

CITY OF REVERE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE YEAR ENDED JUNE 30, 2019



CITY OF REVERE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



**For the year ended
June 30, 2019**

Prepared By:

Office of the Director of Finance

CITY OF REVERE, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2019

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Introductory Section



City of Revere, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2019

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 23, 2019

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, 2019 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, 2019, 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, 2019, 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 2019 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 2019, 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, 2018, the latest measurement date, 58.08% of the present value of the projected benefits earned by employees has been funded by the System. The remaining unfunded amount is being systematically funded over 16 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 was prepared in accordance with GASB Statement #75. The valuation projects a total OPEB liability of approximately \$287.6 million. In 2019 the City voted to formally establish an other-postemployment benefit trust fund. At the end of 2019 the Trust had an ending balance of \$504,144. The net amount has been recorded as a liability on the Statement of Net Position.

Economic Development and Expansion

Recognizing that the City of Revere needs commercial development to ensure a solid tax base, the City has taken an aggressive approach in recent years to expand and diversify the commercial tax base. These efforts have yielded significant success and many future prospects for further economic growth. In virtually every corner of the City, economic development is moving forward. The City of Revere has experienced a building boom in recent years. With developers looking to capitalize on the expansion of Boston's affordable housing crisis, the City of Revere has become a very desirable location with its ideal access to Boston via its 3 MBTA stations and bus lines and 3 mile crescent beach as well as its close proximity to Logan Airport and major highways.

One of the largest mixed-use master developments in the Commonwealth has been approved by the Revere City Council in 2018 at the 160 acre Suffolk Downs Race Track, 52 acres of which are located in Revere. The City of Revere has recently approved a master planned unit development by the HYM Investment Group, LLC for the construction of 5.8 million gross square feet of mixed use development on the 52 acre Revere portion of the Suffolk Downs site. This master planned development will be constructed in 4 phases beginning at Beachmont Square adjacent to the Beachmont T Station. The total mixed-use project will consist of 2.9 million gross square feet of commercial uses including an Innovation Center, hotels, office buildings, restaurants, and retail and 2.9 million gross square feet of residential uses. Construction of the first phase is slated to start in 2020.

Also on the horizon is the development of the vacant 34 acre former Wonderland Greyhound Racetrack. This site represents a key opportunity for further economic development in the City of Revere given its prime location on Route 1A and ideal access to the adjacent Wonderland T Station and Commuter Rail. The City is currently undertaking a master plan and rezoning of this site to pursue development options.

In the City's center, the New England Confectionary Company (NECCO), the internationally famous candy manufacturer, recently sold its 800,000 gsf building to a real estate investment firm who has signed a long term lease with Amazon for the operation of a major Amazon distribution center.

Many development projects are in the planning, design and construction phase along Revere Beach. After lengthy negotiations, the City has completed an agreement with the Commonwealth's Department of Conservation and Recreation and the MBTA for the development of almost 9 acres of surface parking lots east of the Wonderland Train Station. The Governor's Office of Commonwealth Development has identified this site as one of its priority Transit Oriented Development locations and has worked closely with the City in the development of a Request for Proposals for dense mixed-use development on the site. The City of Revere has designated Eurovest

Development as the master developer of the site known as Waterfront Square. Development on this site has been ongoing for the last several years. More recently completed developments include 650 Ocean Avenue consisting of 230 luxury rental units along with the Vanguard Development at 660 Ocean Avenue consisting of 194 luxury rental units. These developments have provided substantial growth for the City and sparked a development explosion along the Revere Beach waterfront area. In addition to these two residential development projects, two other projects have begun construction in the Waterfront Square Transit Oriented Development site. They include the construction of a 305 unit residential mixed –use development at 500 Ocean Avenue including 3,000 s.f of commercial space being developed by Gate Residential with a projected completion in 2020. Right next door at 400 Ocean Avenue is the development of a 172 room Marriott Hotel with a 3,000 s.f. restaurant by the Lixi Hotel Group which is also projected for completion in 2020. Both of these projects are being built adjacent to the pedestrian plaza and bridge that connects the Wonderland T Station to the waterfront. The final two parcels in the Waterfront Square development area are being developed as 213 unit mixed use residential development at 646 Ocean Ave. a 230 mixed use residential development at 656 Ocean Ave. Construction of these parcels are projected in 2020 with occupancy expected in 2021.

Both the southern and northern ends of Revere Beach are experiencing aggressive development growth as well including the completion of a 234 unit luxury apartment project at 540 Revere Beach Boulevard called the “Beach House” by Baystone Development. Adjacent to the “Beach House” development is an approximate 3 acre vacant site at 580 Revere Beach Boulevard that is primed for a 300 unit residential development project that is currently in the planning stage.

On the southerly end of Revere Beach there are a number of commercial and residential mixed-use projects in various stages of design, permitting and construction including a 172 room Sunrise/Great Western hotel at 58 Revere Beach Boulevard which is in the design and permitting stage with construction expected in 2020. Projects in the construction stage include a 75 unit residential project at 90 Ocean Avenue which is slated for occupancy in 2020. Adjacent to this site at 60 Ocean Avenue and 21 Revere Beach Boulevard is a 200 residential mixed-use project with first floor commercial space currently in the construction stage by Gate Residential with a projected occupancy in 2020. Other proposed developments along the waterfront on Revere Beach Boulevard include a 145 unit mixed-use development at 320 Revere Beach Boulevard which is also under construction with projected occupancy in 2020.

In addition to the aforementioned developments, there are a number of additional projects that are currently in the construction phase and/or completed including: Construction is completed for 195 residential units at 205 Revere Beach Parkway by Gate Residential and a 162 room Staybridge Suites/Holiday Inn by XSS Hotels is presently under construction right next door at 245 Revere Beach Parkway with a projected completion in 2020; Completion of a 35 unit mixed use residential development at 43 Nahant Ave. is occupied ; Completion of a new 15,000 gsf East Boston Neighborhood Health Center located at 10 Garofalo Way is occupied; Construction of a 100 room LaQuinta hotel at 125 Squire Road is slated for construction in 2020; Construction of a 110 room Avid hotel is currently underway at 405 American Legion Highway with a projected completion date in 2020. Construction of a fast food/take out/drive thru restaurant and car wash is currently underway at 1141 Revere Beach Parkway with a projected completion in 2019; Construction of a 6 unit mixed use residential building has been completed in 2018 at 7-9 Dehon St.; Construction of a 31 unit condominium at 450 American Legion Highway which is slated for completion in 2020; Construction of 22 unit mixed use residential development at 14 Yeaman Street is currently underway with occupancy expected in 2020.

There are a number of projects that are in the construction stage in addition to the ones previously mentioned along the beachfront. These projects include: Construction of a self-service warehouse storage facility at 320 Charger Street has been completed in 2019; Construction of a 52 unit residential development at 571 Revere Street which is slated for occupancy in 2021; Construction of a 13 unit residential development at 1064 North Shore Road completed in 2019; Construction of 34 condominium units at 439 Revere Beach Boulevard; and construction of a medical marijuana facility at 40 Railroad Avenue.

Projects that have been recently completed include: Construction of 37 additional hotel rooms at the Hampton Inn at 230 Lee Burbank Highway; Construction of 22 condominiums at 770 Washington Avenue; Construction of a mixed use residential development comprised of 8 residential units at 17-19 Dehon Street; Construction of a 231 unit residential development on Ward Street.

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.

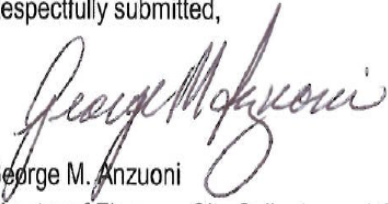
Awards and Acknowledgements

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, 2018. This was the sixth time that the City submitted a CAFR to the GFOA. The City was awarded this Certificate in all six 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,

A handwritten signature in cursive script, appearing to read "George M. Anzuoni". The signature is written in black ink and is positioned above the printed name and title.

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

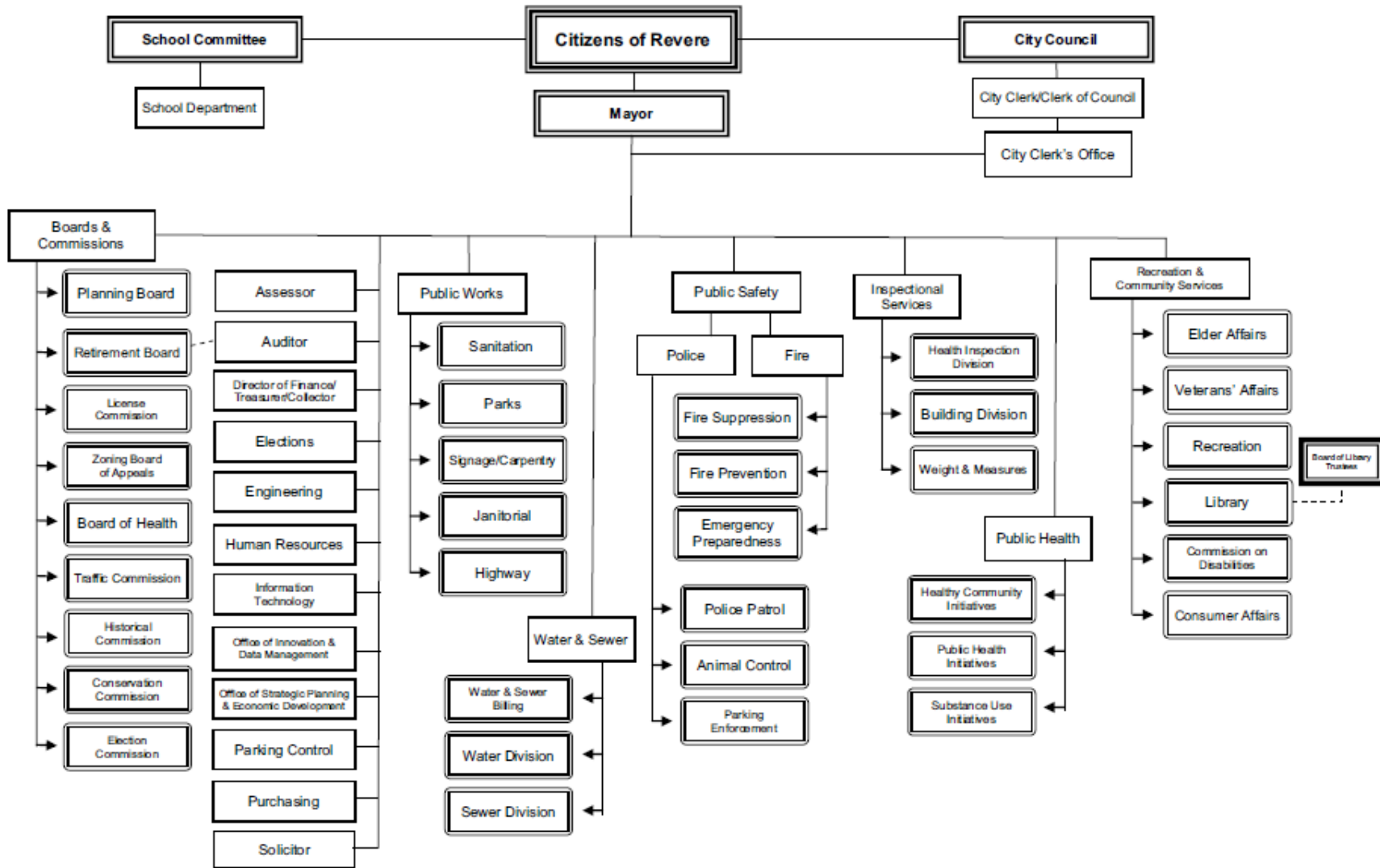
**City of Revere
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



Regional entities include the Regional Emergency Communication Center (RECC) and Northeast Metropolitan Regional Vocational High School.

Principal City Officials

Elected Officials

Mayor

Brian Arrigo

City Council

City Councilors-at-Large

Jessica Ann Giannino

Steven Morabito

Daniel Rizzo

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

Stacey A. Rizzo

Frederick A. Sannella

Carol A. Tye

Gerry Visconti

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

Richard Viscay

Assessor – Chairman of the Board

Dana Brangiforte

Assessor – Member of the Board

John Verrengia

Assessor – Member of the Board

Mathew 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

Paul Argenzio

City Solicitor

Paul Capizzi, Esq.

Clerk of City Council

Ashley E. Melnik

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Financial Section



City of Revere, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2019

Financial Section

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Independent Auditor's Report

To the Honorable Mayor and City Council
City of Revere, Massachusetts

100 Quannapowitt Parkway
Suite 101
Wakefield, MA 01880
T. 781-914-1700
F. 781-914-1701
www.powersandsullivan.com

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, 2019 (except for the Revere Contributory Retirement System which is as of and for the year ended December 31, 2018), 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, 2019 (except for the Revere Contributory Retirement System which is as of and for the year ended December 31, 2018), 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 23, 2019, 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 23, 2019

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, 2019. 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 deferred outflows of resources, and liabilities and deferred inflows of resources 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.

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 City Capital Projects 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 funds are 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 proprietary funds.

The City maintains three different types of fiduciary funds. The *Pension and Other Employee Benefit Trust Fund* is used to report resources held in trust for pension and other postemployment benefit purposes 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 liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$126.5 million at the close of 2019, a decrease of \$17.5 million from the prior year.

Net position of \$152.2 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, \$6.9 million, represents resources that are subject to external restrictions on how they may be used. Unrestricted net position is in a deficit of \$285.7 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 net other postemployment liability and the net pension liability which total \$395 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 liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$152.9 million at the close of 2019. The following summarizes the financial components of the City’s governmental activities.

| | 2019 | 2018 (As Restated) |
|---|-------------------------|-------------------------|
| Assets: | | |
| Current assets..... | \$ 85,640,961 | \$ 67,870,927 |
| Capital assets, non depreciable..... | 8,275,252 | 8,275,252 |
| Capital assets, net of accumulated depreciation.... | 187,085,556 | 185,225,150 |
| Total assets..... | 281,001,769 | 261,371,329 |
| Deferred outflows of resources..... | 50,928,990 | 18,875,884 |
| Liabilities: | | |
| Current liabilities (excluding debt)..... | 10,568,685 | 7,533,696 |
| Noncurrent liabilities (excluding debt)..... | 388,224,333 | 328,226,637 |
| Current debt..... | 18,784,286 | 10,424,748 |
| Noncurrent debt..... | 60,985,229 | 60,585,478 |
| Total liabilities..... | 478,562,533 | 406,770,559 |
| Deferred inflows of resources..... | 6,247,230 | 7,389,000 |
| Net position: | | |
| Net investment in capital assets..... | 135,224,722 | 131,607,988 |
| Restricted..... | 6,942,042 | 5,196,858 |
| Unrestricted..... | (295,045,768) | (270,717,192) |
| Total net position..... | \$ (152,879,004) | \$ (133,912,346) |

A significant portion of the City’s governmental activities net position, \$135.2 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 \$6.9 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 \$295 million is due primarily to the recognition of an \$281 million other postemployment benefits liability and a \$102.9 million net pension liability.

Governmental activity liabilities also include \$79.8 million in general obligation bonds and notes outstanding, \$4.3 million in compensated absence liabilities for unused vacation, special leave, and enhanced longevity benefits payable and \$2 million of liabilities relating to workers compensation claims.

The information on the following page summarizes the current and prior year governmental activities.

| | 2019 | 2018 |
|---|----------------------|----------------------|
| Program Revenues: | | |
| Charges for services..... \$ | 9,735,184 | \$ 7,200,294 |
| Operating grants and contributions..... | 113,365,645 | 99,930,617 |
| Capital grants and contributions..... | 704,571 | 3,951,164 |
| General Revenues: | | |
| Real estate and personal property taxes, net of tax refunds payable..... | 84,639,805 | 80,522,408 |
| Tax and other liens..... | 1,244,018 | 1,478,932 |
| Motor vehicle and other excise taxes..... | 6,013,007 | 5,637,767 |
| Hotel/motel tax..... | 1,903,017 | 1,796,177 |
| Meals tax..... | 720,250 | 675,481 |
| Penalties and interest on taxes..... | 853,417 | 1,673,886 |
| Payments in lieu of taxes..... | 185,119 | 279,961 |
| Grants and contributions not restricted to specific programs..... | 11,435,466 | 10,712,581 |
| Unrestricted investment income..... | 1,507,495 | 483,475 |
| Total revenues..... | 232,306,994 | 214,342,743 |
| Expenses: | | |
| General government..... | 18,677,964 | 17,934,824 |
| Public safety..... | 48,797,413 | 42,758,504 |
| Education..... | 161,643,523 | 149,609,190 |
| Public works..... | 13,400,541 | 9,499,934 |
| Health and human services..... | 5,116,904 | 4,447,613 |
| Culture and recreation..... | 2,046,706 | 2,872,146 |
| Interest..... | 1,590,601 | 2,244,557 |
| Total expenses..... | 251,273,652 | 229,366,768 |
| Excess (Deficiency) before extraordinary item..... | (18,966,658) | (15,024,025) |
| Extraordinary item - tornado insurance recovery..... | - | 3,934,860 |
| Change in net position..... | (18,966,658) | (11,089,165) |
| Net position, beginning of year (as restated)..... | (133,912,346) | (122,823,181) |
| Net position, end of year..... \$ | (152,879,004) | (133,912,346) |

The governmental activities net position decreased in the current year by \$19 million. The decrease in net position is due primarily to \$21.3 million in unfunded expenses related to the net other postemployment benefit liability as well as unfunded pension expenses of \$4.8 million.

Beginning net position of governmental activities has been restated to reflect a change in the measurement date of the net other postemployment benefits liability. As a result of the change in the measurement date, the beginning net other postemployment benefits liability of the governmental activities increased. This restatement,

plus the recognition of prior grant activities caused beginning net position to decrease by \$11.5 million. Please see Note 16 for further analysis.

Business-Type Activities

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

| | 2019 | 2018 (As Restated) |
|---|----------------------|-----------------------|
| Assets: | | |
| Current assets..... | \$ 27,799,535 | \$ 23,548,423 |
| Capital assets, net of accumulated depreciation.... | 92,210,797 | 84,998,782 |
| Total assets..... | 120,010,332 | 108,547,205 |
| | | |
| Deferred outflows of resources..... | 1,487,554 | 598,371 |
| | | |
| Liabilities: | | |
| Current liabilities (excluding debt)..... | 2,262,794 | 1,892,938 |
| Noncurrent liabilities (excluding debt)..... | 11,115,371 | 8,570,626 |
| Current debt..... | 14,398,027 | 11,484,820 |
| Noncurrent debt..... | 67,012,679 | 62,044,147 |
| Total liabilities..... | 94,788,871 | 83,992,531 |
| | | |
| Deferred inflows of resources..... | 138,545 | 256,000 |
| | | |
| Net position: | | |
| Net investment in capital assets..... | 16,967,652 | 14,660,627 |
| Unrestricted..... | 9,393,818 | 10,227,418 |
| | | |
| Total net position..... | \$ 26,361,470 | \$ 24,888,045 |

Beginning net position of business-type activities has been restated to reflect a change in the measurement date of the net other postemployment benefits liability. As a result of the change in the measurement date, the beginning net other postemployment benefits liability of the business-type activities decreased by \$2.6 million. Please see Note 16 for further analysis.

| | 2019 | 2018 |
|---|-------------------|----------------------|
| Program Revenues: | | |
| Charges for services..... \$ | 26,405,852 | \$ 25,794,344 |
| Capital grants and contributions..... | 1,714,450 | - |
| General Revenues: | | |
| Unrestricted investment income..... | 388,552 | 46,111 |
| Total revenues..... | 28,508,854 | 25,840,455 |
| Expenses: | | |
| Water and sewer..... | 27,035,429 | 25,464,659 |
| Change in net position..... | 1,473,425 | 375,796 |
| Net position, beginning of year (as restated)..... | 24,888,045 | 24,512,249 |
| Net position, end of year..... \$ | 26,361,470 | \$ 24,888,045 |

The Water & Sewer enterprise fund net position increased by \$1.5 million during the current year. The reason for this increase is due to the receipt of capital grant funding received in aid of the City's ongoing investment in its water and sewer infrastructure.

Fund expenditures increased \$1.6 million because of increases in salaries, interest, assessments paid to the City's provider of water supply and sewage treatment and disposal and increased maintenance costs. The City anticipated these costs and was able to implement a rate increase which led to a \$685,000 increase in user fee revenues.

Total business type activities assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26.4 million at the close of 2019.

Net position of \$17 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 \$9.4 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 2019, governmental funds reported combined ending fund balances of \$50.8 million, an increase of \$3.9 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 \$19.4 million, while total fund balance equaled \$33.5 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 10% of general fund expenditures while total fund balance represents about 17.2%. The general fund increased by \$1.3 million during 2019.

The increase was the result two offsetting items: 1) actual revenues exceeding budget; and 2) the use of fund balance that was appropriated to fund transfers out to special revenue and capital project funds.

At June 30, 2019, \$10,056,745 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, employee benefit 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 8 for further discussion of the Stabilization Fund.

City Capital Projects Fund

The city capital project fund is used to account for and report financial resources that are restricted to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, of the governmental funds. During the fiscal year, \$2.5 million dollars a was transferred in from the general fund. The transfer in, along with the issuance of general obligation bonds and the receipt of the related bond premium funded \$5.1 million of capital activity. The major construction activity included roadway and sidewalk construction and upgrades and new equipment and vehicles for the fire department. Ending fund balance decreased \$239,000 from the prior year.

