

CITY OF EVERETT

MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



For the Year Ended June 30, 2018

Carlo DeMaria, Jr., Mayor
Eric J. Demas, Chief Financial Officer/City Auditor

Prepared by the City of Everett Finance Department

On the Cover – Parade for Everett's 125 Birthday

Gazebo at Werner Park



CITY OF EVERETT, MASSACHUSETTS

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For the Year Ended June 30, 2018



Prepared by the Finance Department

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JUNE 30, 2018

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Introductory Section

Parlin Library



Introductory Section

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City of Everett, Massachusetts

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Letter of Transmittal

December 19, 2018

To the Honorable Mayor, Members of the City Council and Citizens of the City of Everett, Massachusetts:

At the close of each year, state law requires the City of Everett to publish 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, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Everett, Massachusetts, for the year ending June 30, 2018 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 government'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 for the year ended June 30, 2018, are fairly presented in conformity with GAAP.

The City of Everett'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, 2018, 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, 2018 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 of Everett'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 that analysis and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of Everett is located in Middlesex County. It is bordered on the north by the City of Malden, on the east by the Cities of Revere and Chelsea, on the west by the Cities of Medford and Somerville, and on the south by the Mystic River and the City of Boston. Everett has a population of 41,667 (according to the 2010 Federal Census) and occupies a land area of 3.36 square miles. Modern transportation facilities are available to residents and commercial enterprises in the City of Everett. The City maintains a total of 56 miles of roads. Bus transportation within the City and throughout the local region is provided by the Massachusetts Bay Transportation Authority (MBTA). The MBTA maintains a major repair facility in the City.

Incorporated as a town in 1870, and as a city in 1892, Everett had been governed by a Mayor-Council-Alderman form of government, with a two year Mayor, seven aldermen (elected at large), and eighteen councilors (3 elected from each ward). However, on January 1, 2014, the City's Council/Aldermen form of government converted to an elected 11 member City Council, and the Mayor's term converted to 4 years.

The Mayor is elected for four years in November of odd-numbered years. The Mayor is the administrative head of the City. The Mayor acts with the City Council to carry out City business. The Mayor appoints his office staff, the City Solicitor, and the Assistant City Solicitor without City Council confirmation. The appointments of most City department heads, and members of the various boards and commissions, however, require City Council confirmation. The Mayor has the right to veto any order, resolution, or ordinance passed by the Council. However, a veto may be overturned by a two-thirds vote of all councilors. After reviewing and revising estimates prepared by department heads, the Mayor submits the budget to the City Council for final action. The Mayor approves all municipal payrolls, vouchers, contracts and instruments; and recommends bond issues, legislations and orders to the City Council; and represents the City with other levels of government. As the general administrator of all City departments, the Mayor is consulted by department heads pertaining to the City's welfare.

The City Council is primarily the legislative branch of the City government. As the legislative body, the Council confirms appointments made by the Mayor and appropriates all monies necessary for City operation. It can approve, disapprove, or reduce the amount of appropriations, but not add to the appropriation. The Council receives orders of recommendation by the Mayor and petitions from the public, and acts on them after committee study. The City Council also has the power to enact the ordinances and other regulations. A majority of the City Council constitutes a quorum, and the affirmative vote of a majority of all the members of the Council is necessary for the adoption of any motion resolution, or ordinance. In some instances, adoption by a two-thirds vote of the members is required by statute.

The City provides general governmental services for the territory within its boundaries, including police and fire protection, disposal of garbage and rubbish, public education in grades K-12, street maintenance, and parks and recreational facilities. Water and sewer services are provided via connections to the Massachusetts Water Resources Authority. Vocational technical education is provided at the high school level by the City. The entire area of the City is served by the municipal water and sewer system.

The Everett Housing Authority is responsible for managing 671 units of State aided elderly and family housing units for the City. Of the 671 units, 279 are for elderly and 392 are designated for families. These units are owned and operated by the Authority. The Everett Housing Authority does not meet the criteria to be considered a component unit of the City.

In the City of Everett, within 170 days after the annual organization of the city government (which is ordinarily in early January), the Mayor is required to submit a budget of proposed expenditures for the year beginning on the next July 1. The City Council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the Mayor, the council may not make any appropriation for a purpose not included in the proposed budget, except by a 2/3 vote in the case of a failure of the Mayor to recommend an appropriation for such purpose within seven days after request from the City Council. If the council fails to act on any item of the proposed budget within 45 days, that item takes effect.

The amount raised on the tax recapitulation sheet approved by the Department of Revenue for 2018 totaled approximately \$226.8 million, which includes real and personal property tax revenues, State revenues, Massachusetts School Building Authority (MSBA) revenue, local revenues, a \$12.5 million transfer in from the community mitigation stabilization account to reduce the tax rate, and approximately \$665,000 of indirect costs from the water & sewer enterprise fund. These revenues cover general fund and enterprise fund budgeted expenses and a prior year snow and ice deficit. The 2018 tax recapitulation also included the use of free cash of which \$4.5 million was used to fund 2017 appropriations.

The City includes the Everett Retirement System (the System) in its financial reporting since the City represents approximately 96.4% of the members of the System. The System was established to provide retirement benefits to its members, including employees and beneficiaries of the City of Everett and the Everett Housing Authority.

Factors Affecting Economic Condition

According to the Massachusetts Executive Office of Labor and Workforce Development, as of June 30, 2018, the City had a total labor force of 27,541 of which 26,641 were employed and 900 or 3.3% were unemployed as compared with 3.5% for the Commonwealth. Everett is a diverse City, a blue collar community with many of its residents working in the trade, transportation, and utility fields. Closely behind are residents working in the education and health services industry.

Power Plant

The City of Everett is home to a power plant containing a multi-unit gas-fueled 1,968 megawatt (MW) steam turbine, electric power generating station. The site was originally developed by Boston Edison Company in the early 1940's with three coal-fired steam generators. The power plant increased development in the 1950's and 1960's; which lead to the construction of three additional units that were eventually converted to oil. A 578 MW unit was added in 1975 and an 8.6 WM jet-turbine generator was added in 1969 and upgraded in 1990 that was used as a "peaking" unit.

As a result of the Massachusetts Electric Utility Restructuring Act of 1997, Boston Edison sold Mystic Station along with its other generating assets for a reported \$536 million to Sithe Energies. Exelon Generation Company, LLC acquired Sithe New England in 2002. In 2003, Exelon completed the addition of two new Raytheon built combined-cycle generators to the site, with a generating capacity of 1,400 MG.

Currently, the plant's primary fuel source is a liquefied natural gas (LNG) terminal adjacent to the facility along the Mystic River, currently owned by Distrigas of Massachusetts, who relies on off-shore supplies of LNG. The site also contains a substation, switchyards and transformers for supplying power to the electricity grid.

The City of Everett entered into a tax increment financing (TIF) agreement allowed under G.L. Chapter 40 Section 59. The TIF is for a twenty (20) year period from 2001 through 2020. The total TIF payment for this period is \$329 million dollars, paid in annual installments of \$17.9 million per year during years 2001 - 2010 and \$15 million per year during years 2011 - 2020.

For 2018, the power plant's payment of \$15 million represented 14.6% of the total tax levy of \$102.6 million.

Wynn Everett

On September 15, 2014, the Massachusetts state gaming commission formally voted to award the eastern Massachusetts casino license to Wynn Resorts for its plan in Everett. Prior to the license being awarded to Wynn, the City and Wynn entered into a host agreement, which memorialized the economic and social commitments to the City of Everett. In summary, the City has received \$30 million of advance payments for a Community Enhancement Fund that was paid during the construction period. Also, once the resort opens for business, the City will receive an additional \$25 million per year that will increase 2.5% per year for the life of the agreement. Furthermore, Wynn will fund \$250,000 annually, and shall increase by 2.5% annually, to the Everett Citizens Foundation, which will support local groups, associations, and programs with important City initiatives.

The City issued a building permit to Wynn in May 2016, and construction commenced in early July 2016. Under the terms of the host agreement, Wynn made the first advanced payment to the City in the amount of \$5 million in June of 2016; which was deposited into the community enhancement fund. In 2017, the City received the second payment of \$12.5 million and the final payment of \$12.5 million was received in 2018.

These sum specific payments, as well as the conservatively estimated \$2.5 million per year in hotel and restaurant taxes paid by Wynn customers, will benefit the City and its residents for decades.

Financial Planning and Forecasting

As part of the City's budget process, the City has included a Five Year Financial Forecast in its budget document. This is the fourth year that such a forecast has been completed. This forecast acts as a useful tool to the Mayor and Council to better identify "budget busters" on the expenditure side and to also determine whether forecasted revenue growth is adequate for future expenses. Also included in the budget was the City's Five Year Capital Improvement Plan (CIP) for the purpose of planning and maintaining the City's capital and infrastructure. The CIP includes policies on debt service and capital improvement budgeting.

As part of the 2018 CIP, the City Council approved \$11,447,500 in capital expenditures, of which \$9,509,000 will be funded through the issuance of general obligation bonds. The remainder will be funded by federal and state grants totaling \$900,000, capital stabilization account funding of \$316,000, and \$722,500 was appropriated within the operating budget.

Financial Policy

The City has set a goal to fund the stabilization account in the amount of 10% of the City's current operating budget, or \$18.4 million. As of June 30, 2018, the balance in the City's stabilization account is \$15.0 million. The stabilization account shall be funded by appropriations from free cash (available funds), operating budget appropriations when available, and other one-time non-recurring revenues that become available for appropriation per Massachusetts General Law.

In 2014, the City established a second stabilization account (capital improvement stabilization account) for the funding of capital items proposed as part of the comprehensive five-year Capital Improvement Program. The City has set a goal to fund the capital improvement stabilization account in the amount of 20% of any free cash available after funding a prior year drawdown of the stabilization account. As of June 30, 2018, the balance in the City's capital improvement stabilization account is \$2.6 million.

Also, in 2014, the City established a third stabilization account (employee leave buyback stabilization account) for the funding of retirement buyouts as well as other buybacks of accrued sick and vacation time as allowed by collective bargaining agreements. During FY16, the City experienced a number of unanticipated retirements and used the majority of this fund to meet the retirement obligations. The goal of the employee leave buyback stabilization account is to pay for any unanticipated retirements and buyouts from this fund instead of using general fund appropriations. This will allow the departments to backfill vacancies and pay attendance bonuses in a timely manner without having to request a supplemental appropriation by the Council.

In 2013, the City adopted Massachusetts General Law Chapter 32B, Section 20, establishing the "Other Postemployment Benefits (OPEB) Liability Trust Fund" as a local option. This fund gives communities a mechanism to reduce the unfunded actuarial liability of health care and other postemployment benefits. The City currently has \$4.7 million in the fund. Future appropriations will be made to this fund in accordance with financial policies of the Finance Department of the City.

As defined by the Massachusetts budgetary basis of accounting, free cash is the remaining unrestricted funds from operations of the previous year including unexpended free cash from the previous year, actual receipts in excess of revenue estimates shown on the tax rate recapitulation sheet, and unspent amounts in budget line-items. Unpaid property taxes and certain deficits reduce the amount that can be certified as free cash. The calculation of free cash is based on the balance sheet as of June 30th, which is submitted by the community's auditor, accountant, or comptroller. Free cash is not available for appropriation until certified by the Massachusetts Director of Accounts. Free cash is the term used for a community's funds that are available for appropriation. Once free cash is certified, it is available for appropriation by City Council. The June 30, 2018 balance for free cash was certified in the amount of \$10.0 million which is available for use in 2019.

Free cash may be used for any lawful municipal purpose and provides communities with flexibility to fund additional appropriations after the tax rate has been set. Free cash balances do not carry forward to the next year (July 1st). The certification expires on June 30th at the end of the year.

The City's policy is to use free cash for reserves, capital, and special uses in accordance with the policies set forth by the Mayor and Chief Financial Officer. Once free cash is certified by the Director of Accounts, any drawdown of the stabilization account from the prior year shall be replenished from the certified free cash if the free cash exceeds such drawdown. Once any drawdown of stabilization accounts are replenished, allocation of the remaining free cash shall be as follows:

- 15% of any free cash available after funding a prior year drawdown will also be allocated from free cash to the stabilization account up to the goal of the stabilization account equaling 10% of the current operating budget of the City.
- 20% of any free cash available after funding a prior year drawdown of the stabilization account will also be allocated to the capital improvement fund for funding capital.
- 15% of any free cash available after funding any drawdown will be allocated to the OPEB Liability Trust Fund.

Any free cash available after funding the above may be used to augment trust funds related to fringe benefits and unfunded liabilities related to employee benefits, including Workers' Compensation Fund, Unemployment Fund, and any health benefits payable through Police and Fire operating budgets (111f settlements). Free cash available may also be used to augment general fund appropriations for expenses that increased due to extraordinary and/or unforeseen events as detailed by the department head of the affected budget.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Everett, Massachusetts for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the fourth year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

The City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 1, 2017. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

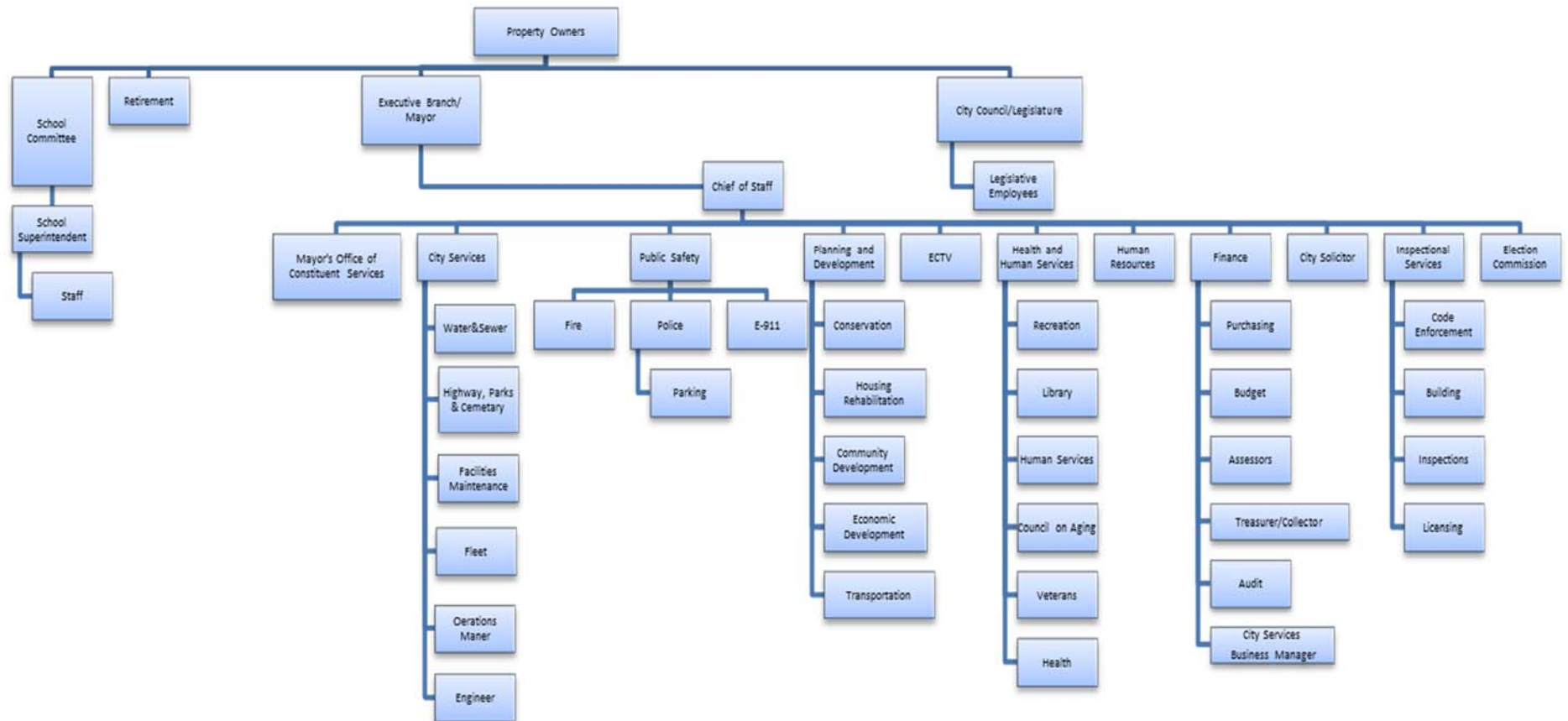
The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Department. We wish to thank all government departments for their assistance in providing the data necessary to prepare this report. Credit also is due to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Everett, Massachusetts' finances.

Respectfully submitted,



Eric J. Demas, CFE
Chief Financial Officer / City Auditor

Organizational Chart





Principal Executive Officers

TITLE	NAME	MANNER OF SELECTION	TERM EXPIRES
Mayor	Carlo DeMaria, Jr.	Elected	2022
Ward One, City Councilor	Fred Capone	Elected	2022
Ward Two, City Councilor	Stephen Simonelli	Elected	2022
Ward Three, City Councilor	Anthony DiPiero	Elected	2022
Ward Four, City Councilor	John Leo McKinnon	Elected	2022
Ward Five, City Councilor	Rosa DiFlorio	Elected	2022
Ward Six, City Councilor	Michael J. McLaughlin	Elected	2022
President, Councilor At Large	Peter A. Napolitano	Elected	2022
Councilor At Large	Richard J. Dell Isola, Jr.	Elected	2022
Councilor At Large	Michael Marchese	Elected	2022
Councilor At Large	Wayne A. Matewsky	Elected	2022
Councilor At Large	John F. Hanlon	Elected	2022
Chief Financial Officer/City Auditor	Eric J. Demas	Appointed	2019
Treasurer/Collector	Domenico D'Angelo	Appointed	2019
City Solicitor	Colleen Mejia	Appointed	2019
City Clerk	Sergio Cornelio	Appointed	2022



Government Finance Officers Association

**Certificate of
Achievement
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**City of Everett
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of Everett
Massachusetts**

For the Fiscal Year Beginning

July 1, 2017

Christopher P. Morill

Executive Director

Financial Section

New Crosswalk



Financial Section

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Independent Auditor's Report

To the Honorable City Council
City of Everett, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Everett, Massachusetts, as of and for the year ended June 30, 2018 (except for the Everett Contributory Retirement System which is as of and for the year ended December 31, 2017), 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 of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Everett, Massachusetts, as of June 30, 2018 (except for the Everett Contributory Retirement System which is as of December 31, 2017), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 Everett, 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, as listed in the table of contents, are the responsibility of management and were derived from and relates 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 19, 2018, on our consideration of the City of Everett, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Everett, Massachusetts' internal control over financial reporting and compliance.



