ 6,445,276	\$ 1,000,000
2016.....	\$ 4,412,074	\$ 5,766,592	\$ -
2015.....	\$ -	\$ 5,838,592	\$ -
2014.....	\$ 6,088,407	\$ 2,924,810	\$ -
2013.....	\$ 3,292,270	\$ 5,514,885	\$ -
2012.....	\$ 2,851,427	\$ 2,663,458	\$ -
2011.....	\$ 1,419,030	\$ 1,244,428	\$ -
2010.....	\$ 145,848	\$ 2,232,467	\$ -
2009.....	\$ 957,932	\$ 2,157,134	\$ -
2008.....	\$ 1,356,076	\$ 1,480,847	\$ -

Source: Massachusetts Department of Revenue / Audited Financial Statements