General Fund Budgetary Highlights

The difference of \$6.9 million between the original budget appropriations of \$193.1 million and the final amended budget of \$200 million was due to increased appropriations for to fund snow and ice removal costs and to fund transfers to various stabilization funds and capital project funds. The supplemental funding was funded with existing fund balance.

In total, actual collections in budgeted revenue categories were \$4.9 million higher than expected. The better than expected revenues was the result of actual license and permit fees, and investment income exceeding budgeted amounts. Also contributing to the higher than expected revenue collections are unbudgeted tax liens revenues and motor vehicle excise collections which were \$956,000 and \$580,000 higher than expected, respectively. Offsetting the tax lien and motor vehicle categories was real estate revenues being \$934,000 under budget. Actual expenditures and carryforwards were essentially in line with budgeted amounts.

Capital Asset and Debt Administration

Capital Assets. The City's valuation of governmental activities capital assets as of June 30, 2019, amounts to \$195.4 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, 2019, amounts to \$92.2 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, 2019, the City had total governmental bonded debt of \$62.8 million. Of this amount, \$33.6 million is for school purposes, \$21.8 million is for public safety purposes, \$4.0 is for the stadium reconstruction, \$2.6 million is related to land acquisition costs and \$790,000 is for various other governmental purposes.

The water & sewer enterprise fund has \$70.4 million in long-term debt that is supported by the water and sewer rates.

Currently the City has \$82.6 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.

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Basic Financial Statements

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STATEMENT OF NET POSITION

JUNE 30, 2019

| | <i>Primary Government</i> | | |
|---|----------------------------|-----------------------------|-------------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| CURRENT: | | | |
| Cash and cash equivalents..... | \$ 68,553,020 | \$ 18,643,163 | \$ 87,196,183 |
| Receivables, net of allowance for uncollectibles: | | | |
| Real estate and personal property taxes..... | 175,423 | - | 175,423 |
| Tax liens..... | 3,331,284 | - | 3,331,284 |
| Motor vehicle and other excise taxes..... | 1,280,401 | - | 1,280,401 |
| User charges..... | - | 6,946,643 | 6,946,643 |
| Departmental and other..... | 2,963,016 | - | 2,963,016 |
| Intergovernmental..... | 6,415,388 | 2,209,729 | 8,625,117 |
| Tax foreclosures..... | 232,029 | - | 232,029 |
| Working capital deposit..... | 2,690,400 | - | 2,690,400 |
| Total current assets..... | <u>85,640,961</u> | <u>27,799,535</u> | <u>113,440,496</u> |
| NONCURRENT: | | | |
| Capital assets, nondepreciable..... | 8,275,252 | - | 8,275,252 |
| Capital assets, net of accumulated depreciation..... | <u>187,085,556</u> | <u>92,210,797</u> | <u>279,296,353</u> |
| Total noncurrent assets..... | <u>195,360,808</u> | <u>92,210,797</u> | <u>287,571,605</u> |
| TOTAL ASSETS..... | <u>281,001,769</u> | <u>120,010,332</u> | <u>401,012,101</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred outflows for refunding debt..... | 1,959,544 | - | 1,959,544 |
| Deferred outflows related to pensions..... | 18,013,889 | 754,111 | 18,768,000 |
| Deferred outflows related to other postemployment benefits..... | <u>30,955,557</u> | <u>733,443</u> | <u>31,689,000</u> |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES..... | <u>50,928,990</u> | <u>1,487,554</u> | <u>52,416,544</u> |
| LIABILITIES | | | |
| CURRENT: | | | |
| Warrants payable..... | 6,056,304 | 1,536,403 | 7,592,707 |
| Accrued payroll..... | 252,759 | - | 252,759 |
| Health claims payable..... | 1,225,000 | - | 1,225,000 |
| Accrued interest..... | 729,234 | 672,391 | 1,401,625 |
| Other liabilities..... | 379,388 | - | 379,388 |
| Customer deposits..... | - | 1,000 | 1,000 |
| Compensated absences..... | 1,721,000 | 53,000 | 1,774,000 |
| Workers' compensation..... | 205,000 | 209,000 | 414,000 |
| Notes payable..... | 14,585,500 | 10,979,739 | 25,565,239 |
| Bonds payable..... | <u>4,198,786</u> | <u>3,418,288</u> | <u>7,617,074</u> |
| Total current liabilities..... | <u>29,352,971</u> | <u>16,869,821</u> | <u>46,222,792</u> |
| NONCURRENT: | | | |
| Compensated absences..... | 2,615,000 | 18,000 | 2,633,000 |
| Workers' compensation..... | 1,789,000 | - | 1,789,000 |
| Net pension liability..... | 102,882,000 | 4,441,000 | 107,323,000 |
| Net other postemployment benefits liability..... | 280,938,333 | 6,656,371 | 287,594,704 |
| Bonds payable..... | <u>60,985,229</u> | <u>67,012,679</u> | <u>127,997,908</u> |
| Total noncurrent liabilities..... | <u>449,209,562</u> | <u>78,128,050</u> | <u>527,337,612</u> |
| TOTAL LIABILITIES..... | <u>478,562,533</u> | <u>94,997,871</u> | <u>573,560,404</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Grants paid in advance..... | 1,262,500 | - | 1,262,500 |
| Deferred inflows related to pensions..... | 1,121,000 | 47,000 | 1,168,000 |
| Deferred inflows related to other postemployment benefits..... | <u>3,863,730</u> | <u>91,545</u> | <u>3,955,275</u> |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | <u>6,247,230</u> | <u>138,545</u> | <u>6,385,775</u> |
| NET POSITION | | | |
| Net investment in capital assets..... | 135,224,722 | 16,967,652 | 152,192,374 |
| Restricted for: | | | |
| Debt service..... | 935,797 | - | 935,797 |
| Gifts and grants..... | 6,006,245 | - | 6,006,245 |
| Unrestricted..... | <u>(295,045,768)</u> | <u>9,393,818</u> | <u>(285,651,950)</u> |
| TOTAL NET POSITION..... | <u>\$ (152,879,004)</u> | <u>\$ 26,361,470</u> | <u>\$ (126,517,534)</u> |

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

| 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..... | \$ 18,677,964 | \$ 6,386,518 | \$ 5,124,605 | \$ - | \$ (7,166,841) |
| Public safety..... | 48,797,413 | 871,202 | 899,391 | - | (47,026,820) |
| Education..... | 161,643,523 | 870,423 | 104,854,508 | 83,540 | (55,835,052) |
| Public works..... | 13,400,541 | 955,337 | 1,091,198 | 621,031 | (10,732,975) |
| Health and human services..... | 5,116,904 | 255,256 | 1,286,728 | - | (3,574,920) |
| Culture and recreation..... | 2,046,706 | 396,448 | 109,215 | - | (1,541,043) |
| Interest..... | 1,590,601 | - | - | - | (1,590,601) |
| Total Governmental Activities..... | 251,273,652 | 9,735,184 | 113,365,645 | 704,571 | (127,468,252) |
| <i>Business-Type Activities:</i> | | | | | |
| Water and sewer..... | 27,035,429 | 26,405,852 | - | 1,714,450 | 1,084,873 |
| Total Primary Government..... | \$ 278,309,081 | \$ 36,141,036 | \$ 113,365,645 | \$ 2,419,021 | \$ (126,383,379) |

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

| | Primary Government | | |
|---|----------------------------|-----------------------------|--------------------|
| | Governmental Activities | Business-Type Activities | Total |
| Changes in net position: | | | |
| Net (expense) revenue from previous page..... | \$ (127,468,252) | \$ 1,084,873 | \$ (126,383,379) |
| <i>General revenues:</i> | | | |
| Real estate and personal property taxes, net of tax refunds payable..... | 84,639,805 | - | 84,639,805 |
| Tax and other liens..... | 1,244,018 | - | 1,244,018 |
| Motor vehicle and other excise taxes..... | 6,013,007 | - | 6,013,007 |
| Hotel/motel tax..... | 1,903,017 | - | 1,903,017 |
| Meals tax..... | 720,250 | - | 720,250 |
| Penalties and interest on taxes..... | 853,417 | - | 853,417 |
| Payments in lieu of taxes..... | 185,119 | - | 185,119 |
| Grants and contributions not restricted to specific programs..... | 11,435,466 | - | 11,435,466 |
| Unrestricted investment income..... | 1,507,495 | 388,552 | 1,896,047 |
| Total general revenues..... | 108,501,594 | 388,552 | 108,890,146 |
| | | | |
| Change in net position..... | (18,966,658) | 1,473,425 | (17,493,233) |
| <i>Net position:</i> | | | |
| Beginning of year (as restated)..... | (133,912,346) | 24,888,045 | (109,024,301) |
| | | | |
| End of year..... | \$ (152,879,004) | \$ 26,361,470 | \$ (126,517,534) |

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2019

| | General | City Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|----------------------------------|-----------------------------------|--------------------------------|
| ASSETS | | | | |
| Cash and cash equivalents..... | \$ 30,174,277 | \$ 12,575,364 | \$ 22,327,306 | \$ 65,076,947 |
| Receivables, net of uncollectibles: | | | | |
| Real estate and personal property taxes..... | 175,423 | - | - | 175,423 |
| Tax liens..... | 3,331,284 | - | - | 3,331,284 |
| Motor vehicle and other excise taxes..... | 1,280,401 | - | - | 1,280,401 |
| Departmental and other..... | 199,695 | - | - | 199,695 |
| Intergovernmental..... | 4,802,675 | - | 1,612,713 | 6,415,388 |
| Tax foreclosures..... | 232,029 | - | - | 232,029 |
| Due from other funds..... | 377,996 | - | - | 377,996 |
| TOTAL ASSETS..... | \$ 40,573,780 | \$ 12,575,364 | \$ 23,940,019 | \$ 77,089,163 |
| LIABILITIES | | | | |
| Warrants payable..... | \$ 1,739,384 | \$ 1,221,845 | \$ 1,648,865 | \$ 4,610,094 |
| Accrued payroll..... | 216,131 | - | 36,628 | 252,759 |
| Due to other funds..... | - | - | 377,996 | 377,996 |
| Other liabilities..... | 379,388 | - | - | 379,388 |
| Notes payable..... | - | 11,150,000 | 3,435,500 | 14,585,500 |
| TOTAL LIABILITIES..... | 2,334,903 | 12,371,845 | 5,498,989 | 20,205,737 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue..... | 4,765,201 | - | 1,335,976 | 6,101,177 |
| FUND BALANCES | | | | |
| Restricted..... | - | 203,519 | 18,725,794 | 18,929,313 |
| Committed..... | 271,203 | - | - | 271,203 |
| Assigned..... | 13,840,088 | - | - | 13,840,088 |
| Unassigned..... | 19,362,385 | - | (1,620,740) | 17,741,645 |
| TOTAL FUND BALANCES..... | 33,473,676 | 203,519 | 17,105,054 | 50,782,249 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES..... | \$ 40,573,780 | \$ 12,575,364 | \$ 23,940,019 | \$ 77,089,163 |

See notes to basic financial statements.

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

JUNE 30, 2019

| | | |
|--|--------------------|--------------------------------|
| Total governmental fund balances..... | | \$ 50,782,249 |
| Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds..... | | 195,360,808 |
| Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds..... | | 4,838,677 |
| The statement of net position includes certain deferred inflows of resources and deferred outflows of resources that will be amortized over future periods. In governmental funds, these amounts are not deferred..... | | 45,944,260 |
| The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position..... | | 6,258,584 |
| In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due..... | | (729,234) |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds: | | |
| Bonds payable..... | (65,184,015) | |
| Net pension liability..... | (102,882,000) | |
| Net other postemployment benefits liability..... | (280,938,333) | |
| Workers' compensation..... | (1,994,000) | |
| Compensated absences..... | <u>(4,336,000)</u> | |
| Net effect of reporting long-term liabilities..... | | <u>(455,334,348)</u> |
| Net position of governmental activities..... | | \$ <u><u>(152,879,004)</u></u> |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

| | General | City Capital Projects Funds | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|-----------------------------------|-----------------------------------|--------------------------------|
| REVENUES: | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 84,795,403 | \$ - | \$ - | \$ 84,795,403 |
| Tax liens..... | 725,499 | - | - | 725,499 |
| Motor vehicle and other excise taxes..... | 6,040,326 | - | - | 6,040,326 |
| Hotel/motel tax..... | 1,903,017 | - | - | 1,903,017 |
| Meals tax..... | 720,250 | - | - | 720,250 |
| Charges for services..... | 1,616,433 | - | 1,228,180 | 2,844,613 |
| Penalties and interest on taxes..... | 853,417 | - | - | 853,417 |
| Payments in lieu of taxes..... | 185,119 | - | - | 185,119 |
| Licenses and permits..... | 4,521,377 | - | - | 4,521,377 |
| Fines and forfeitures..... | 1,284,332 | - | - | 1,284,332 |
| Intergovernmental - Teachers Retirement..... | 18,474,813 | - | - | 18,474,813 |
| Intergovernmental..... | 78,366,039 | - | 26,698,962 | 105,065,001 |
| Departmental and other..... | 590,599 | - | 3,655,349 | 4,245,948 |
| Contributions and donations..... | - | - | 196,815 | 196,815 |
| Investment income..... | 1,326,089 | 478 | 322,240 | 1,648,807 |
| TOTAL REVENUES..... | 201,402,713 | 478 | 32,101,546 | 233,504,737 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government..... | 6,730,247 | 225,341 | 7,253,376 | 14,208,964 |
| Public safety..... | 22,663,660 | 1,490,764 | 1,851,268 | 26,005,692 |
| Education..... | 86,269,093 | - | 18,587,849 | 104,856,942 |
| Public works..... | 3,699,999 | 3,424,679 | 6,138,879 | 13,263,557 |
| Health and human services..... | 2,352,290 | - | 984,015 | 3,336,305 |
| Culture and recreation..... | 1,033,681 | - | 489,310 | 1,522,991 |
| Pension benefits..... | 11,631,094 | - | - | 11,631,094 |
| Pension benefits - Teachers Retirement..... | 18,474,813 | - | - | 18,474,813 |
| Employee benefits..... | 23,299,820 | - | - | 23,299,820 |
| State and county charges..... | 12,231,375 | - | - | 12,231,375 |
| Debt service: | | | | |
| Principal..... | 3,664,543 | - | - | 3,664,543 |
| Interest..... | 2,303,400 | - | - | 2,303,400 |
| TOTAL EXPENDITURES..... | 194,354,015 | 5,140,784 | 35,304,697 | 234,799,496 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | 7,048,698 | (5,140,306) | (3,203,151) | (1,294,759) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Issuance of bonds..... | - | 2,260,070 | 2,574,930 | 4,835,000 |
| Premium from issuance of bonds..... | - | 157,946 | 174,253 | 332,199 |
| Transfers in..... | 200,000 | 2,483,749 | 4,927,629 | 7,611,378 |
| Transfers out..... | (5,988,359) | - | (1,623,019) | (7,611,378) |
| TOTAL OTHER FINANCING SOURCES (USES)..... | (5,788,359) | 4,901,765 | 6,053,793 | 5,167,199 |
| NET CHANGE IN FUND BALANCES..... | 1,260,339 | (238,541) | 2,850,642 | 3,872,440 |
| FUND BALANCES AT BEGINNING OF YEAR..... | 32,213,337 | 442,060 | 14,254,412 | 46,909,809 |
| FUND BALANCES AT END OF YEAR..... | \$ 33,473,676 | \$ 203,519 | \$ 17,105,054 | \$ 50,782,249 |

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, 2019

| | | |
|--|--------------------|-------------------------------|
| Net change in fund balances - total governmental funds..... | | \$ 3,872,440 |
| <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..... | 11,163,041 | |
| Depreciation expense..... | <u>(9,302,635)</u> | |
| Net effect of reporting capital assets..... | | 1,860,406 |
| <p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p> | | |
| | | (1,244,844) |
| <p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are unavailable and amortized in the Statement of Activities.</p> | | |
| Issuance of bonds..... | (4,835,000) | |
| Premium from issuance of bonds..... | (332,199) | |
| Net amortization of premium from issuance of bonds..... | 924,897 | |
| Net change in deferred charge on refunding..... | (194,139) | |
| Debt service principal payments..... | <u>3,664,543</u> | |
| Net effect of reporting long-term debt..... | | (771,898) |
| <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..... | (408,000) | |
| Net change in accrued interest on long-term debt..... | (17,959) | |
| Net change in deferred outflow/(inflow) of resources related to pensions..... | 13,698,889 | |
| Net change in net pension liability..... | (18,464,000) | |
| Net change in deferred outflow/(inflow) of resources related to other postemployment benefits... | 20,952,624 | |
| Net change in the net other postemployment benefits liability..... | (42,281,696) | |
| Net change in workers' compensation liability..... | <u>876,000</u> | |
| Net effect of recording long-term liabilities..... | | (25,644,142) |
| The net activity of internal service funds is reported with Governmental Activities..... | | <u>2,961,380</u> |
| Change in net position of governmental activities..... | | \$ <u><u>(18,966,658)</u></u> |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2019

| | Water and Sewer | Governmental Activities - Internal Service Fund |
|---|----------------------|--|
| ASSETS | | |
| CURRENT: | | |
| Cash and cash equivalents..... | \$ 18,643,163 | \$ 3,476,073 |
| Receivables, net of allowance for uncollectibles: | | |
| User charges..... | 6,946,643 | - |
| Departmental and other..... | - | 2,763,321 |
| Intergovernmental..... | 2,209,729 | - |
| Working capital deposit..... | - | 2,690,400 |
| | <u>27,799,535</u> | <u>8,929,794</u> |
| NONCURRENT: | | |
| Capital assets, net of accumulated depreciation..... | 92,210,797 | - |
| | <u>120,010,332</u> | <u>8,929,794</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred outflows related to pensions..... | 754,111 | - |
| Deferred outflows related to other postemployment benefits..... | 733,443 | - |
| | <u>1,487,554</u> | <u>-</u> |
| LIABILITIES | | |
| CURRENT: | | |
| Warrants payable..... | 1,536,403 | 1,446,210 |
| Health claims payable..... | - | 1,225,000 |
| Accrued interest..... | 672,391 | - |
| Customer deposits..... | 1,000 | - |
| Compensated absences..... | 53,000 | - |
| Workers' compensation..... | 209,000 | - |
| Notes payable..... | 10,979,739 | - |
| Bonds payable..... | 3,418,288 | - |
| | <u>16,869,821</u> | <u>2,671,210</u> |
| NONCURRENT: | | |
| Compensated absences..... | 18,000 | - |
| Net pension liability..... | 4,441,000 | - |
| Total other postemployment benefits liability..... | 6,656,371 | - |
| Bonds payable..... | 67,012,679 | - |
| | <u>78,128,050</u> | <u>-</u> |
| | <u>94,997,871</u> | <u>2,671,210</u> |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows related to pensions..... | 47,000 | - |
| Deferred inflows related to other postemployment benefits..... | 91,545 | - |
| | <u>138,545</u> | <u>-</u> |
| NET POSITION | | |
| Net investment in capital assets..... | 16,967,652 | - |
| Unrestricted..... | 9,393,818 | 6,258,584 |
| | <u>\$ 26,361,470</u> | <u>\$ 6,258,584</u> |

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

| | Water and Sewer | Governmental Activities - Internal Service Fund |
|---|----------------------|--|
| OPERATING REVENUES: | | |
| Employer and employee contributions..... | \$ - | \$ 27,424,484 |
| Charges for services..... | 26,405,852 | - |
| OPERATING EXPENSES: | | |
| Cost of services and administration..... | 5,664,855 | - |
| Salaries and wages..... | 1,622,893 | - |
| MWRA assessment..... | 15,946,628 | - |
| Depreciation..... | 2,350,482 | - |
| Employee benefits..... | - | 24,510,880 |
| TOTAL OPERATING EXPENSES..... | 25,584,858 | 24,510,880 |
| OPERATING INCOME (LOSS)..... | 820,994 | 2,913,604 |
| NONOPERATING REVENUES (EXPENSES): | | |
| Investment income..... | 388,552 | 47,776 |
| Interest expense..... | (1,450,571) | - |
| Intergovernmental - subsidy..... | 1,714,450 | - |
| TOTAL NONOPERATING REVENUES (EXPENSES), NET..... | 652,431 | 47,776 |
| CHANGE IN NET POSITION..... | 1,473,425 | 2,961,380 |
| NET POSITION AT BEGINNING OF YEAR (as restated)..... | 24,888,045 | 3,297,204 |
| NET POSITION AT END OF YEAR..... | \$ 26,361,470 | \$ 6,258,584 |