December 19, 2018

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Everett, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2018. The City complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB).

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

Financial Highlights

- The City has maintained its bond rating of AA+ by Standard & Poor's Investors Service.
- Beginning net position of the governmental activities, the business-type activities and the enterprise funds has been revised to reflect the implementation of GASB Statement #75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*". The implementation of this standard required the calculation of the OPEB liability to be revised due to the use of different methods and assumptions as previously required by GASB Statement #45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*". Accordingly, the City's net position as of June 30, 2017, has been revised to reflect these changes. (See Note 18 for further details regarding the revised balances).
- The City's liabilities and deferred inflows exceeded its assets and deferred outflows of resources at the close of the most recent year by \$119.9 million (net position).
- At the close of the current year, the City's general fund reported an ending fund balance of \$44.9 million, an increase of \$2.0 million in comparison with the prior year. Total fund balance represents 20% of total general fund expenditures.
- The City transferred \$1.3 million to the general stabilization account and appropriated \$5.5 million to fund general fund appropriations. At year-end, the general stabilization account balance totaled \$2.5 million.
- The City transferred \$1 million to the capital improvement stabilization account and appropriated \$514,000 to fund the capital improvement plan. At year-end, the capital improvement stabilization account totaled \$2.6 million.
- The employee leave buy back stabilization account did not have any activity in 2018 and the account balance totaled \$8,000 at year-end.
- The City received the third community enhancement fee payment totaling \$12.5 million; which was recorded in the community enhancement fee stabilization account. The City appropriated \$12.5 million in 2018 to reduce the tax rate. At year-end, the community enhancement fee stabilization account totaled \$12.5 million.
- The City transferred \$986,000 to the other postemployment benefits (OPEB) trust fund in 2018. At year-end, the net position of the OPEB trust fund totaled \$4.7 million.
- The OPEB liability increased by \$10.7 million during the current year and the year-end balance totaled \$243.8 million.
- The net pension liability decreased by \$16.6 during the current year and the year-end balance totaled \$96.0 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Everett's basic financial statements. These basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The basic financial statements focus on both the City as a whole (government-wide) and the fund 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 parts 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 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, deferred outflows or resources and liabilities with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the 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 and charges (*business-type activities*). The governmental activities include general government, public safety, education, city services and facilities, community development, human services, libraries and recreation and interest. The business-type activities include the activities of the water and sewer fund.

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

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

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

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

The *internal service fund* is used 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 employees' health insurance, workers compensation insurance and other insurance.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for propriety funds. A legally separate public employee retirement system for which the City of Everett is financially accountable is a *component unit* and reported separately within the fiduciary fund statements. The City established an Other Postemployment Trust fund that is reported as a fiduciary fund.

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 of Everett's its liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources by \$119.9 million at the close of 2018 (net position), a decrease of \$12.8 million from the prior year.

Net position of \$142.6 million reflects its net investment in capital assets (e.g., land, land improvements, buildings and building improvements, machinery and equipment, vehicles and infrastructure); 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 governmental net position, \$6.5 million, represents resources that are subject to external restrictions on how they may be used. The balance of *unrestricted net position* has a year-end deficit of \$269.0 million. The primary reason for this deficit balance is the recognition of the other postemployment benefits liability and the net pension liability totaling \$243.8 million and \$96.0 million, respectively.

The governmental and business-type activities of the City are presented on the following pages.

Governmental Activities

The City of Everett's liabilities and deferred inflows exceeded assets and deferred outflows or resources for governmental activities by \$170.1 million at the close of 2018.

	2018	2017 (As Revised)
Assets:		
Current assets.....	\$ 115,096,673	\$ 121,855,363
Noncurrent assets (excluding capital).....	1,686,384	3,288,997
Capital assets, non depreciable.....	9,556,588	9,459,158
Capital assets, net of accumulated depreciation....	146,477,481	140,640,393
Total assets.....	272,817,126	275,243,911
Deferred outflows of resources.....	18,174,320	18,884,917
Liabilities:		
Current liabilities (excluding debt).....	22,796,584	23,737,941
Noncurrent liabilities (excluding debt).....	342,457,971	347,016,738
Current debt.....	12,437,074	10,851,896
Noncurrent debt.....	68,749,496	66,520,669
Total liabilities.....	446,441,125	448,127,244
Deferred inflows of resources.....	14,607,000	3,276,000
Net position:		
Net investment in capital assets.....	98,422,592	96,180,570
Restricted.....	6,467,283	8,536,461
Unrestricted.....	(274,946,554)	(261,991,447)
Total net position.....	\$ (170,056,679)	\$ (157,274,416)
Program Revenues:		
Charges for services.....	\$ 9,947,530	\$ 9,058,777
Operating grants and contributions.....	102,623,663	101,888,275
Capital grants and contributions.....	1,546,365	2,070,715
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	101,613,763	95,349,960
Tax liens.....	613,280	197,134
Motor vehicle excise taxes.....	4,587,473	4,382,417
Meals tax.....	622,963	545,969
Penalties and interest on taxes.....	389,436	351,992
Payments in lieu of taxes.....	14,112	14,112
Grants and contributions not restricted to specific programs.....	7,234,348	6,760,390
Unrestricted investment income.....	348,974	216,496
Miscellaneous.....	213,605	159,460
Total revenues.....	229,755,512	220,995,697

	2018	2017 (As Revised)
Expenses:		
General government.....	14,971,314	13,853,866
Public safety.....	49,730,241	46,775,869
Education.....	148,028,788	145,520,938
City services and facilities.....	18,197,426	16,120,304
Community development.....	338,165	405,349
Human services.....	5,904,607	4,590,737
Libraries and recreation.....	4,189,986	3,993,699
Interest.....	1,842,456	1,747,562
Total expenses.....	243,202,983	233,008,324
Excess (Deficiency) before transfers.....	(13,447,471)	(12,012,627)
Transfers.....	665,208	611,279
Change in net position.....	(12,782,263)	(11,401,348)
Net position, beginning of year (as revised).....	(157,274,416)	(145,873,068)
Net position, end of year.....	\$ (170,056,679)	\$ (157,274,416)

Beginning net position of the governmental activities has been revised to reflect the implementation of GASB Statement #75. The implementation of this standard required the OPEB liability to be revised due to the use of different methods and assumptions as previously required by GASB Statement #45. Accordingly, previously reported net position, which was a deficit balance of \$30.4 million has been revised and totals a deficit balance of \$157.3 million (see note 18).

The governmental expenses totaled \$243.2 million of which \$114.1 million (47%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$115.6 million, primarily coming from property taxes, motor vehicle excise taxes and non-restricted state aid.

General government expenditures increased by \$1.1 million, which is due to a \$1.3 million increase in budgetary basis expenditures, which was offset by a \$300,000 decrease in pension expense. Public safety expenses increased by \$3.0 million; which is due to a \$2.3 million increase in budgetary basis expenditures and an increase of \$1.2 million in the compensated absences liability due to new contract terms. Education expenses increased by \$2.5 million which is due to a \$5.6 million increase in budgetary basis expenditures, that was offset by an actuarially determined decrease in the OPEB liability of \$2.6 million and a \$400,000 decrease in the worker's compensation liability. City services and facilities expenses increased by \$2.1 million, which is due to a \$1.5 million increase in budgetary basis expenditures and a \$600,000 increase in the worker's compensation liability. Human services increased by \$1.3 million, which was due to an increase of \$700,000 in budgetary basis expenditures, an increase of \$300,000 in expenditures from grants and \$300,000 of non-capitalizable capital project related expenditures.

The governmental net position decreased by \$12.8 million during the current year. This was due to a decrease of \$11.9 million from the net change in deferred outflows/inflows of resources, a \$10.6 million increase in the net OPEB liability and a \$10.5 million decrease that relates to general fund operations. The \$10.5 million decrease is the result of a \$2 million operating surplus that includes a \$12.5 million community enhancement fee payment; which was previously recognized as revenue in the entity-wide financial statements. These decreases were offset by a \$16.5 million decrease in the net pension liability, capital grants totaling \$1.5 million and an increase of \$3 million in special revenue funds due to timing differences between the receipt and expenditure of gifts, grants and other funds.

Business-type Activities

For the City's business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$50.1 million at the close of 2018.

	2018	2017 (As Revised)
Assets:		
Current assets.....	\$ 13,059,547	\$ 13,128,537
Capital assets, net of accumulated depreciation....	53,973,833	53,633,560
Total assets.....	67,033,380	66,762,097
Deferred outflows of resources.....	166,000	167,000
Liabilities:		
Current liabilities (excluding debt).....	715,679	331,615
Noncurrent liabilities (excluding debt).....	3,804,235	3,784,818
Current debt.....	1,763,243	1,623,599
Noncurrent debt.....	10,534,815	10,967,058
Total liabilities.....	16,817,972	16,707,090
Deferred inflows of resources.....	242,000	50,000
Net position:		
Net investment in capital assets.....	44,188,170	45,184,999
Unrestricted.....	5,951,238	4,987,008
Total net position.....	\$ 50,139,408	\$ 50,172,007
Program Revenues:		
Charges for services.....	\$ 17,496,741	\$ 17,579,874
Operating grants and contributions.....	142,235	90,731
Capital grants and contributions.....	-	1,065,750
Total revenues.....	17,638,976	18,736,355
Expenses:		
Water and sewer.....	17,006,367	16,311,608
Excess (Deficiency) before transfers.....	632,609	2,424,747
Transfers.....	(665,208)	(611,279)
Change in net position.....	(32,599)	1,813,468
Net position, beginning of year (as revised).....	50,172,007	48,358,539
Net position, end of year.....	\$ 50,139,408	\$ 50,172,007

Beginning net position of the business-type activities has been revised to reflect the implementation of GASB Statement #75. The implementation of this standard required the OPEB liability to be revised due to the use of different methods and assumptions as previously required by GASB Statement #45. Accordingly, previously reported net position of \$51.4 million has been revised and totals \$50.2 million (see note 18).

Business-type net position of \$44.2 million (88%) represents the net investment in capital assets while \$6.0 million (12%) is unrestricted. The City's business-type activities net position decreased by \$33,000 in the current year. The decrease in net position is mainly attributable to a \$193,000 increase in deferred outflows/inflows of resources, a \$73,000 increase in the workers' compensation liability and a \$90,000 increase in the net OPEB liability. These decreases were offset by a \$119,000 operating surplus, \$70,000 of investment income related to water and sewer capital project funds and a \$133,000 decrease in the net pension liability.

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

As of the end of the current year, governmental funds reported combined ending fund balances of \$77.4 million; of which, \$44.9 million is for the general fund, \$19.8 million is for the City capital projects fund and \$12.7 million is for the nonmajor governmental funds. Cumulatively there was an increase of \$6.6 million in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current year, unassigned fund balance of the general fund was \$37.3 million, while total fund balance was \$44.9 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represents 17% of the total general fund expenditures, while total fund balance represents 20% of that same amount. \$1.5 million of fund balance is committed for continuing appropriations and \$6.1 million of fund balance is assigned for encumbrances to be carried forward to the next year.

In 2018, the City's general fund increased by \$2 million. This increase is primarily due to a budgetary basis operating surplus of \$5.2 million that is offset by a \$3.6 million decrease in the stabilization funds which are reported as a component of the general fund in accordance with GAAP.

The budgetary basis surplus is primarily due to revenues exceeding the budget by \$6 million, appropriations being under budget by \$4.3 and a \$1.4 million increase in amounts carried forward to the next year. The positive budgetary results were offset by the planned use of free cash and overlay totaling \$7.0 million. The most significant revenue surpluses include \$1.2 million for motor vehicle excise tax collections, \$1.3 million for licenses and permits, \$877,000 for intergovernmental revenues and \$852,000 for departmental and other receipts. The most significant appropriation surpluses include police and fire salaries.

The City capital projects fund is used to account for the City's capital projects as identified in the City's capital plan, which includes yearly expenditures for infrastructure and other project activities. At the end of the current year, the fund had a positive balance totaling \$19.8 million. The balance is due to timing differences between the receipt and expenditure of proceeds from capital contributions and long-term term borrowings that are permanently funding projects.

The internal service fund experienced an increase of \$583,000 that is primarily due to better than anticipated claims experience.

General Fund Budgetary Highlights

During 2018, the City Council approved supplemental appropriations totaling \$13.3 million; which is primarily attributable to increases in education, health insurance for the OPEB trust contribution and transfers to the general stabilization and capital stabilization funds.

Capital Asset and Debt Administration

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

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$210.0 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and building improvements, machinery and equipment, and infrastructure.

The total additions to the governmental activities investment in capital assets for the current year were \$15.5 million. Major capital asset events during the current year included roadway improvements, the Parlin school café and classrooms project, the Hancock Fire Station project and Sacramone Park improvements.

The \$1.6 million in additions to the business-type activities is attributable to water main improvements and sewer inflow infiltration projects.

Debt Administration. The City's bond rating was maintained at AA+ by Standard & Poor's Investors Service. The City continues to maintain strong market access for both note and bond sales.

Outstanding long-term debt for governmental activities, as of June 30, 2018, totaled \$81.2 million, of which \$29.1 million relates to school buildings, \$4.8 million relates to municipal buildings and \$30.3 million relates to other municipal purposes. The City issued \$13.5 million of additional governmental long-term debt in 2018.

The Commonwealth has approved school construction assistance to the City. The assistance program which is administered by the MSBA provides resources for future debt service of general obligation school bonds outstanding. During 2018, \$1.7 million of such assistance was received and \$3.5 million will be received in future years. Of this amount, \$172,000 represents reimbursement of long-term interest costs and \$3.3 million represents reimbursement of approved construction costs. Accordingly, a \$3.3 intergovernmental receivable and corresponding deferred inflow of resources – unavailable revenue has been reported in the governmental fund financial statements. The unavailable revenue has been recognized as revenue in the conversion to the government-wide financial statements.

At year end, the water and sewer enterprise fund has \$12.3 million of outstanding long-term debt, which funded various water and sewer infrastructure projects and is fully supported by rates and does not rely on a general fund subsidy. The City issued \$1.3 million of additional long-term debt in 2018.

Please refer to notes 4, 7, and 8 to the basic financial statements for further discussion of the major capital and debt activity.

Requests for Information

This financial report is designed to provide a general overview of the City of Everett'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 Chief Financial Officer/City Auditor, City Hall, 484 Broadway, Everett, Massachusetts, 02149.

Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 94,475,223	\$ 7,408,012	\$ 101,883,235
Investments.....	4,057,328	-	4,057,328
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	3,318,159	-	3,318,159
Tax liens.....	2,307,210	-	2,307,210
Motor vehicle and other excise taxes.....	990,054	-	990,054
User charges.....	-	5,651,535	5,651,535
Departmental and other.....	822,306	-	822,306
Intergovernmental.....	6,796,592	-	6,796,592
Due from agency fund.....	460,201	-	460,201
Working capital deposit.....	1,869,600	-	1,869,600
Total current assets.....	115,096,673	13,059,547	128,156,220
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	1,686,384	-	1,686,384
Capital assets, nondepreciable.....	9,556,588	-	9,556,588
Capital assets, net of accumulated depreciation.....	146,477,481	53,973,833	200,451,314
Total noncurrent assets.....	157,720,453	53,973,833	211,694,286
TOTAL ASSETS.....	272,817,126	67,033,380	339,850,506
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	346,069	-	346,069
Deferred outflows related to pensions.....	10,013,000	166,000	10,179,000
Deferred outflows related to other postemployment benefits.....	7,815,251	-	7,815,251
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	18,174,320	166,000	18,340,320
LIABILITIES			
CURRENT:			
Warrants payable.....	5,270,754	537,335	5,808,089
Accrued payroll.....	8,866,516	43,253	8,909,769
Health claims payable.....	2,000,000	-	2,000,000
Tax refunds payable.....	573,000	-	573,000
Accrued interest.....	894,457	71,031	965,488
Other liabilities.....	529,561	-	529,561
Compensated absences.....	4,570,261	45,966	4,616,227
Workers' compensation.....	92,035	18,094	110,129
Bonds payable.....	12,437,074	1,763,243	14,200,317
Total current liabilities.....	35,233,658	2,478,922	37,712,580
NONCURRENT:			
Compensated absences.....	5,531,918	23,872	5,555,790
Workers' compensation.....	828,313	162,849	991,162
Net pension liability.....	94,399,000	1,564,000	95,963,000
Net other postemployment benefits liability.....	241,698,740	2,053,514	243,752,254
Bonds payable.....	68,749,496	10,534,815	79,284,311
Total noncurrent liabilities.....	411,207,467	14,339,050	425,546,517
TOTAL LIABILITIES.....	446,441,125	16,817,972	463,259,097
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	14,607,000	242,000	14,849,000
TOTAL DEFERRED INFLOWS OF RESOURCES.....	14,607,000	242,000	14,849,000
NET POSITION			
Net investment in capital assets.....	98,422,592	44,188,170	142,610,762
Restricted for:			
Permanent funds:			
Expendable.....	269,650	-	269,650
Nonexpendable.....	1,048,919	-	1,048,919
Gifts and grants.....	5,148,714	-	5,148,714
Unrestricted.....	(274,946,554)	5,951,238	(268,995,316)
TOTAL NET POSITION.....	\$ (170,056,679)	\$ 50,139,408	\$ (119,917,271)

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

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.....	\$ 14,971,314	\$ 1,123,439	\$ 123,260	\$ -	\$ (13,724,615)
Public safety.....	49,730,241	6,844,705	1,538,943	-	(41,346,593)
Education.....	148,028,788	841,973	98,925,306	-	(48,261,509)
City services and facilities.....	18,197,426	366,633	-	978,476	(16,852,317)
Community development.....	338,165	-	1,331,352	-	993,187
Human services.....	5,904,607	311,845	390,195	111,008	(5,091,559)
Libraries and recreation.....	4,189,986	458,935	104,846	456,881	(3,169,324)
Interest.....	1,842,456	-	209,761	-	(1,632,695)
Total Governmental Activities.....	243,202,983	9,947,530	102,623,663	1,546,365	(129,085,425)
<i>Business-Type Activities:</i>					
Water and sewer.....	17,006,367	17,496,741	142,235	-	632,609
Total Primary Government.....	\$ 260,209,350	\$ 27,444,271	\$ 102,765,898	\$ 1,546,365	\$ (128,452,816)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (continued)