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

| | Water and Sewer | Governmental Activities - Internal Service Fund |
|--|----------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Receipts from customers and users..... | \$ 26,495,572 | \$ 25,000,890 |
| Payments to vendors..... | (19,881,465) | - |
| Payments to employees..... | (1,427,893) | - |
| Payments for interfund services used..... | - | (23,772,201) |
| NET CASH FROM OPERATING ACTIVITIES..... | 5,186,214 | 1,228,689 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Proceeds from the issuance of bonds and notes..... | 20,785,987 | - |
| Capital contributions..... | 594,502 | - |
| Acquisition and construction of capital assets..... | (9,410,732) | - |
| Principal payments on bonds and notes..... | (11,484,820) | - |
| Interest expense..... | (1,419,397) | - |
| NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES..... | (934,460) | - |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Investment income..... | 388,552 | 47,776 |
| NET CHANGE IN CASH AND CASH EQUIVALENTS..... | 4,640,306 | 1,276,465 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR..... | 14,002,857 | 2,199,608 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR..... | \$ 18,643,163 | \$ 3,476,073 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH | | |
| FROM OPERATING ACTIVITIES: | | |
| Operating income (loss)..... | \$ 820,994 | \$ 2,913,604 |
| Adjustments to reconcile operating income to net cash from operating activities: | | |
| Depreciation..... | 2,350,482 | - |
| Deferred (outflows)/inflows related to pensions..... | (816,482) | - |
| Deferred (outflows)/inflows related to other postemployment benefits..... | (199,156) | - |
| Changes in assets and liabilities: | | |
| User charges..... | 89,720 | - |
| Departmental and other..... | - | (2,423,394) |
| Working capital deposit..... | - | (200) |
| Warrants payable..... | 181,911 | 753,395 |
| Health claims payable..... | - | (14,716) |
| Compensated absences..... | (14,000) | - |
| Workers' compensation..... | 209,000 | - |
| Net pension liability..... | 1,505,000 | - |
| Total other postemployment benefits..... | 1,058,745 | - |
| Total adjustments..... | 4,365,220 | (1,684,915) |
| NET CASH FROM OPERATING ACTIVITIES..... | \$ 5,186,214 | \$ 1,228,689 |
| NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | |
| Acquisition of capital assets on account..... | \$ 151,765 | \$ - |
| Intergovernmental receivable from MCWT..... | 2,209,729 | - |
| Forgiveness of MCWT related debt..... | (1,119,948) | - |

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2019

| | Pension and Other Employee Benefit Trust Funds | Private Purpose Trust Funds | Agency Funds |
|--|---|-----------------------------------|------------------|
| ASSETS | | | |
| Cash and cash equivalents..... | \$ 963,086 | \$ 44,067 | \$ 1,478,557 |
| Investments: | | | |
| Investments in Pension Reserve Investment Trust..... | 156,965,703 | - | - |
| Receivables, net of allowance for uncollectibles: | | | |
| Departmental and other..... | 254,437 | - | - |
| TOTAL ASSETS | <u>158,183,226</u> | <u>44,067</u> | <u>1,478,557</u> |
| LIABILITIES | | | |
| Warrants payable..... | - | 2,500 | 5,320 |
| Liabilities due depositors..... | - | - | 1,473,237 |
| TOTAL LIABILITIES | <u>-</u> | <u>2,500</u> | <u>1,478,557</u> |
| NET POSITION | | | |
| Restricted for pensions..... | 157,679,082 | - | - |
| Restricted for other postemployment benefits..... | 504,144 | - | - |
| Held in trust for other purposes..... | - | 41,567 | - |
| TOTAL NET POSITION | <u>\$ 158,183,226</u> | <u>\$ 41,567</u> | <u>\$ -</u> |

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2019

| | Pension and Other Employee Benefit Trust Funds | Private Purpose Trust Funds |
|---|---|-----------------------------------|
| ADDITIONS: | | |
| Contributions: | | |
| Employer contributions..... | \$ 13,540,664 | \$ - |
| Employer contributions for other postemployment benefit payments..... | 7,365,297 | - |
| Member contributions..... | 3,832,816 | - |
| Transfers from other systems..... | 448,441 | - |
| Private donations..... | - | 6,767 |
| Intergovernmental..... | 125,628 | - |
| Total contributions..... | 25,312,846 | 6,767 |
| Net investment income: | | |
| Investment income..... | (3,064,941) | 1,208 |
| Less: investment expense..... | (844,907) | - |
| Net investment income (loss)..... | (3,909,848) | 1,208 |
| TOTAL ADDITIONS..... | 21,402,998 | 7,975 |
| DEDUCTIONS: | | |
| Administration..... | 359,958 | - |
| Retirement benefits - transfers to other systems..... | 261,773 | - |
| Retirement benefits - 3(8)c transfer to other systems..... | 390,778 | - |
| Retirement benefits and refunds..... | 16,236,092 | - |
| Other postemployment benefit payments..... | 7,365,297 | - |
| Educational scholarships..... | - | 23,000 |
| TOTAL DEDUCTIONS..... | 24,613,898 | 23,000 |
| NET INCREASE (DECREASE) IN NET POSITION..... | (3,210,900) | (15,025) |
| NET POSITION AT BEGINNING OF YEAR..... | 161,394,126 | 56,592 |
| NET POSITION AT END OF YEAR..... | \$ 158,183,226 | \$ 41,567 |

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 2019 assessment was \$2,008,889. The financial statements 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.

The City is a member of the Metro North Regional Emergency Communications Center that provides for the operations and maintenance of a regional public safety communications and dispatch center. The members share in the operations of the Center and each member is responsible for its proportionate share of the operational and capital cost of the Center, which are paid in the form of assessments. The City does not have an equity interest in the Center and the 2019 assessment was \$1,586,745. The Center does not issue a publicly

available financial report.

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 *city capital projects major fund* is used to account for construction and renovation of City's non-school projects.

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. This fund is used to account for risk financing activities related to the self-insured health and dental health care plan.

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 and other postemployment benefit trust fund* is used to account for the activities of the Retirement System and the City's defined benefit healthcare plan, which accumulates resources to provide pension and other postemployment 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 allow 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 and equipment..... | 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, other postemployment benefits, 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 has reported deferred inflows related to pensions and other postemployment benefits in this category.

Governmental Fund Financial Statements

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents 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

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

Fund Financial Statements

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

L. 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 (\$223,424), the Community Development Fund (\$77,073), the Trash Revolving Fund (\$186,900), and the School Capital Project Fund (\$1,133,343). 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 and a short-term bond portfolio. The cash portfolio had a weighted average maturity of 33 days and a short term bond portfolio had a weighted average maturity of 2.78 years. The short term bond portfolio is unrated; however, the credit ratings associated with underlying investments ranged from BBB to AAA. Approximately 70% of the total was rated AAA, approximately 2% of the total was rated AA, approximately 10% was rated A, approximately 18% was rated BBB. The pool is 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 .18 to 15.31 years. The PRIT fund is unrated.

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 \$6,700,889 and the bank balance totaled \$12,757,547. Of the bank balance, \$1,258,896 was covered by Federal Depository Insurance, \$9,339,595 was collateralized and the remaining balance of \$2,159,056 was uncollateralized.

At December 31, 2019, carrying amount of deposits for the System totaled \$708,942, and the bank balance totaled \$798,934. All of the bank balance of the System was covered by the Federal Depository Insurance.

Investments

As of December 31, 2018, the System had \$156,965,703 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, 2019, 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, 2019, the City had a balance in the MMDT cash portfolio of \$82,272,062.

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, 2018, the System's recurring fair value measurements for its investment in PRIT was \$156,965,703.

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, 2019, 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..... | \$ 175,423 | \$ - | \$ 175,423 |
| Tax liens..... | 3,331,284 | - | 3,331,284 |
| Motor vehicle and other excise taxes..... | 1,407,890 | (127,489) | 1,280,401 |
| Departmental and other..... | 3,617,646 | (654,630) | 2,963,016 |
| Intergovernmental..... | 6,415,388 | - | 6,415,388 |
| Total..... | \$ <u>14,947,631</u> | \$ <u>(782,119)</u> | \$ <u>14,165,512</u> |

At June 30, 2018, receivables for the water & sewer enterprise fund consist of the following:

| | Gross Amount | Allowance for Uncollectibles | Net Amount |
|-----------------------------------|---------------------|------------------------------------|---------------------|
| <u>Receivables:</u> | | | |
| Water and sewer user charges..... | \$ <u>6,946,643</u> | \$ - | \$ <u>6,946,643</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 | Other Governmental Funds | Total |
|--|---------------------|--------------------------------|---------------------|
| <u>Receivables:</u> | | | |
| Real estate and personal property taxes..... | \$ 45,442 | \$ - | \$ 45,442 |
| Tax liens..... | 3,331,284 | - | 3,331,284 |
| Motor vehicle and other excise taxes..... | 1,280,401 | - | 1,280,401 |
| Departmental and other..... | 108,074 | 1,262,500 | 1,370,574 |
| Intergovernmental..... | - | 73,476 | 73,476 |
| Total..... | \$ <u>4,765,201</u> | \$ <u>1,335,976</u> | \$ <u>6,101,177</u> |

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, 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 |
| <u>Capital assets being depreciated:</u> | | | | |
| Buildings and improvements..... | 273,193,804 | 3,285,009 | - | 276,478,813 |
| Machinery, equipment and furnishings..... | 22,071,926 | 2,472,198 | - | 24,544,124 |
| Infrastructure..... | 29,611,375 | 5,405,834 | - | 35,017,209 |
| Total capital assets being depreciated..... | <u>324,877,105</u> | <u>11,163,041</u> | <u>-</u> | <u>336,040,146</u> |
| <u>Less accumulated depreciation for:</u> | | | | |
| Buildings and improvements..... | (110,580,218) | (6,211,940) | - | (116,792,158) |
| Machinery, equipment and furnishings..... | (16,623,949) | (1,524,257) | - | (18,148,206) |
| Infrastructure..... | (12,447,788) | (1,566,438) | - | (14,014,226) |
| Total accumulated depreciation..... | <u>(139,651,955)</u> | <u>(9,302,635)</u> | <u>-</u> | <u>(148,954,590)</u> |
| Total capital assets being depreciated, net..... | <u>185,225,150</u> | <u>1,860,406</u> | <u>-</u> | <u>187,085,556</u> |
| Total governmental activities capital assets, net.... | <u>\$ 193,500,402</u> | <u>\$ 1,860,406</u> | <u>\$ -</u> | <u>\$ 195,360,808</u> |
| | | | | |
| | Beginning Balance | Increases | Decreases | Ending Balance |
| Business-Type Activities: | | | | |
| <u>Capital assets being depreciated:</u> | | | | |
| Buildings and improvements..... | \$ 192,659 | \$ - | \$ - | \$ 192,659 |
| Machinery, equipment and furnishings..... | 6,378,555 | 1,067,180 | - | 7,445,735 |
| Infrastructure..... | 103,903,839 | 8,495,317 | - | 112,399,156 |
| Total capital assets being depreciated..... | <u>110,475,053</u> | <u>9,562,497</u> | <u>-</u> | <u>120,037,550</u> |
| <u>Less accumulated depreciation for:</u> | | | | |
| Buildings and improvements..... | (167,097) | (2,833) | - | (169,930) |
| Machinery, equipment and furnishings..... | (4,980,824) | (215,765) | - | (5,196,589) |
| Infrastructure..... | (20,328,350) | (2,131,884) | - | (22,460,234) |
| Total accumulated depreciation..... | <u>(25,476,271)</u> | <u>(2,350,482)</u> | <u>-</u> | <u>(27,826,753)</u> |
| Total capital assets being depreciated, net..... | <u>84,998,782</u> | <u>7,212,015</u> | <u>-</u> | <u>92,210,797</u> |
| Total business-type activities capital assets, net.... | <u>\$ 84,998,782</u> | <u>\$ 7,212,015</u> | <u>\$ -</u> | <u>\$ 92,210,797</u> |

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

Governmental Activities:

| | |
|--------------------------------|----------------|
| General government..... | \$ 992,178 |
| Public safety..... | 1,588,320 |
| Education..... | 5,450,119 |
| Public works..... | 1,127,073 |
| Health and human services..... | 24,400 |
| Culture and recreation..... | <u>120,545</u> |

Total depreciation expense - governmental activities..... \$ 9,302,635

Business-Type Activities:

| | |
|----------------------|---------------------|
| Water and sewer..... | \$ <u>2,350,482</u> |
|----------------------|---------------------|

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at June 30, 2019, are internal short-term advances for cash flow purposes and are summarized as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------------------|-------------------------------|-------------------|
| General fund..... | Highway improvement fund..... | \$ 154,572 |
| General fund..... | Strategic planning fund..... | <u>223,424</u> |
| Total Governmental Activities..... | | \$ <u>377,996</u> |

The repayment of the advances will be completed in fiscal year 2020 with federal and state grants and other available funding.

Interfund transfers for the year ended June 30, 2019, are summarized as follows:

| | <u>Transfers In:</u> | | | <u>Total</u> |
|----------------------------------|----------------------|-----------------------------------|------------------------------------|----------------------|
| | <u>General fund</u> | <u>City Capital Projects Fund</u> | <u>Nonmajor governmental funds</u> | |
| <u>Transfers Out:</u> | | | | |
| General fund..... | \$ - | \$ 1,618,335 | \$ 4,370,024 | \$ 5,988,359 (1) |
| Nonmajor governmental funds..... | <u>200,000</u> | <u>865,414</u> | <u>557,605</u> | <u>1,623,019 (2)</u> |
| Total..... | \$ <u>200,000</u> | \$ <u>2,483,749</u> | \$ <u>4,927,629</u> | \$ <u>7,611,378</u> |

(1) Transfer from the general fund to the City Capital projects major fund and various nonmajor governmental funds for various capital purposes. Fund were also transferred from the general fund to the trash revolving fund.

(2) Transfers between various nonmajor funds and transfers from the nonmajor funds to the City capital projects funds.

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, 2019, the City had the following outstanding short-term debt:

| Type | Purpose | Rate (%) | Due Date | Balance at June 30, 2018 | Renewed/ Issued | Retired/ Redeemed | Balance at June 30, 2019 |
|---|-----------------------------|----------|----------|--------------------------|-----------------|-------------------|--------------------------|
| Governmental Funds: | | | | | | | |
| BAN | Municipal Purpose..... | 2.75% | 04/12/19 | \$ 6,403,970 | \$ - | \$ (6,403,970) | \$ - |
| BAN | Municipal Purpose..... | 2.75% | 04/09/20 | - | 11,150,000 | - | 11,150,000 |
| BAN | Municipal Purpose..... | 2.75% | 04/09/20 | - | 3,435,500 | - | 3,435,500 |
| Total Governmental Funds..... | | | | \$ 6,403,970 | \$ 14,585,500 | \$ (6,403,970) | \$ 14,585,500 |
| Water & Sewer Enterprise Fund: | | | | | | | |
| BAN | MCWT Interim Loans..... | 2.00% | 06/30/19 | \$ 8,150,360 | \$ - | \$ (8,150,360) | \$ - |
| BAN | MCWT Interim Loans..... | 2.00% | 06/30/20 | - | 10,979,739 | - | 10,979,739 |
| BAN | Bond Anticipation Note..... | 2.75% | 04/12/19 | 700,000 | - | (700,000) | - |
| Total Water Enterprise Fund..... | | | | \$ 8,850,360 | \$ 10,979,739 | \$ (8,850,360) | \$ 10,979,739 |
| Total Enterprise Fund..... | | | | \$ 8,850,360 | \$ 10,979,739 | \$ (8,850,360) | \$ 10,979,739 |

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".

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, 2019, the City had authorized and unissued debt noted on the following page.

| Purpose | Amount |
|--|---------------------------------|
| Beachmont..... | \$ 200,000 |
| Land Acquisition..... | 1,100,000 |
| Public Safety Facility Planning..... | 6,580 |
| School Building Improvement..... | 616 |
| MWRA Inflow & Infiltration..... | 626,925 |
| Public safety technology..... | 180,000 |
| Various MCWT Projects..... | 39,414,342 |
| Reconstruct and repair McKinley School..... | 2,500,000 |
| Hill School construction..... | 2,856,627 |
| Garfield School roof / building design / boiler replacement / feasibility..... | 1,497,319 |
| Stormwater and wastewater..... | 644,289 |
| Lincoln school air conditioning..... | 70,000 |
| DPW building design and construction services..... | 22,500,000 |
| Pines Fire Station Reconstruction Feasibility Study..... | 50,000 |
| DCR maintenance facility construction..... | <u>11,000,000</u> |
| Total..... | \$ <u><u>82,646,698</u></u> |

Details related to the City’s outstanding general obligation indebtedness as of June 30, 2019, and the debt service requirements for the governmental activities are as follows:

| Project | Maturities Through | Original Loan Amount | Interest Rate (%) | Outstanding at June 30, 2019 |
|---|-----------------------|----------------------------|-------------------------|------------------------------------|
| General Obligation State Qualified Issue 2004 | 2021 | \$ 440,000 | 4.20 | \$ 50,000 |
| MSBA School Construction Debt 2010 | 2031 | 5,990,850 | 2.00 | 3,594,506 |
| General Obligation State Qualified Issue 2010 | 2031 | 12,686,000 | 2.0 - 4.0 | 7,900,000 |
| General Obligation State Qualified Issue 2015 | 2035 | 3,636,000 | 2.0 - 4.0 | 2,840,000 |
| General Obligation State Qualified Issue 2015 | 2029 | 9,786,200 | 2.0 - 4.0 | 7,536,200 |
| General Obligation State Qualified Refunding 2016 | 2039 | 19,250,000 | 2.0 - 4.0 | 19,250,000 |
| General Obligation State Qualified Issue 2017 | 2044 | 17,678,000 | 3.0 - 5.0 | 16,760,000 |
| General Obligation State Qualified Issue 2019 | 2043 | 4,835,000 | 2.0 - 5.0 | <u>4,835,000</u> |
| Total Bonds Payable..... | | | | 62,765,706 |
| Add: Unamortized premium on bonds..... | | | | <u>2,418,309</u> |
| Total Bonds Payable, net..... | | | | \$ <u><u>65,184,015</u></u> |

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

| Year | Principal | Interest | Total |
|-------------------|----------------------|----------------------|----------------------|
| 2020..... | \$ 3,864,543 | \$ 2,167,299 | \$ 6,031,842 |
| 2021..... | 3,874,543 | 2,040,491 | 5,915,034 |
| 2022..... | 3,914,543 | 1,889,428 | 5,803,971 |
| 2023..... | 4,045,743 | 1,736,337 | 5,782,080 |
| 2024..... | 4,074,543 | 1,578,562 | 5,653,105 |
| 2025 - 2029.... | 18,102,715 | 5,707,542 | 23,810,257 |
| 2030 - 2034.... | 11,009,076 | 3,054,168 | 14,063,244 |
| 2035 - 2039.... | 9,335,000 | 1,580,066 | 10,915,066 |
| 2040 - 2044.... | 3,845,000 | 460,087 | 4,305,087 |
| 2045..... | 700,000 | 12,250 | 712,250 |
| Total..... | \$ 62,765,706 | \$ 20,226,230 | \$ 82,991,936 |

Details related to the City’s outstanding general obligation indebtedness as of June 30, 2019, and the debt service requirements for the business-type activities are as listed on the following page.

| Project | Maturities Through | Original Loan Amount | Interest Rate (%) | Outstanding at June 30, 2019 |
|---|--------------------|----------------------|-------------------|------------------------------|
| MCWT Water 2010 | 2031 | \$ 575,000 | 2.00 | \$ 372,147 |
| MCWT Water 2011 | 2043 | 5,883,727 | 2.00 | 4,967,858 |
| MWRA Water 2013 | 2023 | 2,500,000 | 2.00 | 1,000,000 |
| MCWT Water 2013 | 2033 | 5,007,999 | 2.00 | 3,724,541 |
| MWRA Water 2015 | 2025 | 1,850,000 | 2.00 | 1,110,000 |
| General Obligation State Qualified Issue 2015 . | 2026 | 683,800 | 3.0 - 4.0 | 523,800 |
| MCWT Water 2015 | 2045 | 9,021,487 | 2.00 - 2.40 | 7,911,161 |
| MCWT Water 2016 | 2046 | 9,485,903 | 2.00 - 2.40 | 8,356,656 |
| MCWT Water 2017 | 2047 | 35,981,642 | 2.00 | 32,802,036 |
| MWRA Water 2018 | 2023 | 195,000 | 0.00 | 156,000 |
| MCWT Water 2019 | 2029 | 47,640,946 | 2.00 | 4,671,768 |
| General Obligation State Qualified Issue 2019 . | 2028 | 635,000 | 5.00 | 635,000 |
| MWRA Water 2019 | 2029 | 4,200,000 | 0.00 | 4,200,000 |
| Total Bonds Payable..... | | | | \$ 70,430,967 |

Debt service requirements for principal and interest for enterprise fund bonds and notes payable in future years are as listed on the following page.

| Year | Principal | Interest | Total |
|-------------------|----------------------|----------------------|----------------------|
| 2020..... | \$ 3,418,288 | \$ 1,365,891 | \$ 4,784,179 |
| 2021..... | 3,474,514 | 1,316,168 | 4,790,682 |
| 2022..... | 3,537,081 | 1,264,915 | 4,801,996 |
| 2023..... | 3,589,814 | 1,212,639 | 4,802,453 |
| 2024..... | 3,362,350 | 1,159,389 | 4,521,739 |
| 2025 - 2029.... | 16,002,313 | 4,983,697 | 20,986,010 |
| 2030 - 2034.... | 12,382,017 | 3,585,457 | 15,967,474 |
| 2035 - 2039.... | 10,619,675 | 2,308,677 | 12,928,352 |
| 2040 - 2044.... | 9,359,875 | 1,175,221 | 10,535,096 |
| 2045 - 2049 | 4,685,040 | 195,252 | 4,880,292 |
| Total..... | \$ 70,430,967 | \$ 18,567,306 | \$ 88,998,273 |

Changes in Long-term Liabilities

During the year ended June 30, 2019, the following changes occurred in long-term liabilities:

| | Beginning Balance (As Restated) | Bonds and Notes Issued | Bonds and Notes Redeemed | Other Increases | Other Decreases | Ending Balance | Due Within One Year |
|---|------------------------------------|------------------------|--------------------------|-----------------|-----------------|----------------|---------------------|
| Governmental Activities: | | | | | | | |
| Long-term bonds payable..... | \$ 61,595,249 | \$ 4,835,000 | \$ (3,664,543) | \$ - | \$ - | \$ 62,765,706 | \$ 3,864,543 |
| Add: Unamortized premium on bonds..... | 3,011,007 | 332,199 | (924,897) | - | - | 2,418,309 | 334,243 |
| Total bonds payable..... | 64,606,256 | 5,167,199 | (4,589,440) | - | - | 65,184,015 | 4,198,786 |
| Compensated absences..... | 3,928,000 | - | - | 1,772,000 | (1,364,000) | 4,336,000 | 1,721,000 |
| Workers' compensation..... | 2,870,000 | - | - | - | (876,000) | 1,994,000 | 205,000 |
| Net pension liability..... | 84,418,000 | - | - | 30,200,000 | (11,736,000) | 102,882,000 | - |
| Net other postemployment benefits..... | 238,656,637 | - | - | 49,938,417 | (7,656,721) | 280,938,333 | - |
| Total governmental activity long-term liabilities..... | \$ 394,478,893 | \$ 5,167,199 | \$ (4,589,440) | \$ 81,910,417 | \$ (21,632,721) | \$ 455,334,348 | \$ 6,124,786 |
| Business-Type Activities: | | | | | | | |
| Long-term bonds payable..... | \$ 64,678,607 | \$ 9,506,768 | \$ (2,634,460) | \$ - | \$ (1,119,948) | \$ 70,430,967 | \$ 3,418,288 |
| Compensated absences..... | 85,000 | - | - | 34,000 | (48,000) | 71,000 | 53,000 |
| Workers' compensation..... | - | - | - | 209,000 | - | 209,000 | 209,000 |
| Net pension liability..... | 2,936,000 | - | - | 2,012,000 | (507,000) | 4,441,000 | - |
| Net other postemployment benefits..... | 5,597,626 | - | - | 1,267,321 | (208,576) | 6,656,371 | - |
| Total business-type activity long-term liabilities..... | \$ 73,297,233 | \$ 9,506,768 | \$ (2,634,460) | \$ 3,522,321 | \$ (1,883,524) | \$ 81,808,338 | \$ 3,680,288 |

The governmental activities long-term liabilities are generally liquidated by the general fund. 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, 2019, the governmental fund balances consisted of the following:

| | General | City Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------|----------------------------------|-----------------------------------|--------------------------------|
| Fund Balances: | | | | |
| Restricted for: | | | | |
| City capital projects funds..... | \$ - | \$ 203,519 | \$ - | \$ 203,519 |
| City revolving funds..... | - | - | 2,100,049 | 2,100,049 |
| City grant funds..... | - | - | 4,758,282 | 4,758,282 |
| City receipts reserved for appropriation.... | - | - | 3,006,378 | 3,006,378 |
| School revolving funds..... | - | - | 3,872,243 | 3,872,243 |
| School grants funds..... | - | - | 1,325,036 | 1,325,036 |
| Harry Della Russo Stadium..... | - | - | 107,228 | 107,228 |
| School capital projects..... | - | - | 2,074,474 | 2,074,474 |
| School construction projects..... | - | - | 546,307 | 546,307 |
| Debt service fund..... | - | - | 935,797 | 935,797 |
| Committed to: | | | | |
| Articles and continuing appropriations: | | | | |
| General government..... | 9,431 | - | - | 9,431 |
| Public works..... | 139,622 | - | - | 139,622 |
| Health and human services..... | 122,150 | - | - | 122,150 |
| Assigned to: | | | | |
| Encumbrances: | | | | |
| General government..... | 630,982 | - | - | 630,982 |
| Public safety..... | 694,872 | - | - | 694,872 |
| Education..... | 12,197,901 | - | - | 12,197,901 |
| Public works..... | 454,016 | - | - | 454,016 |
| Human services..... | 125,030 | - | - | 125,030 |
| Culture and recreation..... | 8,490 | - | - | 8,490 |
| Unassigned..... | 19,091,182 | - | (1,620,740) | 17,470,442 |
| Total Fund Balances..... | \$ 33,473,676 | \$ 203,519 | \$ 17,105,054 | \$ 50,782,249 |

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, 2019, \$10,056,745 has been set aside in stabilization funds that are classified as part of the unassigned fund balance of the general fund in the governmental funds financial statements. During the year the general fund transferred \$2,544,644 to the stabilization funds. The stabilization fund balance can be used for general, capital or employee benefit 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, 2019, the amount of the liability for health insurance claims totaled \$1,225,000. 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, 2017, are as follows:

Health Insurance

| | Balance at Beginning of Year | Current Year Claims and Changes in Estimate | Claims Payments | Balance at Year-End |
|--------------|------------------------------------|--|--------------------|------------------------|
| 2018..... \$ | 1,215,824 | \$ 25,089,321 | \$ (25,065,429) | \$ 1,239,716 |
| 2019..... | 1,239,716 | 24,496,164 | (24,510,880) | 1,225,000 |

Workers Compensation

| | Balance at Beginning of Year | Current Year Claims and Changes in Estimate | Claims Payments | Balance at Year-End |
|-----------|------------------------------------|--|--------------------|------------------------|
| 2018..... | \$ 2,368,000 | \$ 963,000 | \$ (461,000) | \$ 2,870,000 |
| 2019..... | 2,870,000 | (486,548) | (180,452) | 2,203,000 |

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, 2018. The City’s portion of the collective pension expense, contributed by the Commonwealth, of \$18,474,813 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 \$182,313,296 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, 2018.

At December 31, 2018, the RCRS membership consists of the following:

| | |
|--|---------------------|
| Active members..... | 620 |
| Inactive members..... | 75 |
| Retirees and beneficiaries currently receiving benefits..... | <u>497</u> |
| Total..... | <u><u>1,192</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, 2018, was an actuarially determined amount of \$12,980,000. 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 35.28% of covered payroll. The City’s proportionate share of the required contribution was \$12,148,000 which equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at June 30, 2019, were as follows:

| | |
|--|------------------------------|
| Total pension liability..... | \$ 271,467,000 |
| Total pension plan's fiduciary net position..... | <u>(157,679,082)</u> |
| Total net pension liability..... | <u><u>\$ 113,787,918</u></u> |
| The pension plan's fiduciary net position as a percentage of the total pension liability..... | 58.08% |

At June 30, 2019, the City reported a liability of \$107,323,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2019. Accordingly, update procedures were used to roll back 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, 2018, the City’s proportion was 93.59%, which increased 0.03% from its proportion measured at December 31, 2017.

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, 2019, the City recognized pension expense of \$17,921,000. At June 30, 2019, the City reported deferred outflows of resources related to pensions of \$18,788,000 and deferred inflows of resources related to pensions of \$1,168,000.

The balances of deferred outflows and (inflows) of resources as of June 30, 2019 consist of the following:

| Deferred Category | Deferred Outflows of Resources | Deferred Inflows of Resources | Total |
|---|--------------------------------------|-------------------------------------|---------------|
| Differences between expected and actual experience..... | \$ 2,334,000 | \$ - | \$ 2,334,000 |
| Difference between projected and actual earnings, net..... | 6,431,000 | - | 6,431,000 |
| Changes in assumptions..... | 9,459,000 | - | 9,459,000 |
| Changes in proportion and proportionate share of contributions... | 544,000 | (1,168,000) | (624,000) |
| Total deferred outflows/(inflows) of resources..... | \$ 18,768,000 | \$ (1,168,000) | \$ 17,600,000 |

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

| <u>Year ended June 30:</u> | |
|----------------------------|---------------|
| 2020..... | \$ 7,753,000 |
| 2021..... | 2,564,000 |
| 2022..... | 2,467,000 |
| 2023..... | 4,421,000 |
| 2024..... | 395,000 |
| Total..... | \$ 17,600,000 |

Actuarial Assumptions

The total pension liability in the January 1, 2019 actuarial valuation was determined using the actuarial assumptions noted on the following page, applied to all periods included in the measurement that was updated to December 31, 2019:

| | |
|------------------------------------|---|
| Valuation date..... | January 1, 2019 |
| Actuarial cost method..... | Entry Age Normal Cost Method |
| Amortization method - UAAL..... | Total payments increase 5.0% per year until 2032 with a final amortization payment in 2033. |
| Remaining amortization period..... | 14 years from July 1, 2019. |
| Asset valuation method..... | Fair value for GASB 67/68. For funding purposes, gains and losses each year recognized over 5 years. |
| Investment rate of return..... | 7.25% net of pension plan investment expense, including inflation |
| Discount rate..... | 7.25% |
| Projected salary increases..... | Select and ultimate by job group; ultimate rates 4.25% for Group 1 and 4.75% for Group 4. |
| Cost of living adjustments..... | 3% of first \$13,000 |
| Mortality rates..... | Pre-retirement: RP-2014 Blue Collar Employees table projected generationally with Scale MP-2018 (gender distinct). Post-retirement: RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2018 (gender distinct). Disabled retirees: RP-2014 Blue Collar Healthy Annuitant table set forward 1 year projected generationally with Scale MP-2018 (gender distinct). |

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, 2019, are summarized in the table on the following page.

| Asset Class | Long-Term Expected Asset Allocation | Long-Term Expected Real Rate of Return |
|--|--|---|
| Global equity | | |
| Domestic equities..... | 17.00% | 7.62% |
| International equities..... | 14.90% | 7.80% |
| Emerging international equities..... | 6.00% | 9.31% |
| Core fixed income | 13.00% | 4.37% |
| Value added fixed income..... | 8.30% | 7.58% |
| Private equity..... | 12.10% | 11.15% |
| Real estate..... | 9.40% | 6.59% |
| Timberland..... | 4.10% | 7.00% |
| Hedge fund and portfolio completion..... | 15.20% | 6.83% |
| Total..... | 100.00% | |

Rate of return

For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -2.49%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed 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 7.40%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.40%) or 1-percentage-point higher (8.40%) than the current rate:

| | 1% Decrease (6.25%) | Current Discount (7.25%) | 1% Increase (8.25%) |
|--|------------------------|--------------------------------|------------------------|
| The City's proportionate share of the net pension liability..... | \$ 135,840,000 | \$ 107,323,000 | \$ 83,182,000 |
| The System's total net pension liability..... | \$ 144,021,000 | \$ 113,787,000 | \$ 88,192,000 |

Changes of Assumptions

The following are changes in assumptions from the valuation performed as of January 1, 2017 to the valuation performed as of January 1, 2019:

The discount rate was changes from 7.40% to 7.25%.

The pre-retirement mortality assumption was changed from RP-2000 employee table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar employees table projected generationally with Scale MP-2018 (gender distinct). The post-retirement mortality assumption was changed from RP-2000 Health Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2018 (gender distinct). The disabled retirees motility assumption was changed from RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2012 (gender distinct) to RP-2014 Blue Collar Healthy Annuitant table set forward 1 year projected generationally with Scale MP-2018 (gender distinct).

Changes in Plan Provisions

None.

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 – Contributions requirements are negotiated between the City and union representatives. Retired plan members and beneficiaries currently receiving benefits are required to contribute 25% of the cost of benefits provided. The City is required to contribute the balance of the current premiums and may contribute additional amounts to pre-fund benefits.

The Commonwealth of Massachusetts passed special legislation that has allowed the City to establish a postemployment benefit trust fund and to enable the City to begin pre-funding its other postemployment benefit (OPEB) liabilities. During 2019, the City pre-funded future OPEB liabilities totaling \$500,000 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2019, the balance of this fund totaled \$504,144.

Summary of Significant Accounting Policies – For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value,

except for money market investments and other investment products that have a maturity, at the time of purchase, of one year or less. Items with maturities of less than one year are reported at cost.

Measurement Date – GASB Statement #75 requires the net OPEB liability to be measured as of a date no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year, consistently applied from period to period. Accordingly, the net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2018.

Plan Membership - The following table represents the Plan’s membership at July 1, 2018:

| | |
|--|---------------------|
| Active members..... | 1,129 |
| Inactive members currently receiving benefits..... | <u>990</u> |
| Total..... | <u><u>2,119</u></u> |

Components of OPEB Liability – The following table represents the components of the Plan’s OPEB liability as of June 30, 2019:

| | |
|--|------------------------------|
| Total OPEB liability..... | \$ 288,098,848 |
| Less: OPEB plan’s fiduciary net position..... | <u>(504,144)</u> |
| Net OPEB liability..... | <u><u>\$ 287,594,704</u></u> |
| The OPEB plan’s fiduciary net position | |
| as a percentage of the total OPEB liability..... | 0.17% |

Significant Actuarial Methods and Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2019, to be in accordance with GASB Statement #74 and Statement #75.

| | |
|--------------------------------------|--|
| Valuation date..... | July 1, 2018 |
| Actuarial cost method..... | Individual Entry Age Normal |
| Municipal bond rate..... | 2.79%, as of June 30, 2019 (Source: S&P Municipal Bond 20 Year High Grade Index - SAPIHG |
| Single equivalent discount rate..... | 2.75%, net of OPEB plan investment expense, including inflation. |
| Investment rate of return..... | 2.50%, net of OPEB plan investment expense, including inflation. |
| Inflation rate..... | 2.5% as of June 30, 2019 and for future periods |
| Projected salary increases..... | 3% annually as of June 30, 2019 and for future periods |
| Healthcare trend rate..... | 4.50% |
| Pre-retirement mortality rates..... | General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with Scale MP-2016 for males and females. Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with Scale MP-2016 for males and females. |
| Post-retirement mortality rates..... | General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females. |
| Disabled mortality rates..... | General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females, set forward 1 year.. Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females, set forward 1 year.. |

Changes in Assumptions – The discount rate decreased from 3.25% to 2.75%. The mortality tables used in the valuation also changed. In the prior valuation the following mortality table was used: RP-2000 Employees Mortality Table projected generationally with Scale BB and base year 2009. In the current valuation the following mortality table was used: RP-2014 Mortality Table projected generationally with scale MP-2016 for males and

females. The expected long-term medical trend rate has been updated to 4.5% from the 5% rate used in the prior valuation.

Changes in Plan Provisions – None.

Rate of return – For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense was 2.5%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return of by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The Plan's expected future real rate of return of 0% is added to the expected inflation of 2.5% to produce the long-term expected nominal rate of return of 2.5%. Currently, 100% of the Trust's assets are held in cash and cash equivalents.

Discount rate – The discount rate used to measure the total OPEB liability was 2.75% as of June 30, 2019. The discount rate used was determined based on the yield of a 20 – year tax exempt general obligation municipal bond with an average rate of AA/Aa or higher. Specifically, the S&P Municipal Bond 20 – Year High Grade Index was applied.

Changes in the Net OPEB Liability

| | Total OPEB Liability (a) | Fiduciary Net Position (b) | Net OPEB Liability (a) - (b) |
|---|--------------------------------|----------------------------------|------------------------------------|
| Balance at June 30, 2018..... | \$ 234,464,936 | \$ - | \$ 234,464,936 |
| Prior period adjustment..... | 9,789,327 | - | 9,789,327 |
| Restated June 30, 2018 balance..... | 244,254,263 | - | 244,254,263 |
| Changes for the year: | | | |
| Service cost..... | 9,364,288 | - | 9,364,288 |
| Interest..... | 8,123,874 | - | 8,123,874 |
| Changes of benefit terms..... | - | - | - |
| Differences between expected and actual experience..... | (4,809,545) | - | (4,809,545) |
| Changes in assumptions..... | 38,531,265 | - | 38,531,265 |
| Net investment income..... | - | 4,144 | (4,144) |
| Employer contributions to trust..... | - | 7,865,297 | (7,865,297) |
| Benefit payments withdrawn from Trust..... | - | (7,365,297) | 7,365,297 |
| Benefit payments including implicit cost..... | (7,365,297) | - | (7,365,297) |
| Net change..... | 43,844,585 | 504,144 | 43,340,441 |
| Balance at June 30, 2019..... | \$ 288,098,848 | 504,144 | 287,594,704 |

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The table on the following page presents the net other postemployment benefit liability, calculated using the discount rate of 2.75%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate 1-percentage point lower or 1-percentage point higher than the current rate.

| | 1% Decrease (1.75%) | Current Discount Rate (2.75%) | 1% Increase (3.75%) |
|-------------------------|------------------------|-------------------------------------|------------------------|
| Net OPEB liability..... | \$ 341,641,594 | \$ 287,594,704 | \$ 247,346,796 |

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate— The following table presents the net other postemployment benefit liability, calculated using a healthcare trend rate of 4.5%, as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate 1-percentage point lower or 1-percentage point higher than the current rate.

| | 1% Decrease | Current Trend | 1% Increase |
|-------------------------|----------------|----------------|----------------|
| Net OPEB liability..... | \$ 241,037,641 | \$ 287,594,704 | \$ 348,499,864 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019 the City recognized OPEB expense of \$21,967,288 and the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| Deferred Category | Deferred Outflows of Resources | Deferred Inflows of Resources | Total |
|---|--------------------------------------|-------------------------------------|----------------|
| Differences between expected and actual experience..... | \$ - | \$ (3,955,275) | \$ (3,955,275) |
| Difference between projected and actual earnings..... | 1,654 | - | 1,654 |
| Changes in assumptions..... | 31,687,346 | - | 31,687,346 |
| Total deferred outflows/(inflows) of resources..... | \$ 31,689,000 | \$ (3,955,275) | \$ 27,733,725 |

Amounts reported as deferred outflows/(inflows) of resources related to OPEB being amortized will be recognized in OPEB expense as follows:

| Measurement date year ended June 30: | |
|--------------------------------------|---------------|
| 2020..... | \$ 5,990,062 |
| 2021..... | 5,990,062 |
| 2022..... | 5,990,062 |
| 2023..... | 5,990,064 |
| 2024..... | 3,773,475 |
| Total..... | \$ 27,733,725 |

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 2019 the City has expended approximately \$45.9 million and has received approximately \$27 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 \$900,000 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, 2019.

The City is 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 million to address various sewer infrastructure matters. The City anticipates the expenditure to occur over the next eight years. As of June 30, 2019, the City has expended approximately \$77.2 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, 2019, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2019.

NOTE 14 - FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS

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

| | Pension Trust Fund (as of December 31, 2018) | Other Postemployment Benefit Trust Fund | Total Pension and Other Postemployment Benefit Trust Funds |
|---|---|--|--|
| ASSETS | | | |
| Cash and cash equivalents..... | \$ 708,942 | \$ 254,144 | \$ 963,086 |
| Investments: | | | |
| Investments in Pension Reserve Investment Trust..... | 156,965,703 | - | 156,965,703 |
| Receivables, net of allowance for uncollectibles: | | | |
| Departmental and other..... | 4,437 | 250,000 | 254,437 |
| TOTAL ASSETS..... | 157,679,082 | 504,144 | 158,183,226 |
| NET POSITION | | | |
| Restricted for pensions..... | 157,679,082 | - | 157,679,082 |
| Restricted for other postemployment benefits..... | - | 504,144 | 504,144 |
| TOTAL NET POSITION..... | \$ 157,679,082 | \$ 504,144 | \$ 158,183,226 |
| | Pension Trust Fund (as of December 31, 2018) | Other Postemployment Benefit Trust Fund | Total Pension and Other Postemployment Benefit Trust Funds |
| ADDITIONS: | | | |
| Contributions: | | | |
| Employer contributions..... | \$ 13,040,664 | \$ 500,000 | \$ 13,540,664 |
| Employer contributions for other postemployment benefit payments..... | - | 7,365,297 | 7,365,297 |
| Member contributions..... | 3,832,816 | - | 3,832,816 |
| Retirement benefits - transfers from other systems..... | 448,441 | - | 448,441 |
| Intergovernmental..... | 125,628 | - | 125,628 |
| Total contributions..... | 17,447,549 | 7,865,297 | 25,312,846 |
| Net investment income: | | | |
| Investment income..... | (3,069,085) | 4,144 | (3,064,941) |
| Less: investment expense..... | (844,907) | - | (844,907) |
| Net investment income (loss)..... | (3,913,992) | 4,144 | (3,909,848) |
| TOTAL ADDITIONS..... | 13,533,557 | 7,869,441 | 21,402,998 |
| DEDUCTIONS: | | | |
| Administration..... | 359,958 | - | 359,958 |
| Retirement benefits - transfers to other systems..... | 261,773 | - | 261,773 |
| Retirement benefits - 3(8)c transfer to other systems..... | 390,778 | - | 390,778 |
| Retirement benefits and refunds..... | 16,236,092 | - | 16,236,092 |
| Other postemployment benefit payments..... | - | 7,365,297 | 7,365,297 |
| TOTAL DEDUCTIONS..... | 17,248,601 | 7,365,297 | 24,613,898 |
| NET INCREASE (DECREASE) IN NET POSITION..... | (3,715,044) | 504,144 | (3,210,900) |
| NET POSITION AT BEGINNING OF YEAR..... | 161,394,126 | - | 161,394,126 |
| NET POSITION AT END OF YEAR..... | \$ 157,679,082 | \$ 504,144 | \$ 158,183,226 |

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 23, 2019, which is the date the financial statements were available to be issued.