YEAR ENDED JUNE 30, 2018

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page.....	\$ <u>(129,085,425)</u>	\$ <u>632,609</u>	\$ <u>(128,452,816)</u>
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	101,613,763	-	101,613,763
Tax liens.....	613,280	-	613,280
Motor vehicle excise taxes.....	4,587,473	-	4,587,473
Meals tax.....	622,963	-	622,963
Penalties and interest on taxes.....	389,436	-	389,436
Payments in lieu of taxes.....	14,112	-	14,112
Grants and contributions not restricted to specific programs.....	7,234,348	-	7,234,348
Unrestricted investment income.....	348,974	-	348,974
Miscellaneous.....	213,605	-	213,605
<i>Transfers, net</i>	<u>665,208</u>	<u>(665,208)</u>	<u>-</u>
Total general revenues and transfers.....	<u>116,303,162</u>	<u>(665,208)</u>	<u>115,637,954</u>
Change in net position.....	(12,782,263)	(32,599)	(12,814,862)
<i>Net position:</i>			
Beginning of year (as revised).....	<u>(157,274,416)</u>	<u>50,172,007</u>	<u>(107,102,409)</u>
End of year.....	\$ <u><u>(170,056,679)</u></u>	\$ <u><u>50,139,408</u></u>	\$ <u><u>(119,917,271)</u></u>

(Concluded)

See notes to basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2018

	General	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents.....	\$ 53,650,576	\$ 19,860,030	\$ 11,337,665	\$ 84,848,271
Investments.....	1,274,495	-	432,682	1,707,177
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	3,318,159	-	-	3,318,159
Tax liens.....	2,307,210	-	-	2,307,210
Motor vehicle and other excise taxes.....	990,054	-	-	990,054
Departmental and other.....	821,180	-	1,126	822,306
Intergovernmental.....	3,386,672	-	5,096,304	8,482,976
Due from other funds.....	841,703	1,096,400	-	1,938,103
TOTAL ASSETS.....	\$ 66,590,049	\$ 20,956,430	\$ 16,867,777	\$ 104,414,256
LIABILITIES				
Warrants payable.....	\$ 2,399,558	\$ 1,143,800	\$ 1,724,947	\$ 5,268,305
Accrued payroll.....	8,866,247	-	269	8,866,516
Tax refunds payable.....	573,000	-	-	573,000
Due to other funds.....	-	-	381,502	381,502
Other liabilities.....	529,561	-	-	529,561
TOTAL LIABILITIES.....	12,368,366	1,143,800	2,106,718	15,618,884
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue.....	9,325,606	-	2,112,292	11,437,898
FUND BALANCES				
Nonspendable.....	-	-	1,048,919	1,048,919
Restricted.....	-	19,812,630	11,599,848	31,412,478
Committed.....	1,506,076	-	-	1,506,076
Assigned.....	6,103,838	-	-	6,103,838
Unassigned.....	37,286,163	-	-	37,286,163
TOTAL FUND BALANCES.....	44,896,077	19,812,630	12,648,767	77,357,474
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 66,590,049	\$ 20,956,430	\$ 16,867,777	\$ 104,414,256

See notes to basic financial statements.

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

JUNE 30, 2018

Total governmental fund balances.....	\$ 77,357,474
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	156,034,069
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....	11,437,898
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.....	3,567,320
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....	10,747,854
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(894,457)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Bonds payable.....	(81,186,570)
Net pension liability.....	(94,399,000)
Net other postemployment benefits liability.....	(241,698,740)
Workers' compensation.....	(920,348)
Compensated absences.....	<u>(10,102,179)</u>
Net effect of reporting long-term liabilities.....	<u>(428,306,837)</u>
Net position of governmental activities.....	\$ <u><u>(170,056,679)</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2018

	General	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:				
Real estate and personal property taxes, net of tax refunds.....	\$ 102,010,368	\$ -	\$ -	\$ 102,010,368
Tax liens.....	533,003	-	-	533,003
Motor vehicle excise taxes.....	4,529,689	-	-	4,529,689
Meals tax.....	622,963	-	-	622,963
Charges for services.....	-	-	983,777	983,777
Penalties and interest on taxes.....	389,436	-	-	389,436
Payments in lieu of taxes.....	14,112	-	-	14,112
Licenses and permits.....	1,897,721	-	-	1,897,721
Fines and forfeitures.....	1,412,090	-	-	1,412,090
Intergovernmental - Teachers Retirement.....	17,471,774	-	-	17,471,774
Intergovernmental.....	77,287,150	256,337	16,472,425	94,015,912
Departmental and other.....	4,066,542	-	1,261,202	5,327,744
Contributions and donations.....	-	-	1,542,796	1,542,796
Investment income.....	353,508	-	5,417	358,925
Miscellaneous.....	-	-	213,605	213,605
TOTAL REVENUES.....	210,588,356	256,337	20,479,222	231,323,915
EXPENDITURES:				
Current:				
General government.....	7,568,703	-	828,841	8,397,544
Public safety.....	30,641,525	2,782,119	1,292,748	34,716,392
Education.....	81,742,964	38,585	15,481,366	97,262,915
City services and facilities.....	11,510,446	3,550,805	846,604	15,907,855
Community development.....	-	-	1,343,347	1,343,347
Human services.....	3,500,253	289,069	533,731	4,323,053
Libraries and recreation.....	1,774,926	4,022,333	652,251	6,449,510
Pension benefits.....	14,407,132	-	-	14,407,132
Pension benefits - Teachers Retirement.....	17,471,774	-	-	17,471,774
Property and liability insurance.....	2,331,885	-	-	2,331,885
Employee benefits.....	23,146,974	-	-	23,146,974
Claims and judgments.....	14,465	-	-	14,465
State and county charges.....	14,222,816	-	-	14,222,816
Debt service:				
Principal.....	10,062,416	-	-	10,062,416
Interest.....	2,491,194	-	-	2,491,194
TOTAL EXPENDITURES.....	220,887,473	10,682,911	20,978,888	252,549,272
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(10,299,117)	(10,426,574)	(499,666)	(21,225,357)
OTHER FINANCING SOURCES (USES):				
Issuance of bonds.....	-	12,969,500	555,950	13,525,450
Premium from issuance of bonds.....	-	1,096,400	44,050	1,140,450
Transfers in.....	665,208	825,932	214,673	1,705,813
Transfers out.....	(825,932)	(214,673)	-	(1,040,605)
TOTAL OTHER FINANCING SOURCES (USES)...	(160,724)	14,677,159	814,673	15,331,108
NET CHANGE IN FUND BALANCES BEFORE SPECIAL ITEM.....	(10,459,841)	4,250,585	315,007	(5,894,249)
SPECIAL ITEM:				
Host agreement revenue.....	12,500,000	-	-	12,500,000
NET CHANGE IN FUND BALANCES.....	2,040,159	4,250,585	315,007	6,605,751
FUND BALANCES AT BEGINNING OF YEAR.....	42,855,918	15,562,045	12,333,760	70,751,723
FUND BALANCES AT END OF YEAR.....	\$ 44,896,077	\$ 19,812,630	\$ 12,648,767	\$ 77,357,474

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, 2018

Net change in fund balances - total governmental funds.....		\$ 6,605,751
<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.....	15,489,547	
Capital asset deletions.....	(33,358)	
Depreciation expense.....	<u>(9,521,671)</u>	
Net effect of reporting capital assets.....		5,934,518
<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>		
		(14,058,452)
<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.....	(13,525,450)	
Premium from issuance of bonds.....	(1,140,450)	
Net amortization of premium from issuance of bonds.....	789,479	
Net change in deferred charge on refunding.....	(130,155)	
Debt service principal payments.....	<u>10,062,416</u>	
Net effect of reporting long-term debt.....		(3,944,160)
<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.....	(1,763,667)	
Net change in accrued interest on long-term debt.....	(10,586)	
Net change in deferred outflow/(inflow) of resources related to pensions.....	(12,202,000)	
Net change in net pension liability.....	16,454,000	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits....	290,558	
Net change in net other postemployment benefits liability.....	(10,622,206)	
Net change in workers' compensation liability.....	<u>(48,525)</u>	
Net effect of recording long-term liabilities.....		(7,902,426)
The net activity of internal service funds is reported with Governmental Activities.....		<u>582,506</u>
Change in net position of governmental activities.....		<u>\$ (12,782,263)</u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2018

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
	Water and Sewer	
ASSETS		
CURRENT:		
Cash and cash equivalents.....	\$ 7,408,012	\$ 8,530,552
Investments.....	-	2,350,151
Receivables, net of allowance for uncollectibles:		
User charges.....	5,651,535	-
Working capital deposit.....	-	1,869,600
Total current assets.....	13,059,547	12,750,303
NONCURRENT:		
Capital assets, net of accumulated depreciation.....	53,973,833	-
TOTAL ASSETS.....	67,033,380	12,750,303
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions.....	166,000	-
LIABILITIES		
CURRENT:		
Warrants payable.....	537,335	2,449
Accrued payroll.....	43,253	-
Health claims payable.....	-	2,000,000
Accrued interest.....	71,031	-
Compensated absences.....	45,966	-
Workers' compensation.....	18,094	-
Bonds payable.....	1,763,243	-
Total current liabilities.....	2,478,922	2,002,449
NONCURRENT:		
Compensated absences.....	23,872	-
Workers' compensation.....	162,849	-
Net pension liability.....	1,564,000	-
Net other postemployment benefits liability.....	2,053,514	-
Bonds payable.....	10,534,815	-
Total noncurrent liabilities.....	14,339,050	-
TOTAL LIABILITIES.....	16,817,972	2,002,449
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions.....	242,000	-
NET POSITION		
Net investment in capital assets.....	44,188,170	-
Unrestricted.....	5,951,238	10,747,854
TOTAL NET POSITION.....	\$ 50,139,408	\$ 10,747,854

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
	Water and Sewer	
OPERATING REVENUES:		
Employee contributions.....	\$ -	\$ 5,912,270
Employer contributions.....	-	20,087,844
Charges for services - water.....	5,896,362	-
Charges for services - sewer.....	11,672,224	-
TOTAL OPERATING REVENUES	17,568,586	26,000,114
OPERATING EXPENSES:		
Cost of services and administration.....	1,958,339	-
MWRA assessment - water.....	5,222,469	-
MWRA assessment - sewer.....	8,338,881	-
Depreciation.....	1,288,720	-
Employee benefits.....	-	25,407,657
TOTAL OPERATING EXPENSES.....	16,808,409	25,407,657
OPERATING INCOME (LOSS).....	760,177	592,457
NONOPERATING REVENUES (EXPENSES):		
Investment income (loss).....	70,390	(9,951)
Interest expense.....	(197,958)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(127,568)	(9,951)
INCOME (LOSS) BEFORE TRANSFERS.....	632,609	582,506
TRANSFERS:		
Transfers out.....	(665,208)	-
CHANGE IN NET POSITION.....	(32,599)	582,506
NET POSITION AT BEGINNING OF YEAR (AS REVISED).....	50,172,007	10,165,348
NET POSITION AT END OF YEAR.....	\$ 50,139,408	\$ 10,747,854

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
	Water and Sewer	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Receipts from customers and users.....	\$ 17,363,359	\$ -
Receipts from interfund services provided.....	-	25,749,614
Payments to vendors.....	(14,463,923)	-
Payments to employees.....	(753,311)	-
Payments for interfund services used.....	-	(25,357,093)
NET CASH FROM OPERATING ACTIVITIES.....	2,146,125	392,521
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>		
Transfers out.....	(665,208)	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(665,208)	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>		
Proceeds from the issuance of bonds.....	1,305,550	-
Acquisition and construction of capital assets.....	(1,333,961)	-
Principal payments on bonds and notes.....	(1,620,652)	-
Interest expense.....	(176,461)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(1,825,524)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Sales and purchases of investments, net.....	-	(78,929)
Investment income (loss).....	70,390	(9,951)
NET CASH FROM INVESTING ACTIVITIES.....	70,390	(88,880)
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(274,217)	303,641
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	7,682,229	8,226,911
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 7,408,012	\$ 8,530,552
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>		
Operating income (loss).....	\$ 760,177	\$ 592,457
Adjustments to reconcile operating income to net cash from operating activities:		
Depreciation.....	1,288,720	-
Deferred (outflows)/inflows related to pensions.....	193,000	-
Changes in assets and liabilities:		
User charges.....	(205,227)	-
Working capital deposit.....	-	(250,500)
Warrants payable.....	32,623	564
Accrued payroll.....	43,253	-
Health claims payable.....	-	50,000
Compensated absences.....	3,290	-
Workers' compensation.....	73,058	-
Net pension liability.....	(133,000)	-
Other postemployment benefits.....	90,231	-
Total adjustments.....	1,385,948	(199,936)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 2,146,125	\$ 392,521

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2018

	Pension and Other Employee Benefit Trust Funds (1)	Agency Funds
ASSETS		
Cash and cash equivalents.....	\$ 290,108	\$ -
Investments:		
Investments in Pension Reserve Investment Trust.....	151,189,149	-
Fixed income securities.....	450,753	-
Bond mutual funds.....	621,757	-
Equity mutual funds.....	1,161,340	-
U.S. Government securities.....	981,749	-
Equity securities.....	1,431,819	-
Receivables, net of allowance for uncollectibles:		
Departmental and other.....	308,186	2,504,795
TOTAL ASSETS.....	156,434,861	2,504,795
LIABILITIES		
Warrants payable.....	241,511	14,588
Liabilities due depositors.....	-	2,030,006
Due to other funds.....	-	460,201
TOTAL LIABILITIES.....	241,511	2,504,795
NET POSITION		
Restricted for pensions.....	151,470,972	-
Restricted for other postemployment benefits.....	4,722,378	-
TOTAL NET POSITION.....	\$ 156,193,350	\$ -

(1) The Pension Trust Fund is as of December 31, 2017.

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2018

	Pension and Other Employee Benefit Trust Funds (1)
ADDITIONS:	
Contributions:	
Employer contributions.....	\$ 15,905,965
Employer contributions for other postemployment benefit payments...	7,401,157
Member contributions.....	4,479,566
Transfers from other systems.....	856,972
Intergovernmental.....	440,223
	<u>29,083,883</u>
Total contributions.....	<u>29,083,883</u>
Net investment income:	
Investment income.....	22,547,968
Less: investment expense.....	<u>(718,321)</u>
Net investment income (loss).....	<u>21,829,647</u>
	<u>21,829,647</u>
TOTAL ADDITIONS.....	<u>50,913,530</u>
DEDUCTIONS:	
Administration.....	233,132
Transfers to other systems.....	265,033
3(8)c transfer to other systems.....	431,365
Retirement benefits and refunds.....	13,644,713
Other postemployment benefit payments.....	7,401,157
	<u>21,975,400</u>
TOTAL DEDUCTIONS.....	<u>21,975,400</u>
NET INCREASE (DECREASE) IN NET POSITION.....	28,938,130
NET POSITION AT BEGINNING OF YEAR.....	<u>127,255,220</u>
NET POSITION AT END OF YEAR.....	<u>\$ 156,193,350</u>

(1) The Pension Trust Fund is as of December 31, 2017.

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City is a municipal corporation that is governed by an elected Mayor and an elected City Council.

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

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

The Everett Contributory Retirement System was established to provide retirement benefits to City employees, the City Housing Authority employees, and their beneficiaries. The System is governed by a five-member board comprised of the City Auditor (ex-officio), two members elected by the System's participants, one member appointed by the Mayor and one member appointed by the 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 484 Broadway, Everett, MA 02149.

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

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

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. Exceptions are charges between the general fund and enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences 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 fund* is used to account for financial activities associated with City capital acquisitions and improvements that have been authorized and approved by City Council. These projects will be funded through the issuance of long-term bonds and notes, state grants and other available funds.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements.

The following describes the general use of these fund types:

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

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

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

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

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

The City reports one major proprietary fund. The *water and sewer enterprise fund* is used to account for water and sewer activities.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used 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 employees' health insurance, workers' compensation claims, and property and liability insurance.

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

The following fiduciary fund types are reported:

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

The *other postemployment benefit trust fund* is used to accumulate resources to provide funding for future OPEB liabilities.

The *agency fund* is used to account for assets held in a purely custodial capacity. Agency funds apply the accrual basis of accounting but do not have a measurement focus. The City's agency fund is used to account for off-duty work details, student activity accounts, and contractor bid deposits.

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.

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 Assessors for 100% of the estimated fair market value. Taxes are due on August 1st, November 1st, February 1st and May 1st and are subject to penalties and interest if they are not paid by the respective due date. Real estate and personal property taxes levied are recorded as receivables in the year of the levy.

Real estate tax liens are processed 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 and Other Excise Taxes

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

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

Water and Sewer User Fees

User fees are levied monthly and 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 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 police details, various penalties, fees and fines and are recorded as receivables in the year accrued. The allowance of 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.

Loans

The Department of Community Development administers loan programs that provide housing assistance to residents and capital needs assistance for small businesses. Upon issuance, a receivable is recorded for the principal amount of the loan.

Since the loans are secured via the lien process, these accounts 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, vehicles, and infrastructure (e.g., roads, water mains, sewer mains, and similar items), are reported in the applicable governmental or business-type activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets; 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.

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.

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

Capital Asset Type	Estimated Useful Life (in years)
Buildings and improvements.....	5-40
Machinery and equipment.....	5-10
Infrastructure.....	10-40

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 net 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 charges on refunding and deferred outflows of resources related to pensions and OPEB in this category.

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

Governmental Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

L. Unavailable Revenue

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

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

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

Net position has been "restricted for" the following:

"Loans" represents community development outstanding loan receivable balances.

"Permanent funds - expendable" represents the amount of realized and unrealized investment earnings on donor restricted trusts. The restrictions and trustee policies only allow the trustees to approve spending of the realized investment earnings.

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

“Gifts and grants” represents assets that have restrictions placed on them from outside parties.

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 equity is classified as fund balance. Fund balance is further classified as follows:

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

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that is 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. The passage of a City Council Order is the highest level of decision making authority that can commit funds for a specific purpose. Once passed, the limitation imposed by the order remains in place until the funds are used for their intended purpose or a Council Order is passed to rescind the commitment.