NOTE 16 – RESTATEMENT OF NET POSITION PREVIOUSLY REPORTED

Beginning net position of governmental activities and the business-type activities has been restated to reflect a change in the measurement date of the net other postemployment benefits liability. Beginning fund balance of the governmental funds and net position of the government activities has been updated to reflect previously unrecognized grant activity. The restated balances are summarized in the following table:

| | 06/30/2018 Previously Reported Balances | Other Post Employment Benefits | Recognition of Grant Activity | 06/30/2018 Restated Balances |
|--|--|-----------------------------------|----------------------------------|------------------------------------|
| Government-Wide Financial Statements | | | | |
| Governmental activities..... | \$ (122,382,978) | \$ (12,351,945) | \$ 822,577 | \$ (133,912,346) |
| Business-type activities..... | 22,325,427 | 2,562,618 | | 24,888,045 |
| Total..... | <u>\$ (100,057,551)</u> | <u>\$ (9,789,327)</u> | <u>\$ 822,577</u> | <u>\$ (109,024,301)</u> |
| Business-type Activities - Enterprise Funds | | | | |
| Water and sewer enterprise fund..... | \$ 22,325,427 | \$ 2,562,618 | - | \$ 24,888,045 |

NOTE 17 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2019, the following GASB pronouncements were implemented:

- GASB Statement #83, *Certain Asset Retirement Obligations*. This pronouncement did not impact the basic financial statements.
- GASB Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2020.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.
- The GASB issued Statement #89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which is required to be implemented in 2021.
- The GASB issued Statement #90, *Majority Equity Interests – an amendment of GASB Statements #14 and #61*, which is required to be implemented in 2020.
- The GASB issued Statement #91, *Conduit Debt Obligations*, which is required to be implemented in 2022.

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

Required Supplementary Information

General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the City 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, 2019

| | Budgeted Amounts | | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
|---|--------------------|--------------------|--------------------------------|--|--------------------------------|
| | Original Budget | Final Budget | | | |
| REVENUES: | | | | | |
| Real estate and personal property taxes, net of tax refunds..... | \$ 85,610,295 | \$ 85,610,219 | \$ 84,676,324 | \$ - | \$ (933,895) |
| Tax liens..... | - | - | 956,109 | - | 956,109 |
| Motor vehicle and other excise taxes..... | 5,460,000 | 5,460,000 | 6,040,326 | - | 580,326 |
| Hotel/motel tax..... | 1,700,000 | 1,700,000 | 1,903,017 | - | 203,017 |
| Meals tax..... | 675,000 | 675,000 | 720,250 | - | 45,250 |
| Charges for services..... | 1,772,000 | 1,772,000 | 1,616,433 | - | (155,567) |
| Penalties and interest on taxes..... | 640,000 | 640,000 | 853,417 | - | 213,417 |
| Payments in lieu of taxes..... | 144,000 | 144,000 | 185,119 | - | 41,119 |
| Licenses and permits..... | 1,600,000 | 1,600,000 | 4,521,377 | - | 2,921,377 |
| Fines and forfeitures..... | 1,500,000 | 1,500,000 | 1,284,332 | - | (215,668) |
| Intergovernmental..... | 77,973,936 | 77,973,936 | 78,366,039 | - | 392,103 |
| Investment income..... | 400,000 | 400,000 | 1,220,230 | - | 820,230 |
| Miscellaneous..... | 445,000 | 445,000 | 468,952 | - | 23,952 |
| TOTAL REVENUES..... | 177,920,231 | 177,920,155 | 182,811,925 | - | 4,891,770 |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| Appeal Board: | | | | | |
| Salaries..... | 11,600 | 11,600 | 9,200 | - | 2,400 |
| Expense..... | 720 | 720 | 399 | - | 321 |
| Total..... | 12,320 | 12,320 | 9,599 | - | 2,721 |
| Assessors: | | | | | |
| Salaries..... | 296,245 | 325,438 | 325,438 | - | - |
| Expense..... | 71,900 | 77,507 | 70,945 | 6,350 | 212 |
| Total..... | 368,145 | 402,945 | 396,383 | 6,350 | 212 |
| Auditing: | | | | | |
| Salaries..... | 366,009 | 374,041 | 373,836 | - | 205 |
| Expense..... | 133,324 | 133,441 | 68,943 | 64,156 | 342 |
| Total..... | 499,333 | 507,482 | 442,779 | 64,156 | 547 |
| Human Resources: | | | | | |
| Salaries..... | 176,263 | 186,243 | 182,709 | - | 3,534 |
| Employee group health..... | 22,681,875 | 22,681,845 | 22,627,852 | 17,171 | 36,822 |
| Expense..... | 82,300 | 81,050 | 70,982 | - | 10,068 |
| Total..... | 22,940,438 | 22,949,138 | 22,881,543 | 17,171 | 50,424 |
| City Clerk: | | | | | |
| Salaries..... | 260,669 | 271,535 | 271,216 | - | 319 |
| Expense..... | 52,841 | 44,275 | 43,652 | 338 | 285 |
| Total..... | 313,510 | 315,810 | 314,868 | 338 | 604 |
| City Council: | | | | | |
| Salaries..... | 350,262 | 355,362 | 353,839 | - | 1,523 |
| Collector/Treasurer: | | | | | |
| Salaries..... | 759,382 | 802,007 | 799,467 | - | 2,540 |
| Banking services..... | 300,000 | 300,000 | 267,100 | - | 32,900 |
| Other expense..... | 166,856 | 161,231 | 118,049 | 41,317 | 1,865 |
| Bonded debt..... | 3,664,543 | 3,664,543 | 3,664,543 | - | - |
| Bonded debt interest..... | 2,444,450 | 2,303,450 | 2,303,400 | - | 50 |
| Total..... | 7,335,231 | 7,231,231 | 7,152,559 | 41,317 | 37,355 |

(Continued)

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

YEAR ENDED JUNE 30, 2019

| | Budgeted Amounts | | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
|---|--------------------|-----------------|--------------------------------|--|--------------------------------|
| | Original Budget | Final Budget | | | |
| Office of Strategic Planning & Economic Development: | | | | | |
| Salaries..... | 175,463 | 180,163 | 178,709 | - | 1,454 |
| Expense..... | 91,012 | 186,312 | 51,320 | 124,132 | 10,860 |
| Total..... | 266,475 | 366,475 | 230,029 | 124,132 | 12,314 |
| Conservation Commission: | | | | | |
| Salaries..... | 6,400 | 6,805 | 6,800 | - | 5 |
| Expense..... | 600 | 545 | 455 | 85 | 5 |
| Total..... | 7,000 | 7,350 | 7,255 | 85 | 10 |
| Election: | | | | | |
| Salaries..... | 240,020 | 236,495 | 235,689 | - | 806 |
| Expense..... | 75,462 | 70,987 | 57,270 | 2,977 | 10,740 |
| Total..... | 315,482 | 307,482 | 292,959 | 2,977 | 11,546 |
| License Commission: | | | | | |
| Salaries..... | 3,200 | 3,200 | 3,200 | - | - |
| Expense..... | 1,000 | 1,000 | 995 | - | 5 |
| Total..... | 4,200 | 4,200 | 4,195 | - | 5 |
| Management Information System: | | | | | |
| Salaries..... | 160,555 | 179,005 | 178,868 | - | 137 |
| Expenses..... | 1,082,921 | 1,068,308 | 1,058,597 | 4,816 | 4,895 |
| Capital..... | 5,118 | 19,431 | 10,000 | 9,431 | - |
| Total..... | 1,248,594 | 1,266,744 | 1,247,465 | 14,247 | 5,032 |
| Mayor: | | | | | |
| Salaries..... | 425,027 | 452,827 | 452,293 | - | 534 |
| Expense..... | 179,154 | 215,751 | 153,883 | 60,339 | 1,529 |
| Reserve for contract negotiations..... | 286,855 | 261,855 | 6,480 | 255,373 | 2 |
| Total..... | 891,036 | 930,433 | 612,656 | 315,712 | 2,065 |
| Office of Innovation and Data Management: | | | | | |
| Salaries..... | 245,374 | 235,859 | 235,594 | - | 265 |
| Expense..... | 85,513 | 85,528 | 83,567 | 1,951 | 10 |
| Total..... | 330,887 | 321,387 | 319,161 | 1,951 | 275 |
| Engineering: | | | | | |
| Salaries..... | 195,719 | 137,719 | 136,692 | - | 1,027 |
| Expense..... | 59,883 | 9,884 | 9,235 | - | 649 |
| Total..... | 255,602 | 147,603 | 145,927 | - | 1,676 |
| Purchasing: | | | | | |
| Salaries..... | 134,226 | 147,901 | 147,811 | - | 90 |
| Expense..... | 121,193 | 119,093 | 104,000 | 14,247 | 846 |
| Total..... | 255,419 | 266,994 | 251,811 | 14,247 | 936 |
| Solicitor: | | | | | |
| Salaries..... | 332,374 | 335,880 | 335,878 | - | 2 |
| Outside legal services..... | 100,000 | 103,096 | 75,269 | 27,827 | - |
| Expense..... | 49,852 | 35,249 | 84,777 | 472 | (50,000) |
| Total..... | 482,226 | 474,225 | 495,924 | 28,299 | (49,998) |
| Pension and Retirement: | | | | | |
| Pension contribution..... | 11,914,874 | 12,057,874 | 12,057,685 | - | 189 |

(Continued)

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

YEAR ENDED JUNE 30, 2019

| | Budgeted Amounts | | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
|--|--------------------|-------------------|--------------------------------|--|--------------------------------|
| | Original Budget | Final Budget | | | |
| Fire: | | | | | |
| Salaries..... | 9,095,367 | 9,715,817 | 9,577,579 | - | 138,238 |
| Expense..... | 537,054 | 693,104 | 470,976 | 204,070 | 18,058 |
| Total..... | <u>9,632,421</u> | <u>10,408,921</u> | <u>10,048,555</u> | <u>204,070</u> | <u>156,296</u> |
| Police: | | | | | |
| Salaries..... | 9,623,586 | 9,276,456 | 9,175,873 | - | 100,583 |
| Expense..... | 1,129,349 | 1,444,979 | 989,546 | 447,353 | 8,080 |
| Total..... | <u>10,752,935</u> | <u>10,721,435</u> | <u>10,165,419</u> | <u>447,353</u> | <u>108,663</u> |
| Regional Emergency Communication Center: | | | | | |
| Operations..... | 1,650,008 | 1,363,423 | 1,363,066 | - | 357 |
| Inspectional Services - Building Department: | | | | | |
| Salaries..... | 474,656 | 486,822 | 486,802 | - | 20 |
| Expense..... | 46,435 | 38,869 | 36,431 | 1,569 | 869 |
| Total..... | <u>521,091</u> | <u>525,691</u> | <u>523,233</u> | <u>1,569</u> | <u>889</u> |
| Civil Defense: | | | | | |
| Expense..... | 5,500 | 4,500 | 1,133 | - | 3,367 |
| Parking Clerk: | | | | | |
| Salaries..... | 404,554 | 445,749 | 444,897 | - | 852 |
| Expense..... | 13,189 | 76,994 | 33,814 | 41,880 | 1,300 |
| Total..... | <u>417,743</u> | <u>522,743</u> | <u>478,711</u> | <u>41,880</u> | <u>2,152</u> |
| Inspectional Services - Health: | | | | | |
| Salaries..... | 560,764 | 535,264 | 533,931 | - | 1,333 |
| Expense..... | 26,944 | 34,695 | 31,186 | 2,538 | 971 |
| Total..... | <u>587,708</u> | <u>569,959</u> | <u>565,117</u> | <u>2,538</u> | <u>2,304</u> |
| Inspectional Services - Weights & Measures: | | | | | |
| Salaries..... | 70,157 | 79,440 | 79,338 | - | 102 |
| Expense..... | 9,088 | 4,205 | 4,205 | - | - |
| Total..... | <u>79,245</u> | <u>83,645</u> | <u>83,543</u> | <u>-</u> | <u>102</u> |
| Public Works: | | | | | |
| Salaries..... | 955,862 | 407,590 | 406,135 | - | 1,455 |
| Expense..... | 1,103,337 | 235,131 | 234,671 | - | 460 |
| Capital..... | 68,088 | 284,927 | 143,757 | 139,622 | 1,548 |
| Total..... | <u>2,127,287</u> | <u>927,648</u> | <u>784,563</u> | <u>139,622</u> | <u>3,463</u> |
| Snow and Ice: | | | | | |
| Salaries..... | 150,000 | 140,632 | 140,632 | - | - |
| Expense..... | 200,000 | 560,178 | 560,176 | - | 2 |
| Total..... | <u>350,000</u> | <u>700,810</u> | <u>700,808</u> | <u>-</u> | <u>2</u> |
| Highway: | | | | | |
| Salaries..... | 448,064 | 486,879 | 485,512 | - | 1,367 |
| Expense..... | - | 549,315 | 384,762 | 159,354 | 5,199 |
| Total..... | <u>448,064</u> | <u>1,036,194</u> | <u>870,274</u> | <u>159,354</u> | <u>6,566</u> |
| Open Space/Parks: | | | | | |
| Salaries..... | - | 616,879 | 613,179 | - | 3,700 |
| Expenses..... | 387,100 | 410,687 | 316,879 | 84,976 | 8,832 |
| Total..... | <u>387,100</u> | <u>1,027,566</u> | <u>930,058</u> | <u>84,976</u> | <u>12,532</u> |

(Continued)

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

YEAR ENDED JUNE 30, 2019

| | Budgeted Amounts | | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
|---|--------------------|--------------------|--------------------------------|--|--------------------------------|
| | Original Budget | Final Budget | | | |
| Sanitation: | | | | | |
| Salaries..... | - | 291,285 | 290,991 | - | 294 |
| Expense..... | 1,575,505 | 1,857,442 | 1,784,420 | 70,064 | 2,958 |
| Total..... | 1,575,505 | 2,148,727 | 2,075,411 | 70,064 | 3,252 |
| Council on Elder Affairs: | | | | | |
| Salaries..... | 263,903 | 259,153 | 258,683 | - | 470 |
| Expense..... | 4,900 | 3,950 | 3,931 | - | 19 |
| Total..... | 268,803 | 263,103 | 262,614 | - | 489 |
| Public Health Initiatives: | | | | | |
| Salaries..... | 470,119 | 514,219 | 506,599 | - | 7,620 |
| Expense..... | 3,960 | 3,960 | 3,960 | - | - |
| Total..... | 474,079 | 518,179 | 510,559 | - | 7,620 |
| Public Health Community Initiatives: | | | | | |
| Salaries..... | 119,494 | 97,444 | 97,439 | - | 5 |
| Expense..... | 2,728 | 2,578 | 1,973 | 128 | 477 |
| Capital Outlay..... | 162,000 | 162,000 | 39,850 | 122,150 | - |
| Total..... | 284,222 | 262,022 | 139,262 | 122,278 | 482 |
| Public Health Substance Abuse: | | | | | |
| Salaries..... | 39,722 | 39,253 | 38,855 | - | 398 |
| Expense..... | 1,000 | 1,469 | 1,345 | 124 | - |
| Total..... | 40,722 | 40,722 | 40,200 | 124 | 398 |
| Commission on Disabilities: | | | | | |
| Salaries..... | 5,900 | 5,970 | 5,967 | - | 3 |
| Expense..... | 1,000 | 1,233 | 708 | 90 | 435 |
| Total..... | 6,900 | 7,203 | 6,675 | 90 | 438 |
| Consumer Affairs: | | | | | |
| Salaries..... | 49,927 | 45,927 | 45,927 | - | - |
| Veterans Affairs: | | | | | |
| Salaries..... | 117,087 | 130,293 | 130,230 | - | 63 |
| Expense..... | 15,510 | 12,106 | 10,593 | - | 1,513 |
| Veterans benefits..... | 805,025 | 654,919 | 641,113 | - | 13,806 |
| Total..... | 937,622 | 797,318 | 781,936 | - | 15,382 |
| Library: | | | | | |
| Salaries..... | 462,303 | 440,572 | 440,361 | - | 211 |
| Expense..... | 144,928 | 142,659 | 119,887 | 2,075 | 20,697 |
| Total..... | 607,231 | 583,231 | 560,248 | 2,075 | 20,908 |
| Recreation Services: | | | | | |
| Salaries..... | 362,253 | 390,711 | 383,269 | - | 7,442 |
| Expense..... | 97,689 | 96,581 | 90,164 | 6,415 | 2 |
| Total..... | 459,942 | 487,292 | 473,433 | 6,415 | 7,444 |
| Education: | | | | | |
| Education..... | 96,048,107 | 96,239,805 | 84,041,904 | 12,197,901 | - |
| Expenses Northeast Metropolitan Regional Vocational School..... | 18,800 | 18,800 | 18,300 | - | 500 |
| Northeast Regional Vocational School Assessment..... | 2,008,889 | 2,008,889 | 2,008,889 | - | - |
| Total..... | 98,075,796 | 98,267,494 | 86,069,093 | 12,197,901 | 500 |
| State and county charges..... | 11,954,784 | 11,954,784 | 12,231,375 | - | (276,591) |
| TOTAL EXPENDITURES..... | 189,485,669 | 191,193,592 | 176,927,850 | 14,111,291 | 154,451 |

(Continued)

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

YEAR ENDED JUNE 30, 2019

| | Budgeted Amounts | | Actual Budgetary Amounts | Amounts Carried Forward To Next Year | Variance to Final Budget |
|---|--------------------|-----------------|--------------------------------|--|--------------------------------|
| | Original Budget | Final Budget | | | |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | (11,565,438) | (13,273,437) | 5,884,075 | (14,111,291) | 5,046,221 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Use of fund balance to fund prior year carryforwards..... | 12,653,214 | 12,653,214 | - | - | (12,653,214) |
| Use of free cash..... | - | 2,755,000 | - | - | (2,755,000) |
| Use of free cash to fund transfers out..... | - | 3,087,644 | - | - | (3,087,644) |
| Other amounts raised..... | (120,000) | (120,000) | - | - | 120,000 |
| Transfers in..... | 2,632,248 | 3,677,247 | 3,677,247 | - | - |
| Transfers out..... | (3,600,024) | (8,779,668) | (8,779,668) | - | - |
| TOTAL OTHER FINANCING SOURCES (USES)..... | 11,565,438 | 13,273,437 | (5,102,421) | - | (18,375,858) |
| NET CHANGE IN FUND BALANCE..... | - | - | 781,654 | (14,111,291) | (13,329,637) |
| BUDGETARY FUND BALANCE, Beginning of year..... | 22,184,154 | 22,184,154 | 22,184,154 | - | - |
| BUDGETARY FUND BALANCE, End of year..... | \$ 22,184,154 | \$ 22,184,154 | \$ 22,965,808 | \$ (14,111,291) | \$ (13,329,637) |

(Concluded)

See notes to required supplementary information.

Pension Plan Schedules – Retirement System

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

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

The Pension Plan's Schedule of Investment 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.

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

| | December 31, 2014 | December 31, 2015 | December 31, 2016 | December 31, 2017 | December 31, 2018 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total pension liability: | | | | | |
| Service cost..... | \$ 4,551,000 | \$ 5,383,000 | \$ 5,625,000 | \$ 5,576,000 | \$ 5,827,000 |
| Interest..... | 15,558,000 | 15,746,000 | 17,803,000 | 17,915,000 | 18,676,000 |
| Changes in benefit terms..... | - | - | - | - | 1,200,000 |
| Differences between expected and actual experience..... | - | 11,315,000 | - | (2,037,000) | 509,000 |
| Changes in assumptions..... | - | 9,300,000 | - | 4,661,000 | 6,900,000 |
| Benefit payments..... | <u>(14,469,000)</u> | <u>(14,534,000)</u> | <u>(15,302,000)</u> | <u>(15,761,000)</u> | <u>(16,403,000)</u> |
| Net change in total pension liability..... | 5,640,000 | 27,210,000 | 8,126,000 | 10,354,000 | 16,709,000 |
| Total pension liability - beginning..... | <u>203,428,000</u> | <u>209,068,000</u> | <u>236,278,000</u> | <u>244,404,000</u> | <u>254,758,000</u> |
| Total pension liability - ending (a)..... | <u>\$ 209,068,000</u> | <u>\$ 236,278,000</u> | <u>\$ 244,404,000</u> | <u>\$ 254,758,000</u> | <u>\$ 271,467,000</u> |
| Plan fiduciary net position: | | | | | |
| Employer contributions..... | \$ 10,792,421 | \$ 11,212,968 | \$ 11,773,616 | \$ 12,219,658 | \$ 13,040,664 |
| Member contributions..... | 3,448,000 | 3,249,000 | 3,331,000 | 3,117,000 | 3,921,000 |
| Net investment income (loss)..... | 8,903,800 | 805,050 | 9,399,263 | 22,806,690 | (3,913,992) |
| Administrative expenses..... | (264,922) | (233,905) | (237,390) | (332,546) | (359,716) |
| Retirement benefits and refunds..... | <u>(14,469,618)</u> | <u>(14,534,000)</u> | <u>(15,302,000)</u> | <u>(15,761,000)</u> | <u>(16,403,000)</u> |
| Net increase (decrease) in fiduciary net position..... | 8,409,681 | 499,113 | 8,964,489 | 22,049,802 | (3,715,044) |
| Fiduciary net position - beginning of year..... | <u>121,471,041</u> | <u>129,880,722</u> | <u>130,379,835</u> | <u>139,344,324</u> | <u>161,394,126</u> |
| Fiduciary net position - end of year (b)..... | <u>\$ 129,880,722</u> | <u>\$ 130,379,835</u> | <u>\$ 139,344,324</u> | <u>\$ 161,394,126</u> | <u>\$ 157,679,082</u> |
| Net pension liability - ending (a)-(b)..... | <u>\$ 79,187,278</u> | <u>\$ 105,898,165</u> | <u>\$ 105,059,676</u> | <u>\$ 93,363,874</u> | <u>\$ 113,787,918</u> |
| Plan fiduciary net position as a percentage of the total pension liability..... | 62.12% | 55.18% | 57.01% | 63.35% | 58.08% |
| Covered payroll..... | \$ 27,431,000 | \$ 32,748,000 | \$ 32,748,000 | \$ 33,296,000 | \$ 36,788,000 |
| Net pension liability as a percentage of covered payroll..... | 288.68% | 323.37% | 320.81% | 280.41% | 309.31% |

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

See notes to required supplementary information.

**SCHEDULE OF CONTRIBUTIONS
REVERE CONTRIBUTORY RETIREMENT SYSTEM**

| Year | Actuarially determined contribution | Contributions in relation to the actuarially determined contribution | Contribution deficiency (excess) | Covered payroll | Contributions as a percentage of covered payroll |
|------------------------|---|--|--|-----------------|--|
| December 31, 2018..... | \$ 12,980,000 | \$ (12,980,000) | \$ - | \$ 36,788,000 | 35.28% |
| December 31, 2017..... | 11,929,000 | (11,929,000) | - | 33,296,000 | 35.83% |
| December 31, 2016..... | 11,773,616 | (11,773,616) | - | 32,748,000 | 35.95% |
| December 31, 2015..... | 11,212,968 | (11,212,968) | - | 32,748,000 | 34.24% |
| December 31, 2014..... | 10,792,421 | (10,792,421) | - | 27,431,000 | 39.34% |

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

See notes to required supplementary information.

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

| <u>Year</u> | <u>Annual money-weighted rate of return, net of investment expense</u> |
|------------------------|--|
| December 31, 2018..... | -2.49% |
| December 31, 2017..... | 17.28% |
| December 31, 2016..... | 7.59% |
| December 31, 2015..... | 0.65% |
| December 31, 2014..... | 7.71% |

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

See notes to required supplementary information.

Pension Plan Schedules – City

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

The Schedule of 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**

| Year | Proportion of the net pension liability (asset) | Proportionate share of the net pension liability (asset) | Covered payroll | Net pension liability as a percentage of covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|------------------------|---|---|-----------------|---|--|
| December 31, 2018..... | 93.59% | \$ 107,323,000 | \$ 34,698,000 | 309.31% | 58.08% |
| December 31, 2017..... | 93.56% | 98,718,929 | 31,152,404 | 316.89% | 63.35% |
| December 31, 2016..... | 93.72% | 98,459,029 | 30,692,522 | 320.79% | 57.01% |
| December 31, 2015..... | 93.58% | 99,095,075 | 30,644,257 | 323.37% | 55.18% |
| December 31, 2014..... | 92.93% | 73,576,106 | 25,491,527 | 288.63% | 62.12% |

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

See notes to required supplementary information.

**SCHEDULE OF THE CITY'S CONTRIBUTIONS
REVERE CONTRIBUTORY RETIREMENT SYSTEM**

| Year | Actuarially determined contribution | Contributions in relation to the actuarially determined contribution | Contribution deficiency (excess) | Covered payroll | Contributions as a percentage of covered payroll |
|--------------------|---|--|--|-----------------|--|
| June 30, 2019..... | \$ 12,243,000 | \$ (12,243,000) | - | \$ 35,391,960 | 34.59% |
| June 30, 2018..... | 11,567,000 | (11,567,000) | - | 31,775,452 | 36.40% |
| June 30, 2017..... | 11,033,908 | (11,033,908) | - | 31,306,372 | 35.24% |
| June 30, 2016..... | 10,492,643 | (10,492,643) | - | 31,257,142 | 33.57% |
| June 30, 2015..... | 10,029,357 | (10,029,357) | - | 26,001,358 | 38.57% |

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

See notes to required supplementary information.

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

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

| Year | Commonwealth's 100% Share of the Associated Net Pension Liability | Expense and Revenue Recognized for the Commonwealth's Support | Plan Fiduciary Net Position as a Percentage of the Total Liability |
|-----------|--|---|---|
| 2019..... | \$ 182,313,296 | \$ 18,474,813 | 54.84% |
| 2018..... | 173,853,635 | 18,145,610 | 54.25% |
| 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 Changes in the City's Net Other Postemployment Benefit Liability and Related Ratios presents multi-year trend information on changes in the Plan's total OPEB Liability, changes in the Plan's net position, and ending net OPEB liability. It also demonstrates the Plan's net position as a percentage of the total liability and the Plan's net other postemployment benefit liability as a percentage of covered payroll.

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

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

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

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

| | June 30, 2018 | June 30, 2019 |
|---|-----------------------|-----------------------|
| Total OPEB Liability | | |
| Service Cost..... | \$ 8,097,434 | \$ 9,364,288 |
| Interest..... | 7,481,159 | 8,123,874 |
| Changes of benefit terms..... | - | - |
| Differences between expected and actual experience.... | - | (4,809,545) |
| Changes of assumptions..... | - | 38,531,265 |
| Benefit payments..... | <u>(6,360,572)</u> | <u>(7,365,297)</u> |
| Net change in total OPEB liability..... | 9,218,021 | 43,844,585 |
| Total OPEB liability - beginning..... | <u>235,036,242</u> | <u>244,254,263</u> |
| Total OPEB liability - ending (a)..... | <u>\$ 244,254,263</u> | <u>\$ 288,098,848</u> |
| Plan fiduciary net position | | |
| Employer contributions..... | \$ - | \$ 500,000 |
| Employer contributions for OPEB payments..... | - | 7,365,297 |
| Net investment income..... | - | 4,144 |
| Benefit payments..... | <u>-</u> | <u>(7,365,297)</u> |
| Net change in plan fiduciary net position..... | - | 504,144 |
| Plan fiduciary net position - beginning of year..... | <u>-</u> | <u>-</u> |
| Plan fiduciary net position - end of year (b)..... | <u>\$ -</u> | <u>\$ 504,144</u> |
| Net OPEB liability - ending (a)-(b)..... | <u>\$ 244,254,263</u> | <u>\$ 287,594,704</u> |
| Plan fiduciary net position as a percentage of the total OPEB liability..... | 0.00% | 0.17% |
| Covered-employee payroll..... | \$ 92,586,340 | \$ 86,789,899 |
| Total OPEB liability as a percentage of covered-employee payroll..... | 263.81% | 331.37% |

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

See notes to required supplementary information.

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

| <u>Year</u> | <u>Actuarially determined contribution</u> | <u>Contributions in relation to the actuarially determined contribution</u> | <u>Contribution deficiency (excess)</u> | <u>Covered- employee payroll</u> | <u>Contributions as a percentage of covered- employee payroll</u> |
|--------------------|--|---|---|--------------------------------------|---|
| June 30, 2019..... | \$ 23,186,865 | \$ (7,865,297) | \$ 15,321,568 | \$ 86,789,899 | 9.06% |
| June 30, 2018..... | \$ 20,060,645 | \$ (6,360,572) | \$ 13,700,073 | \$ 92,586,340 | 6.87% |

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

See notes to required supplementary information.

SCHEDULE OF INVESTMENT RETURNS
OTHER POSTEMPLOYMENT BENEFIT PLAN

| Year | Annual money-weighted rate of return, net of investment expense |
|--------------------|---|
| June 30, 2019..... | 2.50% |

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

See notes to required supplementary information.

NOTE A – STEWARDSHIP, COMPLIANCE AND 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 2019 approved budget authorizing approximately \$193.1 million in current year appropriations and other financing uses. The original approved budget is inclusive of approximately \$12.7 million in encumbrances and appropriations carried over from previous years. During 2019, the City Council approved supplemental appropriations totaling approximately \$6.9 million.

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, 2019, is presented on the following page.

| | | |
|--|----|---------------------|
| Net change in fund balance - budgetary basis..... | \$ | 781,654 |
| <u>Perspective differences:</u> | | |
| Activity of the stabilization fund recorded in the general fund for GAAP..... | | 752,457 |
| <u>Basis of accounting differences:</u> | | |
| Net change in recording 60 day receipts..... | | (111,531) |
| Net change in recording accrued expenditures..... | | 198,973 |
| Net change in other accrued amounts..... | | (361,214) |
| Recognition of revenue for on-behalf payments..... | | 18,474,813 |
| Recognition of expenditures for on-behalf payments..... | | <u>(18,474,813)</u> |
| Net change in fund balance - GAAP basis..... | \$ | <u>1,260,339</u> |

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

The following are changes in assumptions from the valuation performed as of January 1, 2017 to the valuation performed as of January 1, 2019:

The discount rate was changes from 7.40% to 7.25%.

The pre-retirement mortality assumption was changed from RP-2000 employee table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar employees table projected generationally with Scale MP-2018 (gender distinct). The post-retirement mortality assumption was changed from RP-2000 Health Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct) to RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2018 (gender distinct). The disabled retirees motility assumption was changed from RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2012 (gender distinct) to RP-2014 Blue Collar Healthy Annuitant table set forward 1 year projected generationally with Scale MP-2018 (gender distinct).

E. Changes in Plan Provisions

None.

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 Other Postemployment Benefit Plan

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

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

B. Schedule of the City’s Contributions

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

| | |
|--------------------------------------|--|
| Valuation date..... | July 1, 2018 |
| Actuarial cost method..... | Individual Entry Age Normal |
| Municipal bond rate..... | 2.79%, as of June 30, 2019 (Source: S&P Municipal Bond 20 Year High Grade Index - SAPIHG |
| Single equivalent discount rate..... | 2.75%, net of OPEB plan investment expense, including inflation. |
| Investment rate of return..... | 2.50%, net of OPEB plan investment expense, including inflation. |
| Inflation rate..... | 2.5% as of June 30, 2019 and for future periods |
| Projected salary increases..... | 3% annually as of June 30, 2019 and for future periods |
| Healthcare trend rate..... | 4.50% |

| | |
|--------------------------------------|---|
| Pre-retirement mortality rates..... | <p>General: RP-2014 Mortality Table for Blue Collar Employees projected generationally with Scale MP-2016 for males and females.</p> <p>Teachers: RP-2014 Mortality Table for White Collar Employees projected generationally with Scale MP-2016 for males and females.</p> |
| Post-retirement mortality rates..... | <p>General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females.</p> <p>Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females.</p> |
| Disabled mortality rates..... | <p>General: RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females, set forward 1 year..</p> <p>Teachers: RP-2014 Mortality Table for White Collar Healthy Annuitants projected generationally with Scale MP-2016 for males and females, set forward 1 year..</p> |

C. Schedule of Investment Return

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

D. Changes of Assumptions

The discount rate decreased from 3.25% to 2.75%. The mortality tables used in the valuation also changed. In the prior valuation the following mortality table was used: RP-2000 Employees Mortality Table projected generationally with Scale BB and base year 2009. In the current valuation the following mortality table was used: RP-2014 Mortality Table projected generationally with scale MP-2016 for males and females. The expected long-term medical trend rate has been updated to 4.5% from the 5% rate used in the prior valuation.

E. Changes in Provisions

None.

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, non-capital, revenue sources 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 Fund – accounts for the non-school related activity of revolving funds established in accordance with MGL Chapter 44, Section 53E ½.

City Grant Fund – 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 maintenance and/or improvements of roadways, streets and sidewalks. These activities are funded with grants from the Commonwealth's Chapter 90 program.

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

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

Northern Strand Rail Trail – accounts for revenue and costs associated the design and construction of a recreational walking trail.

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

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

Trash Revolving Fund – accounts for the City's solid waste disposal and recycling program.

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 Fund – accounts for activity and resources associated with the renovation of the Stadium.

School Capital Project Fund – accounts for non-construction school capital acquisitions.

School Construction Projects Fund – accounts for construction school capital acquisitions.

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, 2019

| | Special Revenue Funds | | | | | | |
|---|---------------------------|-----------------------|---------------------------------------|--|-----------------------|--|------------------------------|
| | City Revolving Fund | City Grant Fund | Highway Improvements Grant Fund | Community Development Grant Fund | Strategic Planning | Northern Strand Community Trail | City Receipts Reserved |
| ASSETS | | | | | | | |
| Cash and cash equivalents..... | \$ 2,353,436 | \$ 4,595,649 | \$ - | \$ 7,802 | \$ - | \$ 1,262,500 | \$ 3,106,697 |
| Receivables, net of uncollectibles: | | | | | | | |
| Intergovernmental..... | - | 484,665 | 228,048 | - | - | - | - |
| TOTAL ASSETS..... | \$ 2,353,436 | \$ 5,080,314 | \$ 228,048 | \$ 7,802 | \$ - | \$ 1,262,500 | \$ 3,106,697 |
| LIABILITIES | | | | | | | |
| Warrants payable..... | \$ 253,387 | \$ 322,032 | \$ - | \$ 84,875 | \$ - | \$ - | \$ 100,319 |
| Accrued payroll..... | - | - | - | - | - | - | - |
| Due to other funds..... | - | - | 154,572 | - | 223,424 | - | - |
| Notes payable..... | - | - | - | - | - | - | - |
| TOTAL LIABILITIES..... | 253,387 | 322,032 | 154,572 | 84,875 | 223,424 | - | 100,319 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Grants paid in advance..... | - | - | - | - | - | 1,262,500 | - |
| Unavailable revenue..... | - | - | 73,476 | - | - | - | - |
| TOTAL DEFERRED INFLOWS OF RESOURCES..... | - | - | 73,476 | - | - | 1,262,500 | - |
| FUND BALANCES | | | | | | | |
| Restricted..... | 2,100,049 | 4,758,282 | - | - | - | - | 3,006,378 |
| Unassigned..... | - | - | - | (77,073) | (223,424) | - | - |
| TOTAL FUND BALANCES..... | 2,100,049 | 4,758,282 | - | (77,073) | (223,424) | - | 3,006,378 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES..... | \$ 2,353,436 | \$ 5,080,314 | \$ 228,048 | \$ 7,802 | \$ - | \$ 1,262,500 | \$ 3,106,697 |

| Special Revenue Funds | | | | Capital Project Funds | | | | Debt Service Fund | Total Nonmajor Governmental Funds |
|-----------------------|---------------------|----------------------|----------------------|---------------------------|-------------------------|------------------------------|---------------------|-------------------|-----------------------------------|
| School Revolving Fund | School Grants Fund | Trash Revolving Fund | Subtotal | Harry Della Russo Stadium | School Capital Projects | School Construction Projects | Subtotal | | |
| \$ 4,071,889 | \$ 1,557,865 | \$ 128,747 | \$ 17,084,585 | \$ 107,228 | \$ 1,520,004 | \$ 2,679,692 | \$ 4,306,924 | \$ 935,797 | \$ 22,327,306 |
| - | - | - | 712,713 | - | - | 900,000 | 900,000 | - | 1,612,713 |
| <u>\$ 4,071,889</u> | <u>\$ 1,557,865</u> | <u>\$ 128,747</u> | <u>\$ 17,797,298</u> | <u>\$ 107,228</u> | <u>\$ 1,520,004</u> | <u>\$ 3,579,692</u> | <u>\$ 5,206,924</u> | <u>\$ 935,797</u> | <u>\$ 23,940,019</u> |
| \$ 197,499 | \$ 198,348 | \$ 315,647 | \$ 1,472,107 | \$ - | \$ - | \$ 176,758 | \$ 176,758 | \$ - | \$ 1,648,865 |
| 2,147 | 34,481 | - | 36,628 | - | - | - | - | - | 36,628 |
| - | - | - | 377,996 | - | - | - | - | - | 377,996 |
| - | - | - | - | - | 578,873 | 2,856,627 | 3,435,500 | - | 3,435,500 |
| <u>199,646</u> | <u>232,829</u> | <u>315,647</u> | <u>1,886,731</u> | <u>-</u> | <u>578,873</u> | <u>3,033,385</u> | <u>3,612,258</u> | <u>-</u> | <u>5,498,989</u> |
| - | - | - | 1,262,500 | - | - | - | - | - | 1,262,500 |
| - | - | - | 73,476 | - | - | - | - | - | 73,476 |
| - | - | - | 1,335,976 | - | - | - | - | - | 1,335,976 |
| 3,872,243 | 1,325,036 | - | 15,061,988 | 107,228 | 2,074,474 | 546,307 | 2,728,009 | 935,797 | 18,725,794 |
| - | - | (186,900) | (487,397) | - | (1,133,343) | - | (1,133,343) | - | (1,620,740) |
| <u>3,872,243</u> | <u>1,325,036</u> | <u>(186,900)</u> | <u>14,574,591</u> | <u>107,228</u> | <u>941,131</u> | <u>546,307</u> | <u>1,594,666</u> | <u>935,797</u> | <u>17,105,054</u> |
| <u>\$ 4,071,889</u> | <u>\$ 1,557,865</u> | <u>\$ 128,747</u> | <u>\$ 17,797,298</u> | <u>\$ 107,228</u> | <u>\$ 1,520,004</u> | <u>\$ 3,579,692</u> | <u>\$ 5,206,924</u> | <u>\$ 935,797</u> | <u>\$ 23,940,019</u> |

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

YEAR ENDED JUNE 30, 2019

| | Special Revenue Funds | | | | | |
|---|---------------------------|-----------------------|---------------------------------------|--|-----------------------|------------------------------|
| | City Revolving Fund | City Grant Fund | Highway Improvements Grant Fund | Community Development Grant Fund | Strategic Planning | City Receipts Reserved |
| REVENUES: | | | | | | |
| Charges for services..... | \$ 566,402 | \$ - | \$ - | \$ - | \$ - | \$ 267,070 |
| Intergovernmental..... | 100,000 | 6,216,547 | 891,703 | 564,725 | - | - |
| Departmental and other..... | 1,723,846 | 848,963 | - | - | - | 38,657 |
| Contributions and donations..... | 10,000 | - | - | - | - | - |
| Investment income..... | 6,124 | 193,991 | - | 1,945 | - | - |
| TOTAL REVENUES..... | 2,406,372 | 7,259,501 | 891,703 | 566,670 | - | 305,727 |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government..... | 901,171 | 3,370,605 | - | 818,060 | - | 1,510,820 |
| Public safety..... | 418,335 | 1,432,933 | - | - | - | - |
| Education..... | - | 20,534 | - | - | - | - |
| Public works..... | 90,714 | 927,216 | 891,703 | - | - | - |
| Health and human services..... | 204,858 | 779,157 | - | - | - | - |
| Culture and recreation..... | 431,409 | 42,309 | - | 15,592 | - | - |
| TOTAL EXPENDITURES..... | 2,046,487 | 6,572,754 | 891,703 | 833,652 | - | 1,510,820 |
| EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES..... | 359,885 | 686,747 | - | (266,982) | - | (1,205,093) |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Issuance of bonds..... | - | - | - | - | - | - |
| Premium from issuance of bonds..... | - | - | - | - | - | - |
| Transfers in..... | 200,000 | - | - | - | - | - |
| Transfers out..... | (200,000) | (792,000) | - | - | - | (72,214) |
| TOTAL OTHER FINANCING SOURCES (USES)..... | - | (792,000) | - | - | - | (72,214) |
| NET CHANGE IN FUND BALANCES..... | 359,885 | (105,253) | - | (266,982) | - | (1,277,307) |
| FUND BALANCES AT BEGINNING OF YEAR..... | 1,740,164 | 4,863,535 | - | 189,909 | (223,424) | 4,283,685 |
| FUND BALANCES AT END OF YEAR..... | \$ 2,100,049 | \$ 4,758,282 | \$ - | \$ (77,073) | \$ (223,424) | \$ 3,006,378 |

| Special Revenue Funds | | | | Capital Project Funds | | | | | Total |
|-----------------------------|-------------------------|----------------------------|----------------------|---------------------------------|-------------------------------|------------------------------------|---------------------|-------------------------|-----------------------------------|
| School Revolving Fund | School Grant Fund | Trash Revolving Fund | Subtotal | Harry Della Russo Stadium | School Capital Projects | School Construction Projects | Subtotal | Debt Service Fund | Nonmajor Governmental Funds |
| \$ 294,002 | \$ - | \$ 100,706 | \$ 1,228,180 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,228,180 |
| 4,633,157 | 14,292,830 | - | 26,698,962 | - | - | - | - | - | 26,698,962 |
| 848,907 | 122,477 | - | 3,582,850 | - | - | 72,499 | 72,499 | - | 3,655,349 |
| 186,815 | - | - | 196,815 | - | - | - | - | - | 196,815 |
| - | - | 6,616 | 208,676 | - | 2,160 | - | 2,160 | 111,404 | 322,240 |
| <u>5,962,881</u> | <u>14,415,307</u> | <u>107,322</u> | <u>31,915,483</u> | <u>-</u> | <u>2,160</u> | <u>72,499</u> | <u>74,659</u> | <u>111,404</u> | <u>32,101,546</u> |
| - | - | - | 6,600,656 | - | - | 652,720 | 652,720 | - | 7,253,376 |
| - | - | - | 1,851,268 | - | - | - | - | - | 1,851,268 |
| 5,034,746 | 12,847,317 | - | 17,902,597 | - | 542,527 | 142,725 | 685,252 | - | 18,587,849 |
| - | - | 4,229,246 | 6,138,879 | - | - | - | - | - | 6,138,879 |
| - | - | - | 984,015 | - | - | - | - | - | 984,015 |
| - | - | - | 489,310 | - | - | - | - | - | 489,310 |
| <u>5,034,746</u> | <u>12,847,317</u> | <u>4,229,246</u> | <u>33,966,725</u> | <u>-</u> | <u>542,527</u> | <u>795,445</u> | <u>1,337,972</u> | <u>-</u> | <u>35,304,697</u> |
| <u>928,135</u> | <u>1,567,990</u> | <u>(4,121,924)</u> | <u>(2,051,242)</u> | <u>-</u> | <u>(540,367)</u> | <u>(722,946)</u> | <u>(1,263,313)</u> | <u>111,404</u> | <u>(3,203,151)</u> |
| - | - | - | - | - | 2,574,930 | - | 2,574,930 | - | 2,574,930 |
| - | - | - | - | - | - | - | - | 174,253 | 174,253 |
| 150,000 | - | 3,935,024 | 4,285,024 | 186,516 | - | 456,089 | 642,605 | - | 4,927,629 |
| - | - | - | (1,064,214) | - | - | - | - | (558,805) | (1,623,019) |
| <u>150,000</u> | <u>-</u> | <u>3,935,024</u> | <u>3,220,810</u> | <u>186,516</u> | <u>2,574,930</u> | <u>456,089</u> | <u>3,217,535</u> | <u>(384,552)</u> | <u>6,053,793</u> |
| 1,078,135 | 1,567,990 | (186,900) | 1,169,568 | 186,516 | 2,034,563 | (266,857) | 1,954,222 | (273,148) | 2,850,642 |
| <u>2,794,108</u> | <u>(242,954)</u> | <u>-</u> | <u>13,405,023</u> | <u>(79,288)</u> | <u>(1,093,432)</u> | <u>813,164</u> | <u>(359,556)</u> | <u>1,208,945</u> | <u>14,254,412</u> |
| <u>\$ 3,872,243</u> | <u>\$ 1,325,036</u> | <u>\$ (186,900)</u> | <u>\$ 14,574,591</u> | <u>\$ 107,228</u> | <u>\$ 941,131</u> | <u>\$ 546,307</u> | <u>\$ 1,594,666</u> | <u>\$ 935,797</u> | <u>\$ 17,105,054</u> |

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, 2019

| | June 30, 2018 | Additions | Deletions | June 30, 2019 |
|---------------------------------|------------------|--------------|----------------|------------------|
| ASSETS | | | | |
| CURRENT: | | | | |
| Cash and cash equivalents..... | \$ 415,934 | \$ 6,707,046 | \$ (5,644,423) | \$ 1,478,557 |
| LIABILITIES | | | | |
| Warrants payable..... | \$ - | \$ 5,320 | \$ - | \$ 5,320 |
| Liabilities due depositors..... | 415,934 | 6,701,726 | (5,644,423) | 1,473,237 |
| TOTAL LIABILITIES..... | \$ 415,934 | \$ 6,707,046 | \$ (5,644,423) | \$ 1,478,557 |

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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.