“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 Council has by resolution authorized the City Auditor to assign fund balance. Funds are assigned when the City has an obligation to purchase goods or services from the current years’ appropriation. 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.

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.

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 Everett Contributory Retirement System and the Massachusetts Teachers Retirement System and additions to/deductions from the System’s fiduciary net position have been determined on the same basis as they are

reported by the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

O. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statement of net position. Material bond premiums and discounts are 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.

P. Investment Income

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

Q. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

R. Use of Estimates

Government-Wide and Fund Financial Statements

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

S. 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 combined 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 Treasurer is the custodian of funds held in the OPEB trust fund. As of June 30, 2018, \$4,722,378 from the OPEB trust fund is included within the City's cash and investments balances in the following disclosures.

The System participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool. PRIT is administered by the Pension Reserves Investment Management Board (PRIM), 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.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's policy allows unlimited deposits in bank accounts or CD's (up to one year maturity) that are fully collateralized through a third party agreement and up to the coverage limit for insured accounts. For unsecured bank deposits and CD's, these deposits are limited to no more than 25% of the City's cash. This percentage may be increased for not more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the entity in the near future. Their credit worthiness will be tracked by Veribanc, or other bank credit worthiness reporting systems. They will be diversified as much as possible. The City's policy also allows unlimited investments in money market mutual funds that are registered with the Securities and Exchange Commission that have received the highest possible rating from at least one nationally recognized statistical rating organization and as otherwise referenced in the Massachusetts General Law Chapter 44, Section 55.

At year-end, the carrying amount of deposits totaled \$96,536,896 and the bank balance totaled \$101,271,759. Of the bank balance, \$1,827,662 was covered by Federal Depository Insurance, \$13,374,627 was covered by the Depository Insurance Fund, \$31,444,779 was covered by the Share Insurance Fund, and \$54,624,691 was collateralized.

At December 31, 2017, the carrying amount of deposits for the System totaled \$215,148 and the bank balance of \$250,540 was covered by Federal Depository Insurance. The System does not have a deposit policy for custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City will manage interest rate risk by managing the duration in the account. The System follows PRIM policies for interest rate risk.

The City participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months.

As of June 30, 2018, the City had the following investments:

Investment Type	Fair value	Maturities		
		Under 1 Year	1-5 Years	6-10 Years
Debt securities:				
U.S. Government securities.....	\$ 1,241,189	\$ 511,035	\$ 682,441	\$ 47,713
Government sponsored enterprises.....	1,843,746	150,433	1,551,677	141,636
Corporate Bonds.....	1,665,508	309,536	1,331,413	24,559
Bond mutual funds.....	621,757	-	206,422	415,335
Total debt securities.....	5,372,200	\$ 971,004	\$ 3,771,953	\$ 629,243
Other investments:				
Equity securities.....	2,171,206			
Equity mutual funds.....	1,161,340			
Total other investments.....	3,332,546			
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	5,421,299			
Total investments.....	\$ 14,126,045			

The System participates in PRIT. The effective weighted duration rate for PRIT investments ranged from .15 to 16.31 years. As of December 31, 2017 the Retirement System had investments in PRIT totaling \$151,189,149.

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 possession of an outside party. The City will review the financial institution's financial statements and the background of the Advisor. The intent of this qualification is to limit the City's exposure to only those institutions with a proven financial strength, Capital adequacy of the firm, and overall affirmative reputation in the municipal industry. Further, all securities not held directly by the City, will be held in the City's name and tax identification number by a third party custodian approved by the Treasurer and evidenced by safekeeping receipts showing individual CUSIP numbers for each security.

Of the City's investments, \$1,843,746 of government sponsored enterprises, \$1,241,189 of U.S. government securities, \$1,665,508 of corporate bonds, and \$2,171,206 of equity securities are subject to custodial credit; however, the custodial credit risk has been minimized through the City's investment policy as previously stated.

At December 31, 2017, the System did not have investments that were subject to custodial credit risk. The System follows PRIM policies for custodial credit risk.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. The City will manage credit risk several ways. There will be no limit to the amount of United States Treasury and United States Government Agency obligations. In regards to other investments, the City will only purchase investment grade securities with a high concentration in securities rated A or better. The City may invest in the Massachusetts Municipal Depository Trust (MMDT) with no limit to the amount of funds placed in the fund. The City's investments are rated as follows by Standard & Poor's Investors Service:

Quality Rating	U.S. Government Securities	Government Sponsored Enterprises	Corporate Bonds	Bond Mutual Funds
AAA.....	\$ -	\$ -	\$ 49,298	\$ 123,357
AA+.....	1,241,189	1,843,746	-	-
AA.....	-	-	165,042	-
A.....	-	-	622,520	-
A-.....	-	-	258,172	-
BBB+.....	-	-	253,167	-
BBB.....	-	-	317,309	169,243
B.....	-	-	-	329,157
Total.....	\$ <u>1,241,189</u>	\$ <u>1,843,746</u>	\$ <u>1,665,508</u>	\$ <u>621,757</u>

\$5,421,299 of investments in MMDT were unrated. The System's investments of \$151,189,149 in PRIT shares were also unrated.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City will minimize concentration of credit risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized. The City did not have any investments in anyone issuer exceeding 5 percent of the total investments.

The System follows PRIM policies for concentration of credit risk. The System did not have any investments that were subject to concentration of credit risk.

Fair Market Value of Investments

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

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

The City has the following recurring fair value measurements as of June 30, 2018:

Investment Type	June 30, 2018	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
U.S. Government securities.....	\$ 1,241,189	\$ 1,241,189	\$ -	\$ -
Government sponsored enterprises.....	1,843,746	1,843,746	-	-
Corporate Bonds.....	1,665,508	-	1,665,508	-
Bond mutual funds.....	621,757	621,757	-	-
Total debt securities.....	5,372,200	3,706,692	1,665,508	-
<u>Other investments:</u>				
Equity securities.....	2,171,206	2,171,206	-	-
Equity mutual funds.....	1,161,340	1,161,340	-	-
Total other investments.....	3,332,546	3,332,546	-	-
Total investments measured at fair value.....	8,704,746	\$ 7,039,238	\$ 1,665,508	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	5,421,299			
Total investments.....	\$ 14,126,045			

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

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

Retirement System

At December 31, 2017, the System's investments in PRIT totaled \$151,189,149.

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, 2018, receivables for the individual major and non-major 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.....	\$ 3,894,422	\$ (576,263)	\$ 3,318,159
Tax liens.....	2,307,210	-	2,307,210
Motor vehicle and other excise taxes.....	2,336,569	(1,346,515)	990,054
Departmental and other.....	822,306	-	822,306
Intergovernmental.....	8,482,976	-	8,482,976
Total.....	<u>\$ 17,843,483</u>	<u>\$ (1,922,778)</u>	<u>\$ 15,920,705</u>

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

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water and sewer user charges.....	<u>\$ 5,651,535</u>	<u>\$ -</u>	<u>\$ 5,651,535</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.....	\$ 2,737,575	\$ -	\$ 2,737,575
Tax liens.....	2,307,210	-	2,307,210
Motor vehicle and other excise taxes.....	990,054	-	990,054
Departmental and other.....	2,895	-	2,895
Intergovernmental - highway improvements.....	-	2,112,292	2,112,292
Intergovernmental - School Building Authority.....	3,287,872	-	3,287,872
Total.....	<u>\$ 9,325,606</u>	<u>\$ 2,112,292</u>	<u>\$ 11,437,898</u>

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

Governmental Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 9,459,158	\$ 97,430	\$ -	\$ 9,556,588
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	132,771,398	3,834,698	(2,391,367)	134,214,729
Machinery and equipment.....	38,160,065	2,736,000	(20,365,926)	20,530,139
Infrastructure.....	92,311,829	8,821,419	(5,390,195)	95,743,053
Total capital assets being depreciated.....	263,243,292	15,392,117	(28,147,488)	250,487,921
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(59,591,054)	(4,255,917)	2,391,367	(61,455,604)
Machinery and equipment.....	(28,188,855)	(2,545,731)	20,332,568	(10,402,018)
Infrastructure.....	(34,822,990)	(2,720,023)	5,390,195	(32,152,818)
Total accumulated depreciation.....	(122,602,899)	(9,521,671)	28,114,130	(104,010,440)
Total capital assets being depreciated, net.....	140,640,393	5,870,446	(33,358)	146,477,481
Total governmental activities capital assets, net.....	\$ 150,099,551	\$ 5,967,876	\$ (33,358)	\$ 156,034,069

Water and Sewer Activities:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 123,434	\$ -	\$ (16,720)	\$ 106,714
Machinery and equipment.....	591,414	38,351	(76,933)	552,832
Infrastructure.....	74,797,875	1,590,642	(2,213,426)	74,175,091
Total capital assets being depreciated.....	75,512,723	1,628,993	(2,307,079)	74,834,637
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(122,163)	(1,271)	16,720	(106,714)
Machinery and equipment.....	(270,388)	(140,034)	76,933	(333,489)
Infrastructure.....	(21,486,612)	(1,147,415)	2,213,426	(20,420,601)
Total accumulated depreciation.....	(21,879,163)	(1,288,720)	2,307,079	(20,860,804)
Total water and sewer activities capital assets, net	\$ 53,633,560	\$ 340,273	\$ -	\$ 53,973,833

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

Governmental Activities:

General government.....	\$ 264,433
Public safety.....	879,168
Education.....	4,227,839
City services and facilities.....	3,174,334
Libraries and recreation.....	936,350
Community development.....	39,547
Total depreciation expense - governmental activities.....	\$ 9,521,671

Business-Type Activities:

Water and sewer.....	\$ 1,288,720
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NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables, for the year ended June 30, 2018, total \$841,703 and represent funding by the general fund for a temporary cash deficits in the school federal and state grant fund and the agency fund.

Interfund transfers for the year ended June 30, 2018, are summarized as follows:

Transfers Out:	Transfers In:			
	General fund	City Capital Projects Fund	Nonmajor governmental funds	Total
General fund.....	\$ -	\$ 825,932	\$ -	\$ 825,932 (1)
City Capital Projects Fund.....	-	-	214,673	214,673 (2)
Water & Sewer Enterprise fund.....	665,208	-	-	665,208 (3)
Total.....	\$ 665,208	\$ 825,932	\$ 214,673	\$ 1,705,813

- (1) Represents budgeted transfers from the general fund to fund the new stadium and sacramone park renovation projects.
- (2) Represents the transfer of surplus capital project balances to fund the bike path project and armory rehabilitation project.
- (3) Budgeted transfer from the water and sewer enterprise fund.

On a budgetary basis, general fund “transfers in” total \$18,665,208 and include \$12,500,000 from the community enhancement fee stabilization account to reduce the tax rate as well as \$5,500,000 from the general stabilization account to fund education appropriations. The stabilization accounts are recorded as a component of the general fund on a GAAP basis and accordingly, the transfers are eliminated.

On a budgetary basis, general fund “transfers out” total \$2,613,728 and include \$1,301,796 to the general stabilization account and \$1,000,000 to the capital improvements stabilization fund. The stabilization accounts are recorded as a component of the general fund on a GAAP basis and accordingly, the transfers are eliminated. The GAAP basis “transfers out” also include a \$514,000 transfer from the capital stabilization account to the City capital projects fund.

NOTE 6 – OPERATING LEASE

The City entered into a ten year commercial lease, on June 17, 2013, for a building to be used by the school department for the Devan’s Elementary School. The lease agreement includes level annual payments totaling \$429,742 beginning on July 1, 2013 with the final lease payment due on July 1, 2022.

NOTE 7 – SHORT-TERM FINANCING

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

- Current operating costs prior to the collection of revenues through issuance of revenue 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).

Short-term loans are general obligations and carry maturity dates that are limited by statute. Interest expenditures and expenses for short-term borrowings are accounted for in the general fund and each applicable enterprise fund.

The City did not have any short-term debt activity during 2018 and did not have any outstanding short-term debt as of June 30, 2018.

NOTE 8 - LONG-TERM DEBT

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

Details related to the outstanding indebtedness at June 30, 2018, and the debt service requirements are as follows:

Bonds Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
General Obligation Bonds of 2008.....	2033	\$ 11,235,383	1.99	\$ 6,741,232
Section 108 HUD Loan.....	2028	1,000,000	0.00	871,000
General Obligation Bonds of 2010.....	2030	11,268,000	3.91	3,620,000
General Obligation Refunding Bonds of 2013...	2022	2,445,000	1.43	930,000
General Obligation Bonds of 2014.....	2034	7,636,000	2.81	5,890,000
General Obligation Bonds of 2014.....	2029	5,325,000	3.08	3,180,000
General Obligation Refunding Bonds of 2015...	2026	6,190,000	2.00-4.00	5,465,000
General Obligation Bonds of 2014.....	2035	6,025,000	2.00-4.00	4,675,000
General Obligation Bonds of 2016.....	2036	17,857,000	2.00-4.00	14,565,000
General Obligation Refunding Bonds of 2016...	2036	13,805,000	2.00-4.00	5,765,000
General Obligation Bonds of 2017.....	2037	12,417,000	3.00-5.00	11,510,000
General Obligation Bonds of 2018.....	2038	13,525,450	3.00-5.00	13,525,450
Total Bonds Payable.....				76,737,682
Add: Unamortized premium on bonds.....				4,448,888
Total Bonds Payable, net.....				\$ 81,186,570

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

Year	Principal	Interest	Total
2019.....	\$ 11,618,865	\$ 2,755,938	\$ 14,374,803
2020.....	11,327,415	2,294,269	13,621,684
2021.....	6,755,415	1,929,393	8,684,808
2022.....	5,929,422	1,663,442	7,592,864
2023.....	5,578,415	1,427,803	7,006,218
2024.....	4,727,415	1,207,017	5,934,432
2025.....	4,377,415	1,032,036	5,409,451
2026.....	4,276,415	862,239	5,138,654
2027.....	3,471,415	711,128	4,182,543
2028.....	3,373,415	580,368	3,953,783
2029.....	3,089,415	478,197	3,567,612
2030.....	2,799,415	376,618	3,176,033
2031.....	2,439,415	292,877	2,732,292
2032.....	1,844,415	219,109	2,063,524
2033.....	1,614,415	163,238	1,777,653
2034.....	985,000	113,811	1,098,811
2035.....	840,000	84,087	924,087
2036.....	785,000	56,856	841,856
2037.....	620,000	30,963	650,963
2038.....	285,000	9,618	294,618
Total.....	\$ <u>76,737,682</u>	\$ <u>16,289,007</u>	\$ <u>93,026,689</u>

Bonds Payable Schedule – Water and Sewer Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2018
MWRA Bonds.....	2023	\$ 7,228,221	0.00	\$ 4,772,659
MCWT Bonds.....	2033	4,615,501	2.00	3,644,346
General Obligation Bonds of 2014.....	2034	1,930,000	2.81	1,080,000
General Obligation Bonds of 2014.....	2034	3,050,000	3.08	2,070,000
General Obligation Bonds of 2016.....	2026	325,000	4.00	255,000
General Obligation Bonds of 2017.....	2037	101,000	3.00-5.00	80,000
General Obligation Bonds of 2018.....	2023	364,550	3.00-5.00	364,550
Total Bonds Payable.....				12,266,555
Add: Unamortized premium on bonds.....				31,503
Total Bonds Payable, net.....				\$ <u>12,298,058</u>

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

Year	Principal	Interest	Total
2019.....	\$ 1,751,929	\$ 197,007	\$ 1,948,936
2020.....	1,601,685	174,176	1,775,861
2021.....	1,600,888	150,553	1,751,441
2022.....	1,330,501	126,188	1,456,689
2023.....	1,297,044	101,218	1,398,262
2024.....	961,181	78,667	1,039,848
2025.....	675,760	63,781	739,541
2026.....	580,437	55,257	635,694
2027.....	555,215	46,639	601,854
2028.....	424,571	39,001	463,572
2029.....	335,459	31,137	366,596
2030.....	240,553	22,931	263,484
2031.....	240,317	18,115	258,432
2032.....	234,155	13,420	247,575
2033.....	239,244	8,739	247,983
2034.....	67,962	3,952	71,914
2035.....	69,439	2,593	72,032
2036.....	29,784	1,204	30,988
2037.....	30,431	613	31,044
Total.....	\$ <u>12,266,555</u>	\$ <u>1,135,191</u>	\$ <u>13,401,746</u>

The Commonwealth has approved school construction assistance to the City. The assistance program which is administered by the MSBA provides resources for future debt service of general obligation school bonds outstanding. During 2018, \$1,730,062 of such assistance was received and \$3,460,121 will be received in future years. Of this amount, \$172,249 represents reimbursement of long-term interest costs and \$3,287,872 represents reimbursement of approved construction costs. Accordingly, a \$3,287,872 intergovernmental receivable and corresponding deferred inflow of resources – unavailable revenue has been reported in the governmental fund financial statements. The unavailable revenue has been recognized as revenue in the conversion to the government-wide financial statements.

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, 2018, the City had the following authorized and unissued debt:

Purpose	Amount
Schute Library construction.....	\$ 223,650
Water/Sewer infrastructure improvements.....	9,416,886
Meadow playground design.....	500
Departmental equipment and software.....	40,000
Elementary school feasibility study.....	<u>1,150,000</u>
Total.....	\$ <u>10,831,036</u>

Changes in Long-term Liabilities

During the year ended June 30, 2018, the following changes occurred in long-term liabilities:

	Beginning Balance (As Revised)	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 73,274,646	\$ 13,525,450	\$ (10,062,414)	\$ -	\$ -	\$ 76,737,682	\$ 11,618,865
Add: Unamortized premium on bonds.....	4,097,919	1,140,450	(789,481)	-	-	4,448,888	818,209
Total bonds payable.....	77,372,565	14,665,900	(10,851,895)	-	-	81,186,570	12,437,074
Compensated absences.....	8,338,512	-	-	5,799,616	(4,035,949)	10,102,179	4,570,261
Workers' compensation.....	871,823	-	-	135,707	(87,182)	920,348	92,035
Net pension liability.....	110,853,000	-	-	31,938,000	(48,392,000)	94,399,000	-
Net other postemployment benefits.....	231,076,534	-	-	19,098,662	(8,476,456)	241,698,740	-
Total governmental activity long-term liabilities, as revised.....	\$ 428,512,434	\$ 14,665,900	\$ (10,851,895)	\$ 56,971,985	\$ (60,991,587)	\$ 428,306,837	\$ 17,099,370
Business-Type Activities:							
Long-term bonds payable.....	\$ 12,581,657	\$ 1,305,550	\$ (1,620,652)	\$ -	\$ -	\$ 12,266,555	\$ 1,751,929
Add: Unamortized premium on bonds.....	9,000	25,450	(2,947)	-	-	31,503	11,314
Total bonds payable.....	12,590,657	1,331,000	(1,623,599)	-	-	12,298,058	1,763,243
Compensated absences.....	66,548	-	-	42,399	(39,109)	69,838	45,966
Workers' compensation.....	107,885	-	-	83,847	(10,789)	180,943	18,094
Net pension liability.....	1,697,000	-	-	669,000	(802,000)	1,564,000	-
Net other postemployment benefits.....	1,963,283	-	-	162,238	(72,007)	2,053,514	-
Total business-type activity long-term liabilities, as revised.....	\$ 16,425,373	\$ 1,331,000	\$ (1,623,599)	\$ 957,484	\$ (923,905)	\$ 16,166,353	\$ 1,827,303

The long-term liabilities will be liquidated in the future by the general fund and enterprise fund.

NOTE 9 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources. 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.

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

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- 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.

The City's spending policy is to spend restricted fund balance first, followed by committed, assigned and unassigned fund balance. Most governmental funds are designated for one purpose at the time of their creation. Therefore, any expenditure from the fund will be allocated to the applicable fund balance classifications in the order of the aforementioned spending policy. The general fund and certain other funds may have more than one purpose.

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization accounts for one or more different purposes. 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 legislative body.

At year-end, the balances of the general, capital improvement, employee leave buyback, and community enhancement stabilization accounts totaled \$2.5 million, \$2.6 million, \$8,000, and \$12.5 million, respectively and are reported as unassigned fund balance within the general fund.

The City has classified its fund balances with the following hierarchy:

	General	City Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:				
Nonspendable:				
Permanent fund principal..... \$	- \$	- \$	1,048,919	\$ 1,048,919
Restricted for:				
City capital projects.....	-	19,812,630	-	19,812,630
City federal and state grants.....	-	-	1,279,997	1,279,997
Other City grants and gifts.....	-	-	1,911,510	1,911,510
School federal and state grants.....	-	-	1,143,830	1,143,830
Other school grants and gifts.....	-	-	235,555	235,555
City/School revolving funds.....	-	-	2,292,925	2,292,925
School lunch.....	-	-	1,726,741	1,726,741
Receipts reserved for appropriation.....	-	-	1,035,696	1,035,696
Community development.....	-	-	577,822	577,822
School capital projects.....	-	-	1,126,122	1,126,122
Permanent trust funds.....	-	-	269,650	269,650
Committed to:				
Articles and continuing appropriations:				
General government.....	246,517	-	-	246,517
Public safety.....	253,396	-	-	253,396
City services and facilities.....	607,914	-	-	607,914
Human services.....	387,314	-	-	387,314
Libraries and recreation.....	10,935	-	-	10,935
Assigned to:				
Encumbrances:				
General government.....	1,504,083	-	-	1,504,083
Public safety.....	1,174,093	-	-	1,174,093
Education.....	926,247	-	-	926,247
City services and facilities.....	1,499,208	-	-	1,499,208
Human services.....	552,791	-	-	552,791
Libraries and recreation.....	83,193	-	-	83,193
Property and liability insurance.....	160,610	-	-	160,610
Employee benefits.....	203,613	-	-	203,613
Unassigned.....	37,286,163	-	-	37,286,163
Total Fund Balances..... \$	<u>44,896,077</u>	<u>19,812,630</u>	<u>12,648,767</u>	<u>\$ 77,357,474</u>

The details for the committed and assigned amounts in the preceding table are provided on the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual in the *Required Supplementary Information* section of this report. The amounts are listed under the column titled Amounts Carried Forward to Next Year. The restricted amounts presented above are for funds that are subject to externally imposed constraints relating to grants, contributions, or laws and regulations by other governments.

NOTE 10 – HOST COMMUNITY AGREEMENT

The City entered into a Host Community Agreement (Agreement) with Wynn MA, LLC (Wynn) a subsidiary of Wynn Resorts, Limited on April 19, 2013 for the development of a luxury hotel and a destination resort casino (the Project). Under the agreement, the City is entitled to impact payments to be made in lieu of all taxes and other assessments otherwise due from Wynn. The impact payments include Project planning payments, community enhancement fee, an annual community impact fee and an annual payment in lieu of taxes (PILOT).

Project Planning Payments

The Project planning payments represent reasonable and direct costs of determining the impacts of the Project and negotiating this and related agreements. To receive payment, the City must prepare and submit to Wynn a budget for all costs for which the City will be seeking payment or reimbursement. The City must also provide reasonable substantiation and documentation for any costs paid for or reimbursed by Wynn. For the year ended June 30, 2018, the City recognized revenue totaling \$1,658,189 from project planning payments, which have been recorded as departmental and other revenue in the general fund.

Community Enhancement Fee

The community enhancement fee totals \$30,000,000 and is payable in three annual installments of \$5,000,000, \$12,500,000 and \$12,500,000 with the first payment due upon the awarding of an unconditional category 1 license to Wynn and to Wynn commencing construction of the Project. As of June 30, 2018, the City has received the three community enhancement fee payments totaling \$30,000,000; which were recorded in the community enhancement fee stabilization account, which was established in accordance with Chapter 82 of the Acts of 2017. Under this law, the funds can be appropriated by a 2/3 vote of the City Council for City capital improvement projects identified by the City including, but not limited to, the acquisition of interests in land, the acquisition of tangible assets, or the undertaking of assets or projects that have a useful life of not less than 5 years and a cost of not less than \$50,000 and which are not categorized as annual operating expenses; provided however, that the term “capital project” shall include the payment of debt service on such projects, whether those projects were approved before or after the effective date of this act, and major departmental capital equipment, that meets the useful life requirement as previously noted. In addition, monies in the fund up to 2.5% of the amount raised by taxation in the most recent fiscal year for which the rate has been certified, may be appropriated for non-capital purposes by a 2/3 vote of the City Council. As of June 30, 2018, the balance in the community enhancement stabilization account totaled \$12,500,000.

Annual Community Impact Fee Payment

Beginning 30 days after Wynn’s commencement of operation of a destination resort casino at the Project site, Wynn shall pay an annual community impact fee to Everett in the sum of \$5,000,000. The annual community impact fee shall continue for as long as Wynn (or any parent, subsidiary or related entities) owns, controls or operates a commercial gaming facility at the Project site and shall increase by 2.5% per annum. The impact fee is based on the Project substantially as proposed, containing approximately 1.32 million square feet of building area. If total square footage of the Project building area exceeds 1.75 million square feet, then the parties shall renegotiate the impact fee in good faith based on the actual impacts resulting from such additional square footage. However, if, after Wynn commences operations, Wynn undertakes any substantial new construction on property which is not a part of the Project site as of the date Wynn commences operations then the parties shall renegotiate the impact fee or negotiate a separate impact fee in good faith based on the actual impacts resulting from such substantial new construction on such New Property.

Annual Payment in Lieu of Taxes

Beginning 30 days after Wynn’s commencement of operation of a destination resort casino at the Project site, Wynn shall make an annual payment in lieu of taxes of \$20,000,000 to Everett. The annual PILOT payment shall continue for as long as Wynn (or any parent, subsidiary or related entity) owns, controls or operates a commercial gaming facility at the Project site and shall increase by 2.5% per annum. The PILOT is based on the Project substantially as proposed, containing approximately 1.32 million square feet of building area. If total square

footage of the Project building area exceeds 1.75 million square feet, then the parties shall renegotiate the PILOT in good faith based on the full amount of additional space above the currently proposed 1.32 million square feet. However, if, after Wynn commences operations, Wynn undertakes any substantial new construction on property which is not a part of the Project site as of the date Wynn commences operations, then the parties shall renegotiate the PILOT or negotiate a separate real estate tax arrangement in good faith based on such substantial new construction on such New Property.

NOTE 11 - 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; and natural disasters for which the City carries commercial insurance. In addition, the City is self-insured for damages not covered by commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three years.

The City is self-insured for its workers' compensation and its health insurance activities. The health insurance activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred and the workers' compensation activities are accounted for in the general fund and the internal service fund.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The result of the process to estimate the claims liability is not an exact amount as it depends on many factors. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claims settlement trends, and other economic and social factors. The estimate of the claims liability also includes amounts for non-incremental claim adjustment expenses related to specific claims and other claim adjustment expense regardless of whether allocated to specific claims.

Health Insurance

The estimate of IBNR claims is based on a historical trend analysis and recent trends. The City purchases individual stop loss insurance for claims in excess of \$110,000. Settled claims have not exceeded this third party insurance coverage in any of the previous past three years. Changes in the reported liability since July 1, 2016, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2017.....	\$ 2,100,000	\$ 22,681,000	\$ (22,831,000)	\$ 1,950,000
2018.....	1,950,000	25,658,000	(25,608,000)	2,000,000

Workers' Compensation

Workers' compensation claims are administered by the City's Personnel Department and is funded on a pay-as-you-go basis from annual appropriations. The estimated future workers' compensation liability is based on history and injury type. Changes in the reported liability since July 1, 2016, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2017..... \$	693,878	\$ 1,018,828	\$ (732,998)	\$ 979,708	\$ 97,971
2018.....	979,708	879,581	(757,998)	1,101,291	110,129

NOTE 12 - PENSION PLAN

The City is a member of the Everett Contributory Retirement System (ECRS), 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, 2017. The City's portion of the collective pension expense, contributed by the Commonwealth, of \$17,471,774 is reported in the general fund as intergovernmental revenue and pension benefits in the current fiscal year. The portion of the Commonwealth's collective net pension liability associated with the City is \$167,397,590 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 Systems provide retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification. Members become vested after ten years of creditable service.

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

Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Board and are borne by the System.

At December 31, 2017, the System's membership consists of the following:

Active members.....	758
Inactive members.....	187
Disabled members.....	21
Retirees and beneficiaries currently receiving benefits.....	<u>502</u>
Total.....	<u><u>1,468</u></u>

Contributions – Chapter 32 of the MGL governs the contributions of plan members and member units. Active plan members are required to contribute 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 ECRS 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, 2017, was \$14,919,000, 33.06% of covered payroll, actuarially determined as an amount that, when combined with plan member contributions, is expected to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The City's proportionate share of the required contribution was \$14,381,000, which equaled its actual contribution.

Pension Liabilities – The components of the net pension liability of the participating member units at June 30, 2018, were as follows:

Total pension liability.....	\$	251,059,000
Total pension plan's fiduciary net position.....		<u>(151,471,000)</u>
Total net pension liability.....	\$	<u><u>99,588,000</u></u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....		60.33%

At June 30, 2018, the City reported a liability of \$95,963,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. Accordingly, update procedures were used to roll 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. At December 31, 2017, the City's proportion was 96.36%, which decreased from its proportion measured at December 31, 2016, of 96.41%.

Pension Expense – For the year ended June 30, 2018, the City recognized pension expense of \$10,189,000. At June 30, 2018, the City reported deferred outflows of resources related to pensions of \$10,179,000 and deferred inflows of resources related to pensions of \$14,849,000.

The balances of deferred outflows and inflows at June 30, 2018 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience..... \$	-	\$ (8,730,000)	\$ (8,730,000)
Difference between projected and actual earnings.....	-	(6,096,000)	(6,096,000)
Changes of assumptions.....	10,179,000	-	10,179,000
Changes in proportion and proportionate share of contributions...	-	(23,000)	(23,000)
Total deferred outflows/(inflows) of resources..... \$	<u>10,179,000</u>	<u>\$ (14,849,000)</u>	<u>\$ (4,670,000)</u>

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

Year ended June 30:

2019.....	\$ (207,000)
2020.....	(294,000)
2021.....	(1,797,000)
2021.....	(2,302,000)
2022.....	<u>(70,000)</u>
	<u>\$ (4,670,000)</u>

Actuarial Assumptions – The total pension liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was rolled back to December 31, 2017:

Valuation date.....	January 1, 2018
Actuarial cost method.....	Individual Entry Age Normal Cost Method.
Amortization method.....	5.01% increasing total appropriation
Remaining amortization period.....	11 years
Asset valuation method.....	Market value
Inflation rate.....	Not explicitly assumed
Investment rate of return/Discount rate.....	7.50%, (previously 7.625%) net of pension plan investment expense, including inflation.
Projected salary increases.....	Varies by length of service with ultimate rates of 4.25% for Group 1, and 4.75% for Group 4.
Cost of living adjustments.....	3.0% for the first \$14,000 of retirement income.
Rates of retirement.....	Varies based upon age for general employees, police and fire employees.

Rates of disability.....	Based on an analysis of past experience. It is also assumed that the percentage of job-related disabilities is 55% for Groups 1 & 2 and 90% for Group 4.
Mortality rates.....	Pre-retirement rates reflect the RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (gender distinct). Post-retirement rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (gender distinct). For disabled retirees, the rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2012 (gender distinct). The actuarial liability based on these assumptions was increased by .75% to reflect the anticipated impact of the assumption change to be made after the local system retiree mortality study is completed.

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 geometric real rates of return for each major asset class included in the pension plan’s target asset allocation as of January 1, 2017, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Global equity		
Large cap equities.....	14.50%	7.50%
Small/mid cap equities.....	3.50%	7.75%
International equities.....	16.00%	7.80%
Emerging international equities.....	6.00%	9.30%
Core fixed income		
Core bonds.....	5.00%	3.75%
20+ year treasury STRIPS.....	2.00%	3.50%
TIPS.....	5.00%	3.75%
Value added fixed income		
High-yield bonds.....	1.50%	5.50%
Bank loans.....	2.50%	5.50%
EMD (external).....	1.00%	5.00%
EMD (local currency).....	0.00%	6.50%
Distressed debt.....	3.00%	8.80%
Other credit opportunities.....	2.00%	6.50%
Private equity.....	11.00%	9.50%
Real estate.....	10.00%	6.70%
Timberland.....	4.00%	6.25%
Hedge fund and portfolio completion.....	13.00%	6.40%
Total.....	100.00%	

Rate of return – For the year ended December 31, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 17.16%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Discount rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the 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 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (7.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount (7.50%)	1% Increase (8.50%)
December 31, 2017 Measurement Date			
The City's proportionate share of the net pension liability.....	\$ 124,035,000	\$ 95,963,000	\$ 72,189,000
ECRS total net pension liability.....	\$ 128,720,000	\$ 99,588,000	\$ 74,916,000

Changes of Assumptions – The discount rate has changed from 7.625% to 7.50% and the mortality assumption has been modified to reflect future mortality improvement.

Changes in Plan Provisions – None.

NOTE 13 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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 participating interest-earning investment contracts (repurchase agreements) that have a maturity at the time of purchase of one year or less, which are reported at cost.

Plan Description – The City of Everett administers a single-employer defined benefit healthcare plan (Plan). The Plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. 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 – Contribution requirements are also negotiated between the City and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The City contributes 85 percent of the

cost of current-year medical premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 15 percent of their premium costs. The City contributes 85 to 90 percent of the cost of current-year medical premiums for eligible retired teachers and their spouses. Plan members receiving benefits contribute the remaining 10 to 15 percent of their premium costs. For life insurance, the City contributes 85 percent of the cost of current year premiums and plan members contribute the remaining 15 percent. Retirees contribute 100% of the premium cost for dental coverage. For the year ended June 30, 2018, the City's average contribution rate was 8.03% of covered-employee payroll.

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 2018, the City pre-funded future OPEB liabilities totaling \$986,484 by contributing funds to the OPEB trust 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, 2018, the balance of this fund totaled \$4,722,378.

Investment policy

The City's policy in regard to the allocation of invested assets is established and may be amended by the City Council by a majority vote of its members. The OPEB plan's assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the OPEB plan. The long-term real rate of return on OPEB investments was determined using the City's investment policy.

GASB Statement #74 – OPEB Plan Financial Reporting

Measurement Date – GASB #74 requires the net OPEB liability to be measured as of the OPEB Plan's most recent fiscal year-end. Accordingly, the net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016.

Employees Covered by Benefit Terms – The following table represents the Plan's membership as of June 30, 2018:

Active members.....	1,634
Inactive members currently receiving benefits.....	<u>1,083</u>
Total.....	<u><u>2,717</u></u>

Components of OPEB Liability – The following table represents the components of the Plan's OPEB liability as of June 30, 2018:

Total OPEB liability.....	\$ 260,525,814
Less: OPEB plan's fiduciary net position.....	<u>(4,722,378)</u>
Net OPEB liability.....	<u><u>\$ 255,803,436</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	1.81%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the July 1, 2016 actuarial valuation was determined by using the following actuarial assumptions, applied to all periods included in the measurement date that was updated to June 30, 2018 to be in accordance with GASB #74:

Valuation date.....	July 1, 2016
Actuarial cost method.....	Individual Entry Age.
Asset valuation method.....	Market Value of Assets as of the Reporting Date, June 30, 2018.
Investment rate of return.....	5.95%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	3.45% as of June 30, 2018 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG).
Single equivalent discount rate.....	3.75% as of June 30, 2018, and 3.75% as of June 30, 2017, net of OPEB plan investment expense, including inflation. Using a blend of the Municipal Bond Index Rate for unfunded periods and the Investment Rate of Return for funded periods.
Healthcare cost trend rate.....	5.00%
General inflation rate.....	2.75% as of June 30, 2018, and for future periods.
Annual salary increases.....	3.00% annually as of June 30, 2018, and for future periods.
Pre- Retirement mortality.....	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Post- Retirement mortality.....	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Disabled mortality.....	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females.
Mortality experience study.....	The mortality assumptions reflect PERAC's recent experience analysis published in 2014 (based on years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

Rate of return. For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 4.21%. 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 3.45% is added to the expected inflation of 2.75% to produce the long-term expected nominal rate of return of 6.2%.

Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap.....	38.00%	4.00%
Domestic Equity - Small/Mid Cap.....	6.00%	6.00%
International Equity - Developed Market..	5.00%	4.50%
International Equity - Emerging Market..	3.00%	7.00%
Domestic Fixed Income.....	37.00%	2.00%
International Fixed Income.....	7.00%	3.00%
Alternatives.....	0.00%	6.50%
Real Estate.....	3.00%	6.25%
Cash.....	1.00%	0.00%
Total.....	100.00%	

Discount rate – The discount rate used to measure the total OPEB liability was 3.75% as of June 30, 2018, which equaled the discount rate as of June 30, 2017. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the municipal bond rate was applied to all periods to determine the total OPEB liability. The municipal bond rate was based on a yield or index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, which was based on the S&P Municipal Bond 20 – Year High Grade Index as of June 30, 2018.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the net other postemployment benefit liability and service cost, calculated using the discount rate of 3.75%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current rate:

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB liability..... \$	<u>305,834,273</u>	<u>\$ 255,803,436</u>	<u>\$ 217,108,503</u>

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend Rate – The following table presents the net other postemployment benefit liability and service cost, calculated using the current healthcare trend rate of 5.00%, as well as what the net other postemployment benefit liability and service cost would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher:

	1% Decrease (4.00%)	Current Trend (5.00%)	1% Increase (6.00%)
Net OPEB liability..... \$	<u>206,832,101</u>	<u>\$ 255,803,436</u>	<u>\$ 320,766,798</u>

Changes in Assumptions – None.

Changes in Plan Provisions – None.

GASB Statement #75 – OPEB Employer Financial Reporting

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, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2016.

Plan Membership – The following table represents the Plan's membership at June 30, 2017:

Active members.....	1,634
Inactive employees or beneficiaries currently receiving benefits.....	<u>1,083</u>
Total.....	<u><u>2,717</u></u>

Significant Actuarial Methods and Assumptions – The total OPEB liability in the July 1, 2016, 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, 2017, to be in accordance with GASB Statement #75:

Valuation date.....	July 1, 2016
Actuarial cost method.....	Individual Entry Age.
Asset valuation method.....	Market Value of Assets as of the Reporting Date, June 30, 2017.
Investment rate of return.....	5.95%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	3.13% as of June 30, 2017 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG).
Single equivalent discount rate.....	3.75% as of June 30, 2017, and 3.75% as of June 30, 2016, net of OPEB plan investment expense, including inflation. Using a blend of the Municipal Bond Index Rate for unfunded periods and the Investment Rate of Return for funded periods.
Healthcare cost trend rate.....	5.00%
General inflation rate.....	2.75% as of June 30, 2017, and for future periods.
Annual salary increases.....	3.00% annually as of June 30, 2017, and for future periods.
Pre- Retirement mortality.....	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Post- Retirement mortality.....	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Disabled mortality.....	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females.
Mortality experience study.....	The mortality assumptions reflect PERAC's recent experience analysis published in 2014 (based on years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

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 3.45% is added to the expected inflation of 2.75% to produce the long-term expected nominal rate of return of 6.20%. Best estimates of geometric real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity - Large Cap.....	38.00%	4.00%
Domestic Equity - Small/Mid Cap.....	6.00%	6.00%
International Equity - Developed Market..	5.00%	4.50%
International Equity - Emerging Market..	3.00%	7.00%
Domestic Fixed Income.....	37.00%	2.00%
International Fixed Income.....	7.00%	3.00%
Alternatives.....	0.00%	6.50%
Real Estate.....	3.00%	6.25%
Cash.....	1.00%	0.00%
Total.....	100.00%	

Discount rate – The discount rate used to measure the total OPEB liability was 3.75% as of June 30, 2017, which equaled the discount rate as of June 30, 2016. The projection of cash flows used to determine the discount rate assumed that contributions will be made in accordance with the Plan's funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be insufficient to make all projected benefit payments to current plan members. Therefore, the municipal bond rate was applied to all periods to determine the total OPEB liability. The municipal bond rate was based on a yield or index rate for 20 year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, which was based on the S&P Municipal Bond 20 – Year High Grade Index as of June 30, 2018.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2016.....	\$ 235,501,275	\$ 2,460,951	\$ 233,040,324
Changes for the year:			
Service cost.....	9,824,677	-	9,824,677
Interest.....	9,068,465	-	9,068,465
Differences between expected and actual experience....	(1,651)	-	(1,651)
Employer contributions.....	-	8,071,224	(8,071,224)
Net investment income.....	-	108,337	(108,337)
Benefit payments.....	(7,065,440)	(7,065,440)	-
Net change.....	11,826,051	1,114,121	10,711,930
Balances at June 30, 2017.....	\$ 247,327,326	\$ 3,575,072	\$ 243,752,254

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following table presents the net other postemployment benefit liability, calculated using the discount rate of 3.75%, as well as what the net other postemployment benefit liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.75%) or 1-percentage-point higher (4.75%) than the current discount rate.

	1% Decrease (2.75%)	Current Discount Rate (3.75%)	1% Increase (4.75%)
Net OPEB liability.....	\$ 291,248,397	\$ 243,752,254	\$ 207,017,559

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate of 5.00%, as well as what the net other postemployment benefit liability would be if it were calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher.

	1% Decrease (4.00%)	Current Trend (5.00%)	1% Increase (6.00%)
Net OPEB liability.....	\$ 197,283,913	\$ 243,752,254	\$ 305,395,050

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2017, the GASB Statement #75 measurement date, the Town recognized OPEB expense of \$18,731,815. At June 30, 2017, the Town reported deferred outflows of resources totaling \$7,815,251 related to OPEB from contributions after the measurement date, which will be recognized in OPEB expense in the subsequent fiscal year.

Changes of Assumptions – None.

Changes in Plan Provisions – None.

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 are reported in the notes to the financial statements. Provided below are the individual financial statements for the pension and OPEB plans that are included in the Fiduciary Funds as Pension and Other Postemployment Benefit Trust Funds.

	Pension Trust Fund (as of December 31, 2017)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 215,148	\$ 74,960	\$ 290,108
Investments:			
Investments in Pension Reserve Investment Trust.....	151,189,149	-	151,189,149
Corporate bonds.....	-	450,753	450,753
Bond mutual funds.....	-	621,757	621,757
Equity mutual funds.....	-	1,161,340	1,161,340
U.S. Government securities.....	-	981,749	981,749
Equity securities.....	-	1,431,819	1,431,819
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	308,186	-	308,186
TOTAL ASSETS.....	151,712,483	4,722,378	156,434,861
LIABILITIES			
Warrants payable.....	241,511	-	241,511
NET POSITION			
Restricted for pensions.....	151,470,972	-	151,470,972
Restricted for other postemployment benefits.....	-	4,722,378	4,722,378
TOTAL NET POSITION.....	\$ 151,470,972	\$ 4,722,378	\$ 156,193,350
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 14,919,481	\$ 986,484	\$ 15,905,965
Employer contributions for other postemployment benefit payments.....	-	7,401,157	7,401,157
Member contributions.....	4,479,566	-	4,479,566
Retirement benefits - transfers from other systems.....	856,972	-	856,972
Intergovernmental.....	440,223	-	440,223
Total contributions.....	20,696,242	8,387,641	29,083,883
Net investment income:			
Investment income.....	22,387,146	160,822	22,547,968
Less: investment expense.....	(718,321)	-	(718,321)
Net investment income (loss).....	21,668,825	160,822	21,829,647
TOTAL ADDITIONS.....	42,365,067	8,548,463	50,913,530
DEDUCTIONS:			
Administration.....	233,132	-	233,132
Retirement benefits - transfers to other systems.....	265,033	-	265,033
Retirement benefits - 3(8)c transfer to other systems.....	431,365	-	431,365
Retirement benefits and refunds.....	13,644,713	-	13,644,713
Other postemployment benefit payments.....	-	7,401,157	7,401,157
TOTAL DEDUCTIONS.....	14,574,243	7,401,157	21,975,400
NET INCREASE (DECREASE) IN NET POSITION.....	27,790,824	1,147,306	28,938,130
NET POSITION AT BEGINNING OF YEAR.....	123,680,148	3,575,072	127,255,220
NET POSITION AT END OF YEAR.....	\$ 151,470,972	\$ 4,722,378	\$ 156,193,350

NOTE 15 – COMMITMENTS AND 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 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, 2018, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2018.

The City has entered into, or is planning to enter into, contracts totaling approximately \$9.4 million for water and sewer infrastructure improvements.

The City has entered into, or is planning to enter into, contracts totaling approximately \$1.2 million for an Elementary School Feasibility Study.

The City has entered into, or is planning to enter into, contracts totaling approximately \$224,000 for the Schute Library construction.

NOTE 16 – TAX INCREMENT FINANCING AGREEMENTS

The City enters into tax increment financing (TIF) agreements with local businesses under Chapter 40, Section 59 of the Massachusetts General Laws. Under this section of the law, localities may grant property tax exemptions of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The exemptions may be granted to any business located within or promising to relocate to the City.

For the fiscal year ended June 30, 2018, the City exempted property taxes totaling \$35,464,234 under this program.

Note 10 describes the various agreements for payments in lieu of taxes related to the Host Community Agreement (Agreement) with Wynn MA, LLC a subsidiary of Wynn Resorts, Limited on April 19, 2013, for the development of a luxury hotel and a destination resort casino.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 19, 2018, which is the date the financial statements were available to be issued.

NOTE 18 – REVISION OF NET POSITION PREVIOUSLY REPORTED

Beginning net position of governmental activities, business-type activities and each applicable enterprise fund has been revised to reflect the implementation of GASB Statement #75. The revised balances are summarized in the following table:

	06/30/2017 Previously Reported Balances	Implementation of GASB #75	06/30/2017 Revised Balances
Government-Wide Financial Statements			
Governmental activities.....	\$ (30,443,575)	\$ (126,830,841)	\$ (157,274,416)
Business-type activities.....	51,446,290	(1,274,283)	50,172,007
Total.....	\$ 21,002,715	\$ (128,105,124)	\$ (107,102,409)

NOTE 19 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2018, the following GASB pronouncements were implemented:

- GASB Statement #75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The basic financial statements, related notes and required supplementary information were updated to be in compliance with this pronouncement.
- GASB Statement #81, *Irrevocable Split-Interest Agreements*. This pronouncement did not impact the basic financial statements.
- GASB Statement #85, *Omnibus 2017*. This pronouncement did not impact the basic financial statements.
- GASB Statement #86, *Certain Debt Extinguishment Issues*. This pronouncement did not impact the basic financial statements.

The following GASB pronouncements will be implemented in the future:

- The GASB issued Statement #83, *Certain Asset Retirement Obligations*, which is required to be implemented in 2019.
- The GASB issued Statement #84, *Fiduciary Activities*, which is required to be implemented in 2019.
- The GASB issued Statement #87, *Leases*, which is required to be implemented in 2021.
- The GASB issued Statement #88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, which is required to be implemented in 2019.
- 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.

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

Required Supplementary Information

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General Fund Budgetary Comparison Schedule

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

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

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Amounts	Variance
	Original	Final	Budgetary	Carried Forward	to Final
	Budget	Budget	Amounts	To Next Year	Budget
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 100,565,195	\$ 100,565,195	\$ 101,013,421	\$ -	\$ 448,226
Tax liens.....	-	-	533,003	-	533,003
Motor vehicle excise taxes.....	3,300,000	3,300,000	4,529,689	-	1,229,689
Meals tax.....	500,000	500,000	622,963	-	122,963
Penalties and interest on taxes.....	350,000	350,000	389,436	-	39,436
Payments in lieu of taxes.....	14,000	14,000	14,112	-	112
Licenses and permits.....	600,000	600,000	1,897,721	-	1,297,721
Fines and forfeitures.....	1,000,000	1,000,000	1,412,090	-	412,090
Intergovernmental.....	76,410,137	76,410,137	77,287,150	-	877,013
Departmental and other.....	3,214,792	3,214,792	4,066,542	-	851,750
Investment income.....	35,000	35,000	241,382	-	206,382
TOTAL REVENUES.....	185,989,124	185,989,124	192,007,509	-	6,018,385
EXPENDITURES:					
Current:					
General government					
City Council:					
Personal services.....	342,538	346,538	334,261	-	12,277
General expenditures.....	108,955	108,255	65,828	41,838	589
Total.....	451,493	454,793	400,089	41,838	12,866
Mayor:					
Personal services.....	887,067	887,067	864,096	-	22,971
General expenditures.....	825,444	875,444	605,551	237,603	32,290
Capital improvement plan.....	69,685	69,685	1,000	68,685	-
Total.....	1,782,196	1,832,196	1,470,647	306,288	55,261
City Auditor:					
Personal services.....	520,303	520,303	505,328	-	14,975
General expenditures.....	279,289	279,289	172,298	100,626	6,365
Capital Articles.....	6,699	6,699	-	6,453	246
Total.....	806,291	806,291	677,626	107,079	21,586
Purchasing:					
Personal services.....	185,952	185,952	178,357	-	7,595
General expenditures.....	18,464	18,464	3,062	10,964	4,438
Total.....	204,416	204,416	181,419	10,964	12,033
Assessors					
Personal services.....	327,796	327,796	275,690	-	52,106
General expenditures.....	210,875	1,210,875	753,007	453,685	4,183
Professional services.....	271,980	271,980	195,161	75,949	870
Total.....	810,651	1,810,651	1,223,858	529,634	57,159

(Continued)

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

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Treasurer/Collector					
Personal services.....	746,555	748,655	709,902	-	38,753
General expenditures.....	284,922	334,922	231,864	102,911	147
Postage.....	66,853	66,853	55,000	-	11,853
Total.....	1,098,330	1,150,430	996,766	102,911	50,753
City Solicitor:					
Personal services.....	251,310	251,310	248,268	-	3,042
General expenditures.....	133,707	133,707	68,532	58,466	6,709
Total.....	385,017	385,017	316,800	58,466	9,751
Human resources:					
Personal services.....	458,723	558,723	548,883	-	9,840
General expenditures.....	115,970	115,970	38,829	67,337	9,804
Employee leave buyback.....	-	250,000	248,896	1,104	-
Total.....	574,693	924,693	836,608	68,441	19,644
Information Technology					
Personal services.....	226,569	226,969	226,962	-	7
General expenditures.....	860,811	861,111	520,908	340,196	7
Capital Articles.....	187,204	187,204	18,249	168,955	-
Total.....	1,274,584	1,275,284	766,119	509,151	14
Town Clerk					
Personal services.....	337,597	333,597	312,860	-	20,737
General expenditures.....	69,891	69,891	54,575	11,836	3,480
Total.....	407,488	403,488	367,435	11,836	24,217
Election Commissions:					
Personal services.....	236,387	236,387	223,839	-	12,548
General expenditures.....	72,730	72,730	64,378	3,711	4,641
Total.....	309,117	309,117	288,217	3,711	17,189
Licensing:					
Personal services.....	7,200	7,200	7,200	-	-
General expenditures.....	574	574	495	74	5
Total.....	7,774	7,774	7,695	74	5
Conservation commission:					
Personal services.....	12,200	12,200	12,116	-	84
General expenditures.....	832	832	25	207	600
Total.....	13,032	13,032	12,141	207	684
Planning Board:					
Personal services.....	12,300	12,300	10,288	-	2,012
General expenditures.....	100	100	-	-	100
Total.....	12,400	12,400	10,288	-	2,112

(Continued)

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

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Amounts	Variance
	Original	Final	Budgetary	Carried Forward	to Final
	Budget	Budget	Amounts	To Next Year	Budget
Appeals Board:					
Personal services.....	14,696	14,696	12,495	-	2,201
General expenditures.....	500	500	500	-	-
Total.....	15,196	15,196	12,995	-	2,201
Total General Government.....	8,152,678	9,604,778	7,568,703	1,750,600	285,475
Public safety:					
Police:					
Personal services.....	13,896,031	14,747,896	13,704,283	-	1,043,613
General expenditures.....	446,638	458,638	386,891	32,469	39,278
Capital Articles.....	465,634	465,634	433,567	32,067	-
Total.....	14,808,303	15,672,168	14,524,741	64,536	1,082,891
Fire:					
Personal services.....	10,615,123	11,513,023	10,170,584	-	1,342,439
General expenditures.....	270,476	270,476	176,563	66,392	27,521
Capital Articles.....	106,484	106,484	104,887	1,597	-
Total.....	10,992,083	11,889,983	10,452,034	67,989	1,369,960
Inspectional services:					
Personal services.....	1,841,539	1,846,739	1,793,733	-	53,006
General expenditures.....	3,780,119	3,795,119	2,770,921	1,019,148	5,050
Capital Articles.....	247,854	247,854	28,122	219,732	-
Total.....	5,869,512	5,889,712	4,592,776	1,238,880	58,056
Emergency communications center:					
Personal services.....	1,107,865	1,107,865	1,042,388	-	65,477
General expenditures.....	121,910	121,910	29,586	56,084	36,240
Total.....	1,229,775	1,229,775	1,071,974	56,084	101,717
Total Public Safety.....	32,899,673	34,681,638	30,641,525	1,427,489	2,612,624
Education.....	83,397,759	89,597,759	81,197,120	8,400,639	-
City services facility:					
Executive division.....	2,095,421	2,109,421	1,361,619	448,559	299,243
Facilities/maintenance.....	2,900,541	3,151,341	2,949,017	122,557	79,767
Engineering.....	688,497	688,497	290,515	298,704	99,278
Parks and cemeteries.....	2,090,785	2,125,785	1,625,762	338,799	161,224
Stadium.....	69,216	69,216	22,999	37,424	8,793
Highway.....	2,348,661	2,385,661	1,511,453	683,562	190,646
Snow and ice.....	375,000	375,000	647,460	7,440	(279,900)
Solid waste.....	3,226,832	3,276,832	3,101,621	170,077	5,134
Total City Services and Facilities.....	13,794,953	14,181,753	11,510,446	2,107,122	564,185

(Continued)

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

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Human services:					
Health inspection services:					
Personal services.....	1,276,303	1,276,303	1,127,635	-	148,668
General expenditures.....	64,803	64,803	43,060	8,634	13,109
Total.....	1,341,106	1,341,106	1,170,695	8,634	161,777
Planning & development:					
Personal services.....	462,562	462,562	462,562	-	-
General expenditures.....	1,264,771	1,264,771	753,378	509,877	1,516
Capital Outlay.....	329,273	329,273	16,413	312,860	-
Total.....	2,056,606	2,056,606	1,232,353	822,737	1,516
Council on Aging:					
General expenditures.....	49,655	49,655	46,258	3,377	20
Veterans' services:					
Personal services.....	96,257	96,257	95,475	-	782
General expenditures.....	472,800	472,800	394,666	29,657	48,477
Total.....	569,057	569,057	490,141	29,657	49,259
Commission on disability:					
Personal services.....	10,700	10,700	6,325	-	4,375
General expenditures.....	250	250	-	-	250
Total.....	10,950	10,950	6,325	-	4,625
Mayor's office of human services:					
Personal services.....	486,101	486,101	461,104	-	24,997
General expenditures.....	94,108	94,108	92,862	1,246	-
Capital Outlay.....	74,969	74,969	515	74,454	-
Total.....	655,178	655,178	554,481	75,700	24,997
Total Human Services.....	4,682,552	4,682,552	3,500,253	940,105	242,194
Libraries and recreation:					
Library - Parlin and Shute:					
Personal services.....	914,851	914,851	810,413	-	104,438
General expenditures.....	310,847	310,847	272,051	29,271	9,525
Capital Outlay.....	26,198	26,198	-	-	26,198
Total.....	1,251,896	1,251,896	1,082,464	29,271	140,161
Recreation:					
Personal services.....	622,448	624,448	572,067	-	52,381
General expenditures.....	182,521	182,521	120,395	53,922	8,204
Capital Outlay.....	10,935	10,935	-	10,935	-
Total.....	815,904	817,904	692,462	64,857	60,585
Total Libraries and Recreation.....	2,067,800	2,069,800	1,774,926	94,128	200,746

(Continued)

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

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Pension benefits:					
Pension fund contribution.....	14,381,980	14,381,980	14,381,980	-	-
Non-contributory pensions.....	49,100	49,100	25,152	-	23,948
Total Pension Benefits.....	14,431,080	14,431,080	14,407,132	-	23,948
Property and liability insurance:					
Employee injuries.....	728,809	798,809	772,463	24,344	2,002
Property/liability insurance.....	1,776,276	1,776,276	1,587,334	136,266	52,676
Total Property and Liability Insurance.....	2,505,085	2,575,085	2,359,797	160,610	54,678
Employee benefits:					
Unemployment compensation.....	475,000	470,500	291,048	151,949	27,503
Employee insurance:					
Life insurance.....	87,716	87,716	78,151	-	9,565
Health insurance.....	20,398,138	21,384,622	21,257,340	51,664	75,618
AD&D insurance.....	19,282	23,782	25,339	-	(1,557)
Medicare tax.....	1,415,294	1,540,294	1,481,649	-	58,645
Total Employee Benefits.....	22,395,430	23,506,914	23,133,527	203,613	169,774
State and county charges.....	14,233,182	14,233,182	14,222,816	-	10,366
Debt service					
Principal.....	10,062,416	10,062,416	10,062,416	-	-
Interest.....	2,598,072	2,598,072	2,491,194	-	106,878
Total Debt Service.....	12,660,488	12,660,488	12,553,610	-	106,878
TOTAL EXPENDITURES.....	211,220,680	222,225,029	202,869,855	15,084,306	4,270,868
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(25,231,556)	(36,235,905)	(10,862,346)	(15,084,306)	10,289,253
OTHER FINANCING SOURCES (USES):					
Transfers in.....	13,165,208	18,665,208	18,665,208	-	-
Transfers out.....	(311,932)	(2,613,728)	(2,613,728)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	12,853,276	16,051,480	16,051,480	-	-
NET CHANGE IN FUND BALANCE.....	(12,378,280)	(20,184,425)	5,189,134	(15,084,306)	10,289,253
BUDGETARY FUND BALANCE, Beginning of year....	29,600,253	29,600,253	29,600,253	-	-
BUDGETARY FUND BALANCE, End of year.....	\$ 17,221,973	\$ 9,415,828	\$ 34,789,387	\$ (15,084,306)	\$ 10,289,253

(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
EVERETT CONTRIBUTORY RETIREMENT SYSTEM**

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017
Total pension liability:				
Service cost.....	\$ 5,511,000	\$ 5,759,000	\$ 6,346,000	\$ 6,632,000
Interest.....	16,044,000	16,750,000	17,243,000	18,331,000
Differences between expected and actual experience.....	-	-	(4,252,000)	(7,871,000)
Changes of assumptions.....	-	-	8,000,000	6,850,000
Benefit payments.....	(12,592,000)	(12,789,000)	(13,406,000)	(13,304,000)
Net change in total pension liability.....	8,963,000	9,720,000	13,931,000	10,638,000
Total pension liability - beginning.....	207,807,000	216,770,000	226,490,000	240,421,000
Total pension liability - ending (a).....	<u>\$ 216,770,000</u>	<u>\$ 226,490,000</u>	<u>\$ 240,421,000</u>	<u>\$ 251,059,000</u>
Plan fiduciary net position:				
Employer contributions.....	\$ 13,011,000	\$ 13,596,000	\$ 14,208,000	\$ 14,919,000
Member contributions.....	3,642,000	3,277,000	4,358,000	4,740,000
Net investment income (loss).....	7,053,000	551,000	8,492,000	21,664,000
Administrative expenses.....	(219,000)	(208,000)	(226,000)	(233,000)
Retirement benefits and refunds.....	(12,592,000)	(12,789,000)	(13,406,000)	(13,304,000)
Other receipts.....	19,000	13,000	1,000	5,000
Net increase (decrease) in fiduciary net position.....	10,914,000	4,440,000	13,427,000	27,791,000
Fiduciary net position - beginning of year.....	94,899,000	105,813,000	110,253,000	123,680,000
Fiduciary net position - end of year (b).....	<u>\$ 105,813,000</u>	<u>\$ 110,253,000</u>	<u>\$ 123,680,000</u>	<u>\$ 151,471,000</u>
Net pension liability - ending (a)-(b).....	<u>\$ 110,957,000</u>	<u>\$ 116,237,000</u>	<u>\$ 116,741,000</u>	<u>\$ 99,588,000</u>
Plan fiduciary net position as a percentage of the total pension liability.....	48.81%	48.68%	51.44%	60.33%
Covered payroll.....	\$ 36,167,000	\$ 36,981,000	\$ 39,973,000	\$ 45,131,000
Net pension liability as a percentage of covered payroll.....	306.79%	314.32%	292.05%	220.66%

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
EVERETT CONTRIBUTORY RETIREMENT SYSTEM

<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 payroll</u>	<u>Contributions as a percentage of covered payroll</u>
December 31, 2017.....	\$ 14,919,000	\$ (14,919,000)	\$ -	\$ 45,131,000	33.06%
December 31, 2016.....	14,208,000	(14,208,000)	-	39,973,000	35.54%
December 31, 2015.....	13,596,000	(13,596,000)	-	36,981,000	36.76%
December 31, 2014.....	13,011,000	(13,011,000)	-	36,167,000	35.97%

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
EVERETT CONTRIBUTORY RETIREMENT SYSTEM

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2017.....	17.16%
December 31, 2016.....	7.55%
December 31, 2015.....	0.51%
December 31, 2014.....	7.31%

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.

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
EVERETT CONTRIBUTORY RETIREMENT SYSTEM**

<u>Year</u>	<u>Proportion of the net pension liability (asset)</u>	<u>Proportionate share of the net pension liability (asset)</u>	<u>Covered payroll</u>	<u>Net pension liability as a percentage of covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
December 31, 2017.....	96.36%	\$ 95,963,000	\$ 43,488,000	220.67%	60.33%
December 31, 2016.....	96.41%	112,550,000	38,538,000	292.05%	51.44%
December 31, 2015.....	96.38%	112,029,000	35,642,000	314.32%	48.68%
December 31, 2014.....	96.38%	106,940,000	34,858,000	306.79%	48.81%

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
EVERETT 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, 2018.....	\$ 14,381,000	\$ (14,381,000)	\$ -	\$ 44,575,200	32.26%
June 30, 2017.....	13,703,000	(13,703,000)	-	39,501,450	34.69%
June 30, 2016.....	13,109,000	(13,109,000)	-	36,533,050	35.88%
June 30, 2015.....	12,526,000	(12,526,000)	-	35,729,450	35.06%

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.

<u>Year</u>	<u>Commonwealth's 100% Share of the Associated Net Pension Liability</u>	<u>Expense and Revenue Recognized for the Commonwealth's Support</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Liability</u>
2018.....	\$ 167,397,590	\$ 17,471,774	54.25%
2017.....	174,774,212	17,828,115	52.73%
2016.....	149,836,518	12,153,075	55.38%
2015.....	108,435,522	7,533,536	61.64%

Note: this schedule is intended to present information for 10 years.

Until a 10-year trend is compiled, information is presented for those years for which information is available.

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

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

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

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

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

	June 30, 2017	June 30, 2018
Total OPEB Liability		
Service Cost.....	\$ 9,824,677	\$ 11,048,063
Interest.....	9,068,465	9,551,582
Differences between expected and actual experience....	(1,651)	-
Benefit payments.....	(7,065,440)	(7,401,157)
Net change in total OPEB liability.....	11,826,051	13,198,488
Total OPEB liability - beginning.....	235,501,275	247,327,326
Total OPEB liability - ending (a).....	\$ 247,327,326	\$ 260,525,814
Plan fiduciary net position		
Employer contributions.....	\$ 1,005,784	\$ 986,484
Employer contributions for OPEB payments.....	7,065,440	7,401,157
Net investment income.....	108,337	160,822
Benefit payments.....	(7,065,440)	(7,401,157)
Net change in plan fiduciary net position.....	1,114,121	1,147,306
Plan fiduciary net position - beginning of year.....	2,460,951	3,575,072
Plan fiduciary net position - end of year (b).....	\$ 3,575,072	\$ 4,722,378
Net OPEB liability - ending (a)-(b).....	\$ 243,752,254	\$ 255,803,436
Plan fiduciary net position as a percentage of the total OPEB liability.....	1.45%	1.81%
Covered-employee payroll.....	\$ 101,415,481	\$ 104,457,946
Net OPEB liability as a percentage of covered-employee payroll.....	240.35%	244.89%

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

See notes to required supplementary information.

**SCHEDULE OF 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, 2018.....	\$ 24,225,398	\$ (8,387,641)	\$ 15,837,757	\$ 104,457,946	8.03%
June 30, 2017.....	22,422,832	(8,071,224)	14,351,608	101,415,481	7.96%

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

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
June 30, 2018.....	4.21%
June 30, 2017.....	3.77%

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 - BUDGETARY BASIS OF ACCOUNTING**1. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by the Mayor and the City Council (the Council). The Mayor presents an annual budget to the Council, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. Expenditures are budgeted by categories that are broken down by personal services, expenses, debt service and capital outlay, which are mandated by Municipal Law. The Council, which has full authority to amend and/or reject the budget or any line item, adopts the expenditure budget by majority vote.

Increases or transfers between departments subsequent to the approval of the annual budget, requires majority Council approval via a supplemental appropriation or Council order.

The majority of the City's 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 authorized (functional level). 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 Council.

The City adopts an annual budget for the General Fund in conformity with the guidelines described above. The original 2018 budget authorized \$211.5 million in appropriations and other amounts to be raised; which includes \$13.7 million of amounts carried forward from the prior year. During 2018, the Council also approved supplemental appropriations totaling \$13.3 million. The most significant increases relate to professional assessing services, police and fire salaries, education, and contributions to the OPEB trust fund, capital improvement stabilization fund and general stabilization fund. The Office of the City Auditor has the responsibility to ensure that budgetary control is maintained on an individual line item appropriation basis. Budgetary control is exercised through the City's accounting system.

2. 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, 2018, is presented below:

Net change in fund balance - budgetary basis.....	\$ 5,189,134
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	(3,600,078)
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	776,324
Net change in recording 60 day receipts.....	220,623
Net change in recording accrued payroll.....	(545,844)
Recognition of revenue for on-behalf payments.....	17,471,774
Recognition of expenditures for on-behalf payments.....	<u>(17,471,774)</u>
Net change in fund balance - GAAP basis.....	\$ <u>2,040,159</u>

3. Appropriation Deficits

During 2018, actual expenditures and encumbrances exceeded budgeted appropriations for as snow and ice and insurance for accidental death and dismemberment. These over-expenditures will be funded by the subsequent years' tax levy.

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 Assumptions

The discount rate has changed from 7.625% to 7.50%.

The mortality assumption has been modified to reflect future mortality improvement.

E. Changes in Plan Provisions - None**NOTE C – OTHER POSTEMPLOYMENT BENEFITS**

The City administers a single-employer defined benefit healthcare plan (Plan). The plan provides lifetime healthcare and life insurance for eligible retirees and their spouses through the City's health insurance plan, which covers both active and retired members, including teachers.

The Other Postemployment Benefit Plan**The 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.

Schedule of the City's Contributions

The Schedule of the City's Contributions includes the City's annual required contribution to the Plan, along with the contribution made in relation to the actuarially determined contribution and the covered employee payroll. The City 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, 2016
Actuarial cost method.....	Individual Entry Age.
Asset valuation method.....	Market Value of Assets as of the Reporting Date, June 30, 2018.
Investment rate of return.....	5.95%, net of OPEB plan investment expense, including inflation.
Municipal bond rate.....	3.45% as of June 30, 2018 (source: S&P Municipal Bond 20-Year High Grade Index - SAPIHG).
Single equivalent discount rate.....	3.75% as of June 30, 2018, and 3.75% as of June 30, 2017, net of OPEB plan investment expense, including inflation. Using a blend of the Municipal Bond Index Rate for unfunded periods and the Investment Rate of Return for funded periods.
Healthcare cost trend rate.....	5.00%
General inflation rate.....	2.75% as of June 30, 2018, and for future periods.
Annual salary increases.....	3.00% annually as of June 30, 2018, and for future periods.
Pre- Retirement mortality.....	RP-2000 Employees Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Post- Retirement mortality.....	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2009 for males and females.
Disabled mortality.....	RP-2000 Healthy Annuitant Mortality Table projected generationally with scale BB and a base year 2012 for males and females.
Mortality experience study.....	The mortality assumptions reflect PERAC's recent experience analysis published in 2014 (based on years 2006-2011), updated to reflect data through January 1, 2015 for post-retirement mortality, and professional judgement. As such, mortality assumptions reflect observed current mortality as well as expected mortality improvements.

Schedule of Investment Returns

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

Changes of Assumptions

None.

Changes in Provisions

None.

Combining and Individual Fund Statements

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

City Federal & State Grants Fund – This fund is used to account for non-school related activity specifically financed by federal and state grants which are designated for specific programs.

Other City Grants & Gifts Fund – This fund is used to account for non-school related activity specifically financed by other grants and gifts which are designated for specific programs.

School Federal & State Grants Fund – This fund is used to account for the educational programs specifically financed by federal and state grants which are designated for specific programs.

Other School Grants & Gifts Fund – This fund is used to account for the educational programs specifically financed by other grants and gifts which are designated for specific programs.

City/School Revolving Fund – This fund is used to account for revolving funds specifically allowed by the laws of the Commonwealth of Massachusetts. These funds are expended for purposes specified by the enabling statutes.

School Lunch Fund – This fund is used to account for all cafeteria activities and is funded by user charges, federal and state grants and commodities received.

Receipts Reserved Fund – This fund is used to account for receipts reserved for appropriation.

Community Development Grants Fund – This fund is used to account for community development activity specifically financed by federal, state, and other grants which are designated for specific programs.

Capital Project Funds

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

School Capital Projects Fund – The school capital projects fund is used to account for school capital projects as identified in the City's capital plan, which includes yearly expenditures for infrastructure and other project activities.

Highway Improvements Fund – This fund is used to account for construction, reconstruction and improvements to roadways, streets and sidewalks. Funding is provided primarily by grants.

Permanent Funds

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support governmental programs.

City/School Trust Fund – This fund is used to account for various contributions associated with educational, cemetery and library operations.

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NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

YEAR ENDED JUNE 30, 2018

	Special Revenue Funds		
	City Federal and State Grants	Other City Grants and Gifts	School Federal & State Grants
ASSETS			
Cash and cash equivalents.....	\$ 581,694	\$ 1,917,655	\$ -
Investments.....	-	-	-
Receivables, net of uncollectibles:			
Departmental and other.....	-	-	-
Intergovernmental.....	738,734	-	1,612,860
TOTAL ASSETS.....	\$ 1,320,428	\$ 1,917,655	\$ 1,612,860
LIABILITIES			
Warrants payable.....	\$ 40,431	\$ 6,145	\$ 87,528
Accrued payroll.....	-	-	-
Due to other funds.....	-	-	381,502
TOTAL LIABILITIES.....	40,431	6,145	469,030
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue.....	-	-	-
FUND BALANCES			
Nonspendable.....	-	-	-
Restricted.....	1,279,997	1,911,510	1,143,830
TOTAL FUND BALANCES.....	1,279,997	1,911,510	1,143,830
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 1,320,428	\$ 1,917,655	\$ 1,612,860

Special Revenue Funds					
Other School Grants and Gifts	City/School Revolving Fund	School Lunch	Receipts Reserved	Community Development	Subtotal
\$ 254,978	\$ 2,370,370	\$ 1,709,894	\$ 1,035,696	\$ 663,338	\$ 8,533,625
-	-	-	-	-	-
-	-	-	-	1,126	1,126
-	-	459,093	-	173,325	2,984,012
<u>\$ 254,978</u>	<u>\$ 2,370,370</u>	<u>\$ 2,168,987</u>	<u>\$ 1,035,696</u>	<u>\$ 837,789</u>	<u>\$ 11,518,763</u>
\$ 19,423	\$ 77,445	\$ 442,246	\$ -	\$ 259,698	\$ 932,916
-	-	-	-	269	269
-	-	-	-	-	381,502
<u>19,423</u>	<u>77,445</u>	<u>442,246</u>	<u>-</u>	<u>259,967</u>	<u>1,314,687</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>235,555</u>	<u>2,292,925</u>	<u>1,726,741</u>	<u>1,035,696</u>	<u>577,822</u>	<u>10,204,076</u>
<u>235,555</u>	<u>2,292,925</u>	<u>1,726,741</u>	<u>1,035,696</u>	<u>577,822</u>	<u>10,204,076</u>
<u>\$ 254,978</u>	<u>\$ 2,370,370</u>	<u>\$ 2,168,987</u>	<u>\$ 1,035,696</u>	<u>\$ 837,789</u>	<u>\$ 11,518,763</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

YEAR ENDED JUNE 30, 2018

Capital Project Funds			Permanent Funds	Total Nonmajor Governmental Funds
School Capital Projects	Highway Improvements	Subtotal	City/School Trust Funds	
\$ 1,367,117	\$ 551,036	\$ 1,918,153	\$ 885,887	\$ 11,337,665
-	-	-	432,682	432,682
-	-	-	-	1,126
-	2,112,292	2,112,292	-	5,096,304
<u>\$ 1,367,117</u>	<u>\$ 2,663,328</u>	<u>\$ 4,030,445</u>	<u>\$ 1,318,569</u>	<u>\$ 16,867,777</u>
\$ 240,995	\$ 551,036	\$ 792,031	\$ -	\$ 1,724,947
-	-	-	-	269
-	-	-	-	381,502
<u>240,995</u>	<u>551,036</u>	<u>792,031</u>	<u>-</u>	<u>2,106,718</u>
-	2,112,292	2,112,292	-	2,112,292
-	-	-	1,048,919	1,048,919
<u>1,126,122</u>	<u>-</u>	<u>1,126,122</u>	<u>269,650</u>	<u>11,599,848</u>
<u>1,126,122</u>	<u>-</u>	<u>1,126,122</u>	<u>1,318,569</u>	<u>12,648,767</u>
<u>\$ 1,367,117</u>	<u>\$ 2,663,328</u>	<u>\$ 4,030,445</u>	<u>\$ 1,318,569</u>	<u>\$ 16,867,777</u>

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

YEAR ENDED JUNE 30, 2018

	Special Revenue Funds		
	City Federal and State Grants	Other City Grants and Gifts	School Federal & State Grants
REVENUES:			
Charges for services.....	\$ -	\$ -	\$ -
Intergovernmental - other.....	2,401,182	-	7,021,695
Departmental and other.....	-	156,532	-
Contributions and donations.....	-	674,442	462,636
Investment income.....	-	-	-
Miscellaneous.....	-	-	-
TOTAL REVENUES.....	2,401,182	830,974	7,484,331
EXPENDITURES:			
Current:			
General government.....	10,231	558,371	-
Public safety.....	1,186,692	30,187	-
Education.....	-	-	6,917,735
City services and facilities.....	386,918	-	-
Community development.....	11,332	-	-
Human services.....	374,157	31,129	-
Library and recreation.....	197,017	104,099	-
TOTAL EXPENDITURES.....	2,166,347	723,786	6,917,735
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	234,835	107,188	566,596
OTHER FINANCING SOURCES (USES):			
Issuance of bonds.....	-	-	-
Premium from issuance of bonds.....	-	-	-
Transfers in.....	214,673	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	214,673	-	-
NET CHANGE IN FUND BALANCES.....	449,508	107,188	566,596
FUND BALANCES AT BEGINNING OF YEAR.....	830,489	1,804,322	577,234
FUND BALANCES AT END OF YEAR.....	\$ 1,279,997	\$ 1,911,510	\$ 1,143,830

Special Revenue Funds					
Other School Grants and Gifts	City/School Revolving Fund	School Lunch	Receipts Reserved	Community Development	Subtotal
\$ -	\$ 423,442	\$ 376,054	\$ 184,281	\$ -	\$ 983,777
-	290,120	5,044,513	-	1,319,894	16,077,404
-	1,104,670	-	-	-	1,261,202
404,738	980	-	-	-	1,542,796
-	-	-	-	1,548	1,548
-	213,605	-	-	-	213,605
<u>404,738</u>	<u>2,032,817</u>	<u>5,420,567</u>	<u>184,281</u>	<u>1,321,442</u>	<u>20,080,332</u>
-	260,239	-	-	-	828,841
-	75,869	-	-	-	1,292,748
223,322	781,206	4,284,025	-	-	12,206,288
-	64,665	-	-	-	451,583
-	-	-	-	1,332,015	1,343,347
-	128,445	-	-	-	533,731
-	342,459	-	-	-	643,575
<u>223,322</u>	<u>1,652,883</u>	<u>4,284,025</u>	<u>-</u>	<u>1,332,015</u>	<u>17,300,113</u>
<u>181,416</u>	<u>379,934</u>	<u>1,136,542</u>	<u>184,281</u>	<u>(10,573)</u>	<u>2,780,219</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	214,673
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>214,673</u>
181,416	379,934	1,136,542	184,281	(10,573)	2,994,892
<u>54,139</u>	<u>1,912,991</u>	<u>590,199</u>	<u>851,415</u>	<u>588,395</u>	<u>7,209,184</u>
<u>\$ 235,555</u>	<u>\$ 2,292,925</u>	<u>\$ 1,726,741</u>	<u>\$ 1,035,696</u>	<u>\$ 577,822</u>	<u>\$ 10,204,076</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED JUNE 30, 2018

Capital Project Funds			Permanent Funds	Total Nonmajor Governmental Funds
School Capital Projects	Highway Improvements	Subtotal	City/School Trust Funds	
\$ -	\$ -	\$ -	\$ -	\$ 983,777
-	395,021	395,021	-	16,472,425
-	-	-	-	1,261,202
-	-	-	-	1,542,796
-	-	-	3,869	5,417
-	-	-	-	213,605
-	395,021	395,021	3,869	20,479,222
-	-	-	-	828,841
-	-	-	-	1,292,748
3,275,078	-	3,275,078	-	15,481,366
-	395,021	395,021	-	846,604
-	-	-	-	1,343,347
-	-	-	-	533,731
-	-	-	8,676	652,251
3,275,078	395,021	3,670,099	8,676	20,978,888
(3,275,078)	-	(3,275,078)	(4,807)	(499,666)
555,950	-	555,950	-	555,950
44,050	-	44,050	-	44,050
-	-	-	-	214,673
600,000	-	600,000	-	814,673
(2,675,078)	-	(2,675,078)	(4,807)	315,007
3,801,200	-	3,801,200	1,323,376	12,333,760
\$ 1,126,122	\$ -	\$ 1,126,122	\$ 1,318,569	\$ 12,648,767

(Concluded)

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Health Insurance Fund – This fund is used to account for the accumulation of costs, and employer and employee contributions associated with health insurance.

Workers' Compensation and Other Insurance Fund – This fund is used to account for the accumulation of costs, and employer contributions associated with worker's compensation and property and liability insurance.

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2018

	Health Insurance	Workers' Compensation & Other Insurance	Total Internal Service Funds
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 8,325,594	\$ 204,958	\$ 8,530,552
Investments.....	2,350,151	-	2,350,151
Working capital deposit.....	1,869,600	-	1,869,600
TOTAL ASSETS.....	12,545,345	204,958	12,750,303
LIABILITIES			
CURRENT:			
Warrants payable.....	2,449	-	2,449
Health claims payable.....	2,000,000	-	2,000,000
TOTAL LIABILITIES.....	2,002,449	-	2,002,449
NET POSITION			
Unrestricted.....	\$ 10,542,896	\$ 204,958	\$ 10,747,854

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED JUNE 30, 2018

	Health Insurance	Workers' Compensation & Other Insurance	Total Internal Service Funds
OPERATING REVENUES:			
Employee contributions.....	\$ 5,912,270	\$ -	\$ 5,912,270
Employer contributions.....	20,087,844	-	20,087,844
 TOTAL OPERATING REVENUES	 26,000,114	 -	 26,000,114
OPERATING EXPENSES:			
Employee benefits.....	25,407,657	-	25,407,657
 OPERATING INCOME.....	 592,457	 -	 592,457
NONOPERATING REVENUES (EXPENSES):			
Investment income (loss).....	(10,153)	202	(9,951)
 CHANGE IN NET POSITION.....	 582,304	 202	 582,506
NET POSITION AT BEGINNING OF YEAR.....	9,960,592	204,756	10,165,348
NET POSITION AT END OF YEAR.....	\$ 10,542,896	\$ 204,958	\$ 10,747,854

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

	Health Insurance	Workers' Compensation & Other Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from interfund services provided.....	\$ 25,749,614	\$ -	\$ 25,749,614
Payments for interfund services used.....	(25,357,093)	-	(25,357,093)
NET CASH FROM OPERATING ACTIVITIES.....	392,521	-	392,521
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sales and maturities of investments.....	(78,929)	-	(78,929)
Sales and purchases of investments, net.....	(10,153)	202	(9,951)
Investment income (loss).....	(89,082)	202	(88,880)
NET CASH FROM INVESTING ACTIVITIES.....	303,439	202	303,641
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	8,022,155	204,756	8,226,911
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	8,325,594	204,958	8,530,552
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 8,325,594	\$ 204,958	\$ 8,530,552
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH			
FROM OPERATING ACTIVITIES:			
Operating income (loss).....	\$ 592,457	\$ -	\$ 592,457
Adjustments to reconcile operating income to net cash from operating activities:			
Changes in assets and liabilities:			-
Working capital deposit.....	(250,500)	-	(250,500)
Warrants payable.....	564	-	564
Health claims payable.....	50,000	-	50,000
Total adjustments.....	(199,936)	-	(199,936)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 392,521	\$ -	\$ 392,521

Agency Fund

The Agency fund is used to account for off-duty work details, student activity accounts, and contractor bid deposits.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2018

	June 30, 2017	Additions	Deletions	June 30, 2018
ASSETS				
CURRENT:				
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	\$ 1,177,106	\$ 6,475,400	\$ (5,147,711)	\$ 2,504,795
LIABILITIES				
Warrants payable.....	\$ 13,296	\$ 14,588	\$ (13,296)	\$ 14,588
Liabilities due depositors.....	702,492	6,000,611	(4,673,097)	2,030,006
Due to other funds.....	461,318	460,201	(461,318)	460,201
TOTAL LIABILITIES.....	\$ 1,177,106	\$ 6,475,400	\$ (5,147,711)	\$ 2,504,795

Statistical Section

Shute Library New Addition



Statistical Section

This part of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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 comprehensive annual financial reports for the relevant year.

Net Position By Component

Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets.....	\$ 117,273,796	\$ 118,277,758	\$ 124,490,889	\$ 82,438,762	\$ 98,104,115	\$ 94,083,135	\$ 93,957,633	\$ 93,319,037	\$ 96,180,570	\$ 98,422,592
Restricted.....	5,990,073	6,898,579	7,940,594	11,308,017	5,999,017	9,824,106	7,318,742	8,705,756	8,536,461	6,467,283
Unrestricted.....	14,221,046	5,870,743	(5,361,232)	(2,010,411)	(13,084,410)	(129,678,355)	(141,164,221)	(121,066,940)	(261,991,447)	(274,946,554)
Total governmental activities net position.....	\$ 137,484,915	\$ 131,047,080	\$ 127,070,251	\$ 91,736,368	\$ 91,018,722	\$ (25,771,114)	\$ (39,887,846)	\$ (19,042,147)	\$ (30,443,575)	\$ (170,056,679)
Business-type activities										
Net investment in capital assets (A).....	\$ -	\$ -	\$ -	\$ 43,501,105	\$ 42,401,805	\$ 42,882,536	\$ 42,966,905	\$ 43,996,186	\$ 45,184,999	\$ 44,188,170
Unrestricted (A).....	-	-	-	2,790,282	3,847,469	2,542,195	3,598,139	5,636,636	4,987,008	5,951,238
Total business-type activities net position.....	\$ -	\$ -	\$ -	\$ 46,291,387	\$ 46,249,274	\$ 45,424,731	\$ 46,565,044	\$ 49,632,822	\$ 51,446,290	\$ 50,139,408
Primary government										
Net investment in capital assets.....	\$ 117,273,796	\$ 118,277,758	\$ 124,490,889	\$ 125,939,867	\$ 140,505,920	\$ 136,965,671	\$ 136,924,538	\$ 137,315,223	\$ 141,365,569	\$ 142,610,762
Restricted.....	5,990,073	6,898,579	7,940,594	11,308,017	5,999,017	9,824,106	7,318,742	8,705,756	8,536,461	6,467,283
Unrestricted.....	14,221,046	5,870,743	(5,361,232)	779,871	(9,236,941)	(127,136,160)	(137,566,082)	(115,430,304)	(257,004,439)	(268,995,316)
Total primary government net position.....	\$ 137,484,915	\$ 131,047,080	\$ 127,070,251	\$ 138,027,755	\$ 137,267,996	\$ 19,653,617	\$ 6,677,198	\$ 30,590,675	\$ 21,002,715	\$ (119,917,271)

(B)

(A) Prior to 2012, water and sewer activities were accounted for in governmental funds.

(B) 2014 and subsequent years reflect the implementation of GASB 68.

(C) 2017 and subsequent years reflect the implementation of GASB 75.

Changes in Net Position

	Last Ten Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities:										
General government (B).....	\$ 7,231,594	\$ 6,560,589	\$ 6,609,901	\$ 9,445,386	\$ 10,218,563	\$ 11,400,759	\$ 12,158,409	\$ 13,394,332	\$ 13,853,866	\$ 14,971,314
Public safety.....	20,322,856	18,719,453	18,943,531	26,249,785	36,153,436	39,963,943	41,111,224	44,666,520	46,775,869	49,730,241
Education.....	71,312,196	75,765,242	79,171,561	111,173,712	113,182,318	119,353,198	126,324,128	136,723,183	145,520,938	148,028,788
City services and facilities.....	8,817,415	8,850,504	10,194,913	12,256,790	15,097,920	14,296,582	17,490,503	14,639,253	16,120,304	18,197,426
Water & Sewer (A).....	10,700,171	11,498,967	11,327,039	-	-	-	-	-	-	-
Community development (B).....	-	-	-	-	492,590	1,006,713	945,813	57,625	405,349	338,165
Human services.....	1,947,477	1,909,596	1,926,020	2,093,982	2,986,073	3,096,636	3,972,247	4,354,088	4,590,737	5,904,607
Libraries and recreation.....	1,488,016	1,350,901	1,346,732	2,066,192	2,389,294	2,634,069	3,143,406	3,080,763	3,993,699	4,189,986
Employee Benefits.....	34,454,036	34,400,055	36,235,857	-	-	-	-	-	-	-
Interest.....	3,255,936	2,321,225	2,778,837	2,639,622	2,601,124	2,306,058	2,129,397	1,916,451	1,747,562	1,842,456
Intergovernmental (C).....	8,426,222	9,058,965	8,851,801	9,180,689	-	-	-	-	-	-
Total government activities expenses.....	167,955,919	170,435,497	177,386,192	175,106,158	183,121,318	194,057,958	207,275,127	218,832,215	233,008,324	243,202,983
Business-type activities:										
Water & Sewer (A).....	-	-	-	12,885,454	13,475,796	14,322,052	15,095,682	15,402,393	16,311,608	17,006,367
Total primary government expenses.....	\$ 167,955,919	\$ 170,435,497	\$ 177,386,192	\$ 187,991,612	\$ 196,597,114	\$ 208,380,010	\$ 222,370,809	\$ 234,234,608	\$ 249,319,932	\$ 260,209,350
Program Revenues										
Governmental activities:										
General government charges for services.....	\$ 919,967	\$ 893,294	\$ 1,124,204	\$ 1,300,567	\$ 934,003	\$ 1,131,393	\$ 1,163,599	\$ 1,530,370	\$ 1,563,901	\$ 1,123,439
Public Safety charges for services.....	2,077,219	2,150,594	1,982,510	1,652,923	2,850,724	2,353,477	2,548,196	4,111,774	5,488,823	6,844,705
Education charges for services.....	1,134,942	952,887	892,832	994,766	829,899	1,207,084	777,691	820,905	1,212,679	841,973
Other charges for services.....	11,281,732	10,601,840	9,065,255	433,779	373,782	404,817	444,615	704,944	793,374	1,137,413
Education operating grants and contributions.....	52,015,568	55,811,485	60,542,836	63,266,603	72,050,490	82,317,733	81,510,620	90,903,891	97,934,307	98,925,306
Public safety operating grants and contributions.....	1,420,846	1,458,037	2,122,973	922,474	881,640	1,372,560	2,249,481	987,308	1,557,869	1,538,943
Other operating grants and contributions.....	2,687,906	1,245,364	1,605,839	1,599,040	2,153,721	3,004,878	2,171,627	2,737,636	2,396,099	2,159,414
City services and facilities capital grants and contributions.....	356,301	653,207	1,270,635	1,461,575	1,307,829	832,729	420,987	1,014,442	1,323,158	978,476
Other capital grants and contributions.....	-	9,918	471,750	677,021	670,947	1,346,296	256,910	333,540	747,557	567,889
Total government activities program revenues.....	71,894,481	73,776,626	79,078,834	72,308,748	82,053,035	93,970,967	91,543,726	103,144,810	113,017,767	114,117,558
Business-type activities:										
Charges for services - Water & Sewer.....	-	-	-	11,133,398	13,891,640	13,946,348	16,767,337	18,005,313	17,579,874	17,496,741
Operating grants and contributions - Water & Sewer.....	-	-	-	-	8,636	21,018	29,849	43,646	90,731	142,235
Capital grants and contributions - Water & Sewer.....	-	-	-	-	-	-	-	939,600.00	1,065,750	-
Total business-type activities program revenues.....	-	-	-	11,133,398	13,900,276	13,967,366	16,797,186	18,988,559	18,736,355	17,638,976
Total primary government program revenues.....	\$ 71,894,481	\$ 73,776,626	\$ 79,078,834	\$ 83,442,146	\$ 95,953,311	\$ 107,938,333	\$ 108,340,912	\$ 122,133,369	\$ 131,754,122	\$ 131,756,534
Net (Expense)/Revenue										
Governmental activities.....	\$ (96,061,438)	\$ (96,658,871)	\$ (98,307,358)	\$ (102,797,410)	\$ (101,068,283)	\$ (100,086,991)	\$ (115,731,401)	\$ (115,687,405)	\$ (119,990,557)	\$ (129,085,425)
Business-type activities.....	-	-	-	(1,752,056)	424,480	(354,686)	1,701,504	3,586,166	2,424,747	632,609
Total primary government net expense.....	\$ (96,061,438)	\$ (96,658,871)	\$ (98,307,358)	\$ (104,549,466)	\$ (100,643,803)	\$ (100,441,677)	\$ (114,029,897)	\$ (112,101,239)	\$ (117,565,810)	\$ (128