City of Revere, Massachusetts
Comprehensive Annual Financial Report
For the year ended June 30, 2019

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**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 (1) | 2016 | 2017 | 2018 (2) | 2019 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|-------------------------|-------------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets..... | \$ 113,452,351 | \$ 111,575,070 | \$ 107,332,295 | \$ 109,167,229 | \$ 106,119,983 | \$ 127,833,259 | \$ 131,609,885 | \$ 127,306,721 | \$ 131,607,988 | \$ 135,224,722 |
| Restricted..... | 7,954,894 | 7,779,724 | 2,716,851 | 1,869,989 | 2,829,287 | 4,482,348 | 3,896,591 | 8,907,370 | 5,196,858 | 6,942,042 |
| Unrestricted..... | <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> | <u>(270,717,192)</u> | <u>(295,045,768)</u> |
| Total governmental activities net position..... | <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> | <u>\$ (133,912,346)</u> | <u>\$ (152,879,004)</u> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets..... | \$ 6,301,464 | \$ 6,435,325 | \$ 8,146,094 | \$ 12,409,419 | \$ 10,956,551 | \$ 12,291,030 | \$ 14,989,438 | \$ 13,684,220 | \$ 14,660,627 | \$ 16,967,652 |
| Unrestricted..... | <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> | <u>9,393,818</u> | <u>9,393,818</u> |
| Total business-type activities net position..... | <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> | <u>\$ 24,054,445</u> | <u>\$ 26,361,470</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets..... | \$ 119,753,815 | \$ 118,010,395 | \$ 115,478,389 | \$ 121,576,648 | \$ 117,076,534 | \$ 140,124,289 | \$ 146,599,323 | \$ 140,990,941 | \$ 146,268,615 | \$ 152,192,374 |
| Restricted..... | 7,954,894 | 7,779,724 | 2,716,851 | 1,869,989 | 2,829,287 | 4,482,348 | 3,896,591 | 8,907,370 | 5,196,858 | 6,942,042 |
| Unrestricted..... | <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> | <u>(261,323,374)</u> | <u>(285,651,950)</u> |
| Total primary government net position..... | <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> | <u>\$ (109,857,901)</u> | <u>\$ (126,517,534)</u> |

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

(2) Net position has been revised to reflect the implementation of GASB Statement #75.

**Changes in Net Position
Last Ten Years**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|------------------------|-------------------------|-------------------------|-------------------------|------------------------|------------------------|-------------------------|------------------------|-------------------------|-------------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government..... | \$ 16,445,366 | \$ 13,876,016 | \$ 13,177,547 | \$ 13,635,709 | \$ 14,944,569 | \$ 14,579,999 | \$ 15,303,774 | \$ 17,155,162 | \$ 15,830,030 | \$ 18,677,964 |
| Public safety..... | 27,690,307 | 30,177,585 | 33,635,750 | 34,551,022 | 32,719,876 | 35,329,334 | 37,684,056 | 39,421,440 | 42,792,229 | 48,797,413 |
| Education..... | 109,888,965 | 121,902,392 | 114,958,701 | 122,818,604 | 121,174,485 | 124,884,310 | 130,866,169 | 139,897,194 | 149,587,836 | 161,643,523 |
| Public works..... | 11,987,386 | 13,301,843 | 11,345,502 | 13,009,118 | 12,619,734 | 14,271,860 | 12,282,248 | 13,614,256 | 11,651,357 | 13,400,541 |
| Human services..... | 2,244,371 | 2,454,502 | 2,490,676 | 2,925,397 | 3,626,255 | 3,376,833 | 3,761,556 | 3,852,268 | 4,441,613 | 5,116,904 |
| Culture and recreation..... | 1,053,825 | 1,192,257 | 1,521,865 | 1,444,959 | 1,531,659 | 1,493,526 | 1,991,367 | 1,873,795 | 2,819,146 | 2,046,706 |
| Strategic planning..... | - | 25,548,137 | 20,256,530 | 3,642,265 | 819,746 | 207,799 | - | - | - | - |
| Claims and judgements..... | - | - | 1,750,000 | - | - | - | - | - | - | - |
| Interest..... | 1,967,472 | 2,220,225 | 1,964,510 | 1,949,914 | 1,873,105 | 2,310,793 | 2,220,766 | 2,051,332 | 2,244,557 | 1,590,601 |
| Total government activities expenses..... | 171,277,692 | 210,672,957 | 201,101,081 | 193,976,988 | 189,309,429 | 196,454,454 | 204,109,936 | 217,865,447 | 229,366,768 | 251,273,652 |
| Business-type activities: | | | | | | | | | | |
| Water & sewer..... | 16,779,758 | 18,439,712 | 19,432,612 | 19,447,783 | 20,724,481 | 21,530,431 | 21,944,588 | 23,797,042 | 25,464,659 | 27,035,429 |
| Total primary government expenses..... | \$ 188,057,450 | \$ 229,112,669 | \$ 220,533,693 | \$ 213,424,771 | \$ 210,033,910 | \$ 217,984,885 | \$ 226,054,524 | \$ 241,662,489 | \$ 254,831,427 | \$ 278,309,081 |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government charges for services..... | \$ 2,379,823 | \$ 2,008,916 | \$ 3,004,120 | \$ 2,366,884 | \$ 2,772,807 | \$ 3,999,341 | \$ 2,881,437 | \$ 3,065,829 | \$ 3,765,833 | \$ 6,386,518 |
| Public safety charges for services..... | 971,049 | 982,186 | 1,537,451 | 1,637,350 | 1,528,468 | 1,419,882 | 1,432,731 | 1,159,881 | 1,937,344 | 871,202 |
| Education charges for services..... | 1,400,251 | 1,364,209 | 2,252,117 | 1,249,635 | 1,383,320 | 1,448,378 | 1,430,759 | 1,450,368 | 824,571 | 870,423 |
| Other charges for services..... | 4,008,841 | 5,550,005 | 593,421 | 787,185 | 730,967 | 1,625,709 | 791,383 | 1,175,744 | 672,546 | 1,607,041 |
| Public safety operating grants and contributions..... | 796,857 | 804,148 | 1,194,480 | 1,029,732 | 1,576,676 | 1,378,063 | 390,740 | 1,169,421 | 1,113,646 | 899,391 |
| Education operating grants and contributions..... | 64,048,205 | 66,082,994 | 67,256,169 | 73,557,574 | 76,384,168 | 73,945,800 | 83,115,134 | 90,708,790 | 94,171,831 | 104,854,508 |
| Other operating grants and contributions..... | 6,190,045 | 2,368,839 | 630,228 | 2,460,573 | 1,962,055 | 2,773,343 | 2,840,719 | 3,064,602 | 4,024,248 | 7,611,746 |
| Strategic planning operating grant and contributions..... | - | 27,525,717 | 19,607,354 | 3,840,719 | 737,047 | 39,372 | - | - | - | - |
| Education capital grant and contributions..... | 8,383,233 | - | 532,031 | 527,105 | 7,026,329 | 18,134,937 | 3,886,257 | 4,129,870 | 2,017,453 | 83,540 |
| Public works and other capital grant and contributions..... | 229,466 | 245,549 | 1,421,613 | 593,221 | 976,855 | 279,964 | 779,467 | 2,211,124 | 2,554,603 | 621,031 |
| Other capital grant and contributions..... | - | - | - | - | - | 1,701,643 | - | 321,484 | - | - |
| Total government activities program revenues..... | 88,407,770 | 106,932,563 | 98,028,984 | 88,049,978 | 95,058,692 | 106,746,432 | 97,548,627 | 108,457,113 | 111,082,075 | 123,805,400 |
| Business-type activities: | | | | | | | | | | |
| Water & sewer charges for services..... | 19,083,686 | 20,217,325 | 20,216,422 | 21,537,126 | 22,854,183 | 22,036,024 | 25,386,189 | 28,350,626 | 25,794,344 | 26,405,852 |
| Water & sewer capital grant and contributions..... | - | 610,487 | - | 1,765,159 | 505,979 | 475,630 | 192,329 | 487,713 | - | 1,714,450 |
| Total business-type activities program revenues..... | 19,083,686 | 20,827,812 | 20,216,422 | 23,302,285 | 23,359,912 | 22,511,654 | 25,578,518 | 28,838,339 | 25,794,344 | 28,120,302 |
| Total primary government program revenues..... | \$ 107,491,456 | \$ 127,760,375 | \$ 118,245,406 | \$ 111,352,263 | \$ 118,418,604 | \$ 129,258,086 | \$ 123,127,145 | \$ 137,295,452 | \$ 136,876,419 | \$ 151,925,702 |
| Net (Expense)/Revenue | | | | | | | | | | |
| Governmental activities..... | \$ (82,869,922) | \$ (103,740,394) | \$ (103,072,097) | \$ (105,927,010) | \$ (94,250,737) | \$ (89,708,022) | \$ (106,561,309) | \$ (106,346,747) | \$ (118,284,693) | \$ (127,468,252) |
| Business-type activities..... | 2,303,928 | 2,388,100 | 783,810 | 3,854,502 | 2,635,431 | 981,223 | 3,633,930 | 8,102,884 | 329,685 | 1,084,873 |
| Total primary government net expense..... | \$ (80,565,994) | \$ (101,352,294) | \$ (102,288,287) | \$ (102,072,508) | \$ (91,615,306) | \$ (88,726,799) | \$ (102,927,379) | \$ (98,243,863) | \$ (117,955,008) | \$ (126,383,379) |
| General Revenues and other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Real estate and personal property taxes and tax liens, net of tax refunds payable..... | \$ 62,260,654 | \$ 64,124,854 | \$ 68,118,412 | \$ 68,949,533 | \$ 69,151,736 | \$ 72,670,958 | \$ 76,733,123 | \$ 78,964,460 | \$ 82,001,340 | \$ 85,883,823 |
| Motor vehicle and other excise taxes..... | 4,992,655 | 4,154,646 | 2,726,688 | 4,075,990 | 5,379,339 | 5,144,906 | 5,479,414 | 5,621,860 | 5,637,767 | 6,013,007 |
| 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 | 2,471,658 | 2,623,267 |
| Penalties and interest on taxes..... | 681,735 | 517,927 | 558,307 | 386,637 | 435,661 | 484,909 | 771,965 | 754,037 | 1,673,886 | 853,417 |
| Payments in lieu of taxes..... | - | - | 179,452 | 203,909 | 275,527 | 219,835 | 236,873 | 132,506 | 279,961 | 185,119 |
| Fines and forfeitures..... | 1,196,664 | 1,063,952 | - | - | - | - | - | - | - | - |
| Nonrestricted grants, contributions, and other..... | 9,386,501 | 9,374,903 | 10,273,596 | 9,263,390 | 10,222,245 | 10,459,173 | 10,474,377 | 10,814,407 | 10,712,581 | 11,435,466 |
| Unrestricted investment income..... | 177,749 | 297,900 | 106,444 | 97,444 | 167,798 | 280,454 | 363,407 | 221,915 | 483,475 | 1,507,495 |
| Miscellaneous..... | 367,805 | - | - | - | - | - | - | - | - | - |
| Total governmental revenues..... | 79,063,763 | 81,141,927 | 83,865,430 | 84,943,922 | 87,764,159 | 91,586,780 | 96,413,743 | 98,866,113 | 103,260,668 | 108,501,594 |
| Extraordinary item - July 2014 Tornado Insurance Recovery..... | - | - | - | - | - | - | - | 2,215,140 | 3,934,860 | - |
| Total governmental activities..... | 79,063,763 | 81,141,927 | 83,865,430 | 84,943,922 | 87,764,159 | 91,586,780 | 96,413,743 | 101,081,253 | 107,195,528 | 108,501,594 |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment income..... | 9,473 | 10,247 | 10,389 | 9,244 | 15,804 | 12,240 | 17,490 | 29,814 | 46,111 | 388,552 |
| Total primary government..... | \$ 79,073,236 | \$ 81,152,174 | \$ 83,875,819 | \$ 84,953,166 | \$ 87,779,963 | \$ 91,599,020 | \$ 96,431,233 | \$ 101,111,067 | \$ 107,241,639 | \$ 108,890,146 |
| Changes in Net Position | | | | | | | | | | |
| Governmental activities..... | \$ (3,806,159) | \$ (22,598,467) | \$ (19,206,667) | \$ (20,983,088) | \$ (6,486,578) | \$ 1,878,758 | \$ (10,147,566) | \$ (2,203,907) | \$ (11,089,165) | \$ (18,966,658) |
| Business-type activities..... | 2,313,401 | 2,398,347 | 794,199 | 3,863,746 | 2,651,235 | 993,463 | 3,651,420 | 5,071,111 | 375,796 | 1,473,425 |
| Total primary government..... | \$ (1,492,758) | \$ (20,200,120) | \$ (18,412,468) | \$ (17,119,342) | \$ (3,835,343) | \$ 2,872,221 | \$ (6,496,146) | \$ 2,867,204 | \$ (10,713,369) | \$ (17,493,233) |

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | | | | | | |
| Reserved..... | \$ 12,508,304 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved..... | 3,409,710 | - | - | - | - | - | - | - | - | - |
| Committed..... | - | 1,244,428 | - | - | - | - | - | - | 63,206 | 271,203 |
| Assigned..... | - | 13,554,433 | 13,888,938 | 12,859,258 | 13,184,414 | 9,954,637 | 10,238,205 | 13,618,143 | 12,590,008 | 13,840,088 |
| Unassigned..... | - | 5,107,569 | 8,624,578 | 12,746,179 | 11,062,354 | 15,284,145 | 16,854,365 | 20,165,252 | 19,560,123 | 19,362,385 |
| Total general fund..... | \$ 15,918,014 | \$ 19,906,430 | \$ 22,513,516 | \$ 25,605,437 | \$ 24,246,768 | \$ 25,238,782 | \$ 27,092,570 | \$ 33,783,395 | \$ 32,213,337 | \$ 33,473,676 |
| All Other Governmental Funds | | | | | | | | | | |
| Reserved..... | \$ 850,000 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds..... | 9,103,728 | - | - | - | - | - | - | - | - | - |
| Capital projects funds..... | (3,964,271) | - | - | - | - | - | - | - | - | - |
| Debt service fund..... | 1,491,793 | - | - | - | - | - | - | - | - | - |
| Restricted..... | - | 11,741,935 | 9,414,907 | 7,804,071 | 8,024,826 | 10,711,778 | 12,095,952 | 17,873,843 | 15,536,639 | 18,929,313 |
| Committed..... | - | 93,674 | - | - | - | - | - | - | - | - |
| Unassigned..... | - | (230,008) | (515,177) | (3,963,943) | (7,861,347) | (12,319,233) | (19,058,234) | (271,975) | (1,662,744) | (1,620,740) |
| Total all other governmental funds..... | \$ 7,481,250 | \$ 11,605,601 | \$ 8,899,730 | \$ 3,840,128 | \$ 163,479 | \$ (1,607,455) | \$ (6,962,282) | \$ 17,601,868 | \$ 13,873,895 | \$ 17,308,573 |

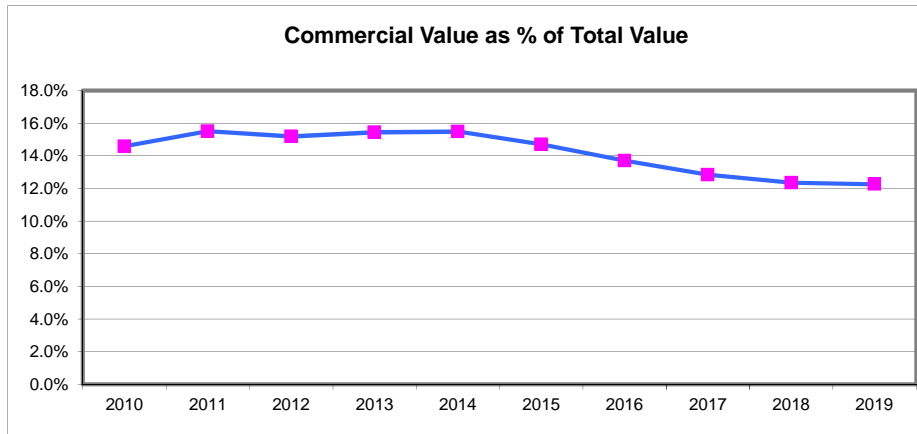
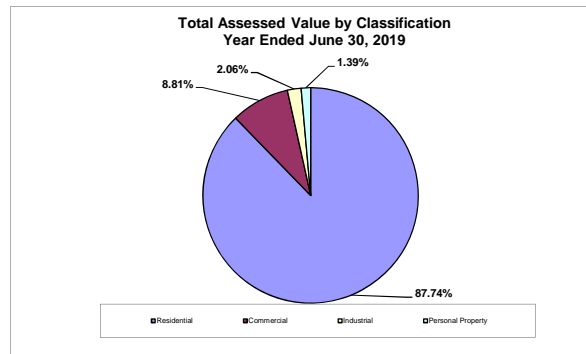
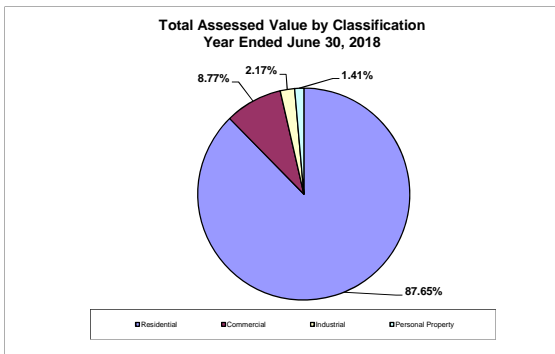
The City implemented GASB 54 in 2011, fund balances prior to 2011 have been reported in the pre-GASB 54 format.

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---------------------|---------------------|--------------------|-----------------------|-----------------------|---------------------|-----------------------|----------------------|----------------------|---------------------|
| Revenues: | | | | | | | | | | |
| Real estate and personal property taxes and tax liens, net of tax refunds..... | \$ 62,800,086 | \$ 63,899,454 | \$ 63,011,680 | \$ 66,929,836 | \$ 67,479,252 | \$ 69,834,888 | \$ 74,122,267 | \$ 78,369,948 | \$ 80,422,568 | \$ 84,795,403 |
| Tax liens..... | - | - | 2,803,933 | 1,939,232 | 1,271,875 | 2,223,312 | 2,672,391 | 1,833,246 | 1,468,225 | 725,499 |
| Motor vehicle and other excise taxes..... | 5,061,846 | 4,222,467 | 4,132,214 | 4,087,431 | 5,054,783 | 5,239,805 | 5,375,745 | 5,350,845 | 5,844,249 | 6,040,326 |
| 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 | 2,471,658 | 2,623,267 |
| Charges for service..... | 4,552,069 | 4,268,111 | 2,894,974 | 3,136,253 | 2,549,423 | 2,219,396 | 2,224,461 | 2,398,812 | 2,638,960 | 2,844,613 |
| Penalties and interest on taxes..... | 681,735 | - | 558,307 | 386,637 | 435,661 | 465,719 | 597,950 | 641,505 | 889,791 | 853,417 |
| Payments in lieu of taxes..... | - | - | 179,452 | 203,909 | 275,527 | 219,835 | 236,873 | 132,506 | 279,961 | 185,119 |
| Licenses and permits..... | 695,953 | - | 914,911 | 985,547 | 1,395,268 | 1,870,200 | 1,382,497 | 1,215,769 | 1,759,986 | 4,521,377 |
| Fines and forfeitures..... | 1,196,664 | 1,063,952 | 1,034,896 | 985,001 | 1,006,469 | 977,642 | 1,285,992 | 1,445,890 | 2,177,667 | 1,284,332 |
| Intergovernmental..... | 89,034,307 | 106,402,150 | 100,220,957 | 90,340,499 | 97,627,870 | 108,087,862 | 99,090,780 | 110,033,192 | 113,457,060 | 123,539,814 |
| Departmental and other..... | - | 2,177,104 | 1,911,896 | 1,885,881 | 2,057,927 | 4,127,661 | 3,313,010 | 3,304,698 | 1,460,413 | 4,245,948 |
| Contributions..... | - | - | 156,683 | 150,817 | 168,892 | 652,503 | 772,300 | 877,091 | 207,614 | 196,815 |
| Investment income..... | 167,546 | 281,228 | 92,033 | 85,971 | 162,303 | 276,605 | 358,585 | 212,749 | 471,555 | 1,648,807 |
| Miscellaneous..... | 367,805 | - | - | - | - | - | - | - | - | - |
| Total Revenue..... | 164,558,011 | 183,922,211 | 179,814,467 | 173,084,033 | 181,617,103 | 198,521,973 | 193,787,435 | 208,173,179 | 213,549,707 | 233,504,737 |
| Expenditures: | | | | | | | | | | |
| General government..... | 9,911,012 | 7,085,363 | 7,009,979 | 7,571,267 | 12,275,676 | 16,220,100 | 9,329,032 | 9,909,010 | 9,860,394 | 14,208,964 |
| Public safety..... | 15,599,101 | 16,677,931 | 17,964,253 | 18,149,554 | 19,580,090 | 21,644,540 | 20,942,915 | 20,695,289 | 24,793,798 | 26,005,692 |
| Education..... | 100,391,285 | 91,587,890 | 76,915,303 | 86,917,962 | 92,718,510 | 112,392,306 | 97,577,853 | 93,188,804 | 105,770,691 | 104,856,942 |
| Public works..... | 7,703,788 | 6,419,511 | 4,508,853 | 4,600,509 | 4,986,164 | 8,297,902 | 7,376,649 | 7,271,921 | 11,956,863 | 13,263,557 |
| Human services..... | 1,772,607 | 1,966,600 | 1,904,361 | 2,289,397 | 2,609,241 | 2,542,583 | 2,600,677 | 2,641,581 | 3,020,900 | 3,336,305 |
| Culture and recreation..... | 641,768 | 799,328 | 969,802 | 950,502 | 1,067,679 | 1,270,050 | 3,698,315 | 2,009,376 | 1,583,609 | 1,522,991 |
| 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 | 11,052,060 | 30,105,907 |
| Employee benefits..... | 22,567,589 | 16,300,467 | 15,931,499 | 15,826,404 | 17,903,409 | 18,446,949 | 19,141,043 | 19,239,707 | 20,310,678 | 23,299,820 |
| State and county charges..... | 8,086,965 | 8,201,209 | 7,500,902 | 7,341,494 | 7,448,290 | 8,034,077 | 8,368,133 | 9,346,992 | 10,394,287 | 12,231,375 |
| Debt service: | | | | | | | | | | |
| Principal..... | 1,905,199 | 1,867,600 | 2,454,643 | 2,460,143 | 2,376,643 | 2,421,893 | 2,713,343 | 2,784,683 | 3,482,543 | 3,664,543 |
| Interest..... | 1,727,992 | 2,008,366 | 2,045,160 | 1,971,856 | 1,898,110 | 2,022,540 | 2,313,329 | 2,042,251 | 2,447,489 | 2,303,400 |
| Total Expenditures..... | 170,307,306 | 187,323,570 | 179,913,252 | 175,051,714 | 187,356,550 | 212,133,627 | 197,288,474 | 197,729,883 | 204,673,312 | 234,799,496 |
| Excess of revenues over (under) expenditures..... | (5,749,295) | (3,401,359) | (98,785) | (1,967,681) | (5,739,447) | (13,611,654) | (3,501,039) | 10,443,296 | 8,876,395 | (1,294,759) |
| Other Financing Sources (Uses) | | | | | | | | | | |
| Issuance of long-term debt..... | 6,628,350 | 12,049,000 | - | - | - | 9,666,000 | - | 17,678,000 | - | 4,835,000 |
| 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 | - | 332,199 |
| Payments to escrow agent..... | - | - | - | - | - | (4,111,767) | (20,980,537) | - | - | - |
| Insurance recovery..... | - | - | - | - | - | 750,000 | - | - | - | - |
| Capital lease financing..... | - | - | - | - | 704,130 | - | - | - | - | - |
| Transfers in..... | 6,496,045 | 3,137,757 | 2,268,655 | 2,163,746 | 2,910,222 | 3,302,284 | 2,634,764 | 3,624,371 | 2,158,696 | 7,611,378 |
| Transfers out..... | (4,816,973) | (3,137,757) | (2,268,655) | (2,163,746) | (2,910,222) | (1,690,066) | (2,634,764) | (3,624,371) | (2,142,872) | (7,611,378) |
| Total other financing sources (uses)..... | 8,307,422 | 12,049,000 | - | - | 704,130 | 12,832,734 | - | 18,596,539 | 15,824 | 5,167,199 |
| Extraordinary item - July 2014 Tornado Insurance Recovery.. | - | - | - | - | - | - | - | 2,215,140 | 3,954,360 | - |
| Net change in fund balance..... | \$ 2,558,127 | \$ 8,647,641 | \$ (98,785) | \$ (1,967,681) | \$ (5,035,317) | \$ (778,920) | \$ (3,501,039) | \$ 31,254,975 | \$ 12,846,579 | \$ 3,872,440 |
| Debt service as a percentage of noncapital expenditures..... | 2.38% | 2.12% | 2.55% | 2.62% | 2.45% | 2.51% | 2.72% | 2.51% | 3.07% | 2.67% |

**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 |
| 2010 | \$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 | \$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 | \$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 |
| 2018 | \$4,998,702,688 | \$12.96 | 87.65% | \$500,040,174 | \$123,962,522 | \$80,577,857 | \$704,580,553 | \$25.36 | 12.35% | \$14.49 | \$5,703,283,241 |
| 2019 | \$5,599,805,095 | \$12.11 | 87.74% | \$562,412,058 | \$131,414,600 | \$88,969,147 | \$782,795,805 | \$23.68 | 12.26% | \$13.53 | \$6,382,600,900 |



(1) 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.

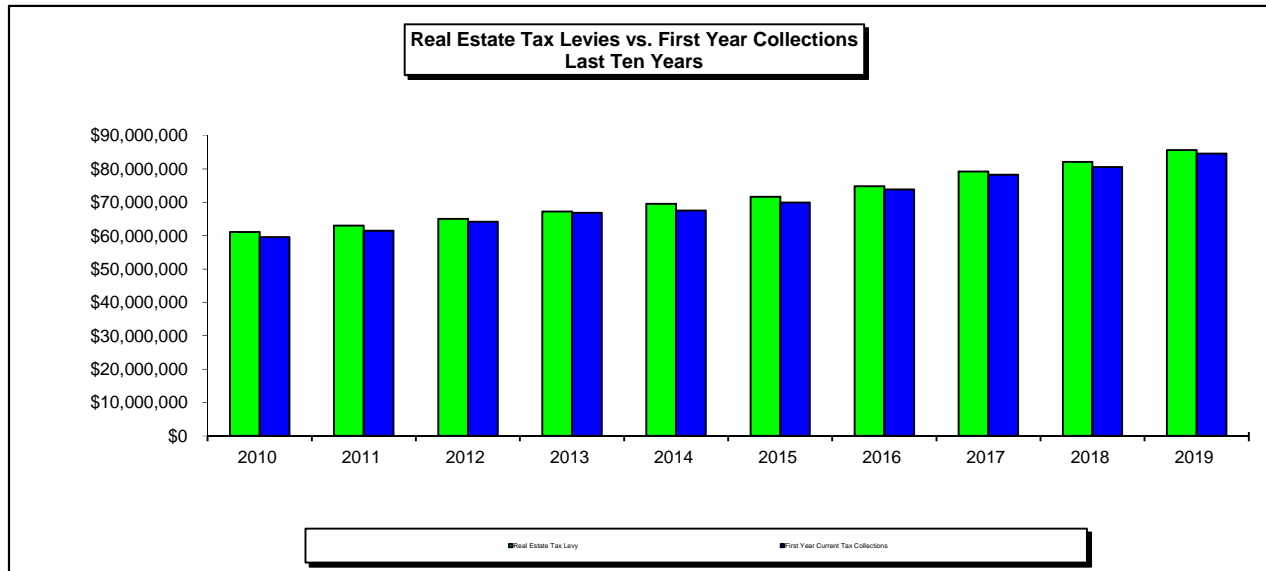
**Principal Taxpayers
Current Year and Nine Years Ago**

| Name | Nature of Business | 2019 | | | 2010 | | |
|---|--------------------|-----------------------|------|--|-----------------------|------|--|
| | | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value | Assessed Valuation | Rank | Percentage of Total Taxable Assessed Value |
| Alterra II L.L.C | Apartments | \$ 90,455,000 | 1 | 1.42% | \$ 54,154,000 | 1 | 1.34% |
| Mack-Cali TCL | Apartments | 68,308,700 | 2 | 1.07% | 44,431,000 | 2 | 1.10% |
| TA Revere LLC | Apartments | 59,950,400 | 3 | 0.94% | - | - | - |
| Baystone Revere LLC | Apartments | 57,865,800 | 4 | 0.91% | - | - | - |
| 64 VWS Owner LLC | Apartments | 49,055,800 | 5 | 0.77% | - | - | - |
| Rumney Flats Apartments LLC | Apartments | 45,102,600 | 6 | 0.71% | - | - | - |
| Atlantic - Revere Realty LLC | Manufacturing | 39,112,000 | 7 | 0.61% | 26,889,000 | 3 | 0.67% |
| Waters Edge Limited Partnership | Apartments | 34,557,300 | 8 | 0.54% | 24,772,300 | 4 | 0.61% |
| Global Revco Terminal LLC | Petroleum | 23,939,400 | 9 | 0.38% | 12,940,800 | 10 | 0.32% |
| HRCA Housing for Elderly, Inc. | Apartments | 23,673,700 | 10 | 0.37% | - | - | - |
| Rumney Marsh Road LLC (BJs) | Retail | - | - | - | 21,099,300 | 5 | 0.52% |
| Wonderland Marketplace LTD Partnership II | Retail | - | - | - | 17,166,600 | 6 | 0.43% |
| Squire Realty Inc. | Cinema | - | - | - | 17,012,300 | 7 | 0.42% |
| Wonderland Greyhound Park LLC | Dog Racing | - | - | - | 15,743,200 | 8 | 0.39% |
| Lantern Road LLC | Apartments | - | - | - | 14,657,100 | 9 | 0.36% |
| Totals | | \$ 492,020,700 | | 7.71% | \$ 248,865,600 | | 6.17% |

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 |
|------|----------------|--|--------------|------------------------------------|-------------------------------|----------------------------|-----------------------|--|
| 2009 | \$59,707,315 | \$934,756 | \$58,772,559 | \$57,577,844 | 98.0% | \$983,564 | \$58,561,408 | 99.64% |
| 2010 | \$61,893,165 | \$800,139 | \$61,093,026 | \$59,586,235 | 97.5% | \$970,381 | \$60,556,616 | 99.12% |
| 2011 | \$63,839,884 | \$803,512 | \$63,036,372 | \$61,501,551 | 97.6% | \$941,474 | \$62,443,025 | 99.06% |
| 2012 | \$65,828,219 | \$785,043 | \$65,043,176 | \$64,200,678 | 98.7% | \$493,555 | \$64,694,233 | 99.46% |
| 2013 | \$67,975,254 | \$788,393 | \$67,186,861 | \$66,871,892 | 99.5% | \$256,684 | \$67,128,576 | 99.91% |
| 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 | \$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% | \$979,916 | \$79,210,031 | 99.94% |
| 2018 | \$82,651,350 | \$553,493 | \$82,097,857 | \$80,558,736 | 98.1% | \$699,332 | \$81,258,068 | 98.98% |
| 2019 | \$86,350,244 | \$739,949 | \$85,610,295 | \$84,590,410 | 98.8% | \$0 | \$84,590,410 | 98.81% |



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

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

| Year | Governmental Activities | | | | | | | | | |
|------|-----------------------------|------------------------|-----------------------|---|--|--|-----------------------|---------------------------|--|---|
| | 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) | Total General Bonded Debt | | |
| | | | | | | | | Per Capita (4 + 6) / 1 | Percentage of Personal Income (4 + 6) / 2 | Percentage of Assessed Value (4 + 6) / 3 |
| 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 | \$52,112,818 | \$276,506 | \$52,247,168 | \$410,856 | \$970 | 3.72% | 1.23% |
| 2016 | 53,422 | \$1,403,342,518 | \$4,606,033,831 | \$50,898,896 | \$426,483 | \$50,544,637 | \$72,224 | \$954 | 3.63% | 1.11% |
| 2017 | 53,157 | \$1,423,810,245 | \$5,038,994,843 | \$68,445,034 | \$1,175,685 | \$67,269,349 | - | \$1,288 | 4.81% | 1.36% |
| 2018 | 53,993 | \$1,488,533,017 | \$5,703,283,241 | \$64,606,256 | \$1,208,945 | \$63,397,311 | - | \$1,197 | 4.34% | 1.13% |
| 2019 | 54,183 | \$1,493,219,747 | \$6,382,600,900 | \$65,184,015 | \$935,797 | \$64,248,218 | - | \$1,203 | 4.37% | 1.02% |

| Year | Total Net General Bonded Debt | | | Business-Type Activities | | | | | 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 Primary Government | | | Total General Bonded Debt | | | Total Net General Bonded Debt | | | |
| | | | | | 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 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 | | |
| 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 | \$972 | 3.73% | 1.23% | \$24,735,738 | \$77,259,412 | \$1,427 | 5.47% | 1.81% | \$76,982,906 | \$1,942 | 7.44% | 2.47% | | |
| 2016 | \$947 | 3.61% | 1.10% | \$32,901,035 | \$83,872,155 | \$1,570 | 5.98% | 1.82% | \$83,445,672 | \$1,902 | 7.24% | 2.21% | | |
| 2017 | \$1,265 | 4.72% | 1.33% | \$67,083,287 | \$135,528,321 | \$2,550 | 9.52% | 2.69% | \$134,352,636 | \$2,553 | 9.53% | 2.69% | | |
| 2018 | \$1,174 | 4.26% | 1.11% | \$62,044,147 | \$126,650,403 | \$2,346 | 8.51% | 2.22% | \$125,441,458 | \$2,371 | 8.60% | 2.24% | | |
| 2019 | \$1,186 | 4.30% | 1.01% | \$70,430,967 | \$135,614,982 | \$2,503 | 9.08% | 2.12% | \$134,679,185 | \$2,389 | 8.67% | 2.03% | | |

(1) Massachusetts Department of Revenue Municipal Databank
(2) 2008 - 2010: City of Revere Statement of Indebtedness
2011 - 2017: City of Revere Audited Financial Statements
(3) City Finance Records.

Direct and Overlapping Governmental Activities Debt

As of June 30, 2019

| <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..... | \$ 5,478,860,000 | 2.13% | \$ <u>116,699,718</u> |
| Total direct debt..... | | | <u>65,184,015</u> |
| Total direct and overlapping debt..... | | | <u>\$ <u>181,883,733</u></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 process 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**

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Equalized Valuation..... | <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> | <u>\$ 4,891,574,500</u> | <u>\$ 6,112,000,400</u> |
| Debt Limit -5% of Equalized Valuation..... | \$ 278,578,655 | \$ 215,424,825 | \$ 215,424,825 | \$ 200,649,275 | \$ 200,649,275 | \$ 206,772,880 | \$ 206,772,880 | \$ 244,578,725 | \$ 244,578,725 | \$ 305,600,020 |
| Less: | | | | | | | | | | |
| Outstanding debt applicable to limit..... | 43,042,644 | 52,238,940 | 49,784,297 | 47,324,154 | 44,947,511 | 52,112,818 | 50,898,896 | 68,445,034 | 64,606,256 | 65,184,015 |
| Authorized and unissued debt..... | <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> | <u>93,176,871</u> | <u>82,646,698</u> |
| Legal debt margin..... | <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> | <u>\$ 86,795,598</u> | <u>\$ 157,769,307</u> |
| Total debt applicable to the limit as a percentage of debt limit..... | 49.68% | 77.20% | 65.66% | 56.72% | 51.69% | 51.11% | 42.54% | 37.69% | 64.51% | 48.37% |

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) |
|------|--------------------------------|--------------------|--|-----------------------------|-----------------------------|
| 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% |
| 2018 | 53,993 | \$ 1,488,533,017 | \$ 27,569 | 7,555 | 4.00% |
| 2019 | 54,183 | \$ 1,493,219,747 | \$ 27,600 | 7,848 | 3.00% |

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 Nine Years Ago**

| Employer | Nature of Business | 2019 | | | 2010 | | |
|--------------------------------|---------------------------|-------------|------|-------------------------------------|-------------|------|-------------------------------------|
| | | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| Market Basket | Retail - Grocery | 210 | 1 | 2.39% | - | - | - |
| Mass General Hospital | Medical | 200 | 2 | 2.28% | 151 | 5 | - |
| Price Rite | Retail - Grocery | 183 | 3 | 2.08% | - | - | - |
| Lighthouse Nursing Home | Medical | 180 | 4 | 2.05% | 182 | 3 | 2.09% |
| Target | Retail - Department Store | 170 | 5 | 1.94% | - | - | - |
| Stop & Shop (Squire Rd) | Retail - Grocery | 150 | 6 | 1.71% | 168 | 4 | 1.93% |
| Annemark Nursing Home | Medical | 135 | 7 | 1.54% | 141 | 7 | - |
| Showcase Cinema | Entertainment | 103 | 8 | 1.17% | 150 | 6 | 1.72% |
| BeDriven North Shore | Livery | 102 | 9 | 1.16% | - | - | - |
| OceanAir | Shipping / Logistics | 100 | 10 | 1.14% | - | - | - |
| New England Confectionary Co. | Manufacturing | - | - | - | 494 | 1 | 5.68% |
| Stop & Shop (Wonderland Plaza) | Retail - Grocery | - | - | - | 220 | 2 | 2.53% |
| Shaw's | Retail - Grocery | - | - | - | 140 | 8 | 1.61% |
| Foodmaster | Retail - Grocery | - | - | - | 110 | 9 | 1.26% |
| | | <u>1533</u> | | <u>17.46%</u> | <u>1756</u> | | <u>16.83%</u> |

Information on the 8th through 10th largest employer for 2009 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>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>Function</u> | | | | | | | | | | |
| General government..... | 74 | 75 | 76 | 80 | 79 | 73 | 76 | 69 | 67 | 68 |
| Public safety..... | 184 | 184 | 184 | 191 | 219 | 212 | 232 | 243 | 234 | 229 |
| Public education..... | 701 | 703 | 706 | 708 | 778 | 784 | 823 | 833 | 833 | 879 |
| Public works..... | 28 | 28 | 29 | 32 | 27 | 29 | 27 | 32 | 22 | 24 |
| Human services..... | 14 | 14 | 15 | 16 | 9 | 9 | 9 | 10 | 10 | 28 |
| Culture and recreation..... | 5 | 5 | 5 | 6 | 14 | 17 | 16 | 12 | 12 | 12 |
| Water & Sewer..... | <u>9</u> | <u>9</u> | <u>10</u> | <u>11</u> | <u>12</u> | <u>10</u> | <u>15</u> | <u>15</u> | <u>25</u> | <u>26</u> |
| Total..... | <u><u>1,015</u></u> | <u><u>1,018</u></u> | <u><u>1,025</u></u> | <u><u>1,044</u></u> | <u><u>1,138</u></u> | <u><u>1,134</u></u> | <u><u>1,198</u></u> | <u><u>1,214</u></u> | <u><u>1,203</u></u> | <u><u>1,265</u></u> |

Source: Various City Departments

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

| <u>Function/Program</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>2018</u> | <u>2019</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> | <u>Sick Leave Buyback</u> | <u>Injured Leave Stabilization</u> |
|-------------|----------------------|---------------------------------------|---------------------------------------|-------------------------------|--|
| 2019..... | \$ not available | \$ 8,472,453 | \$ 1,243,508 | \$ 70,370 | \$ 270,415 |
| 2018..... | \$ 6,127,553 | \$ 7,386,313 | \$ 1,106,051 | \$ 425,000 | \$ 386,924 |
| 2017..... | \$ 6,273,580 | \$ 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 | \$ - | \$ - | \$ - |

Source: Massachusetts Department of Revenue / Audited Financial Statements
 The City's free cash balance was not certified by the Department of Revenue for 2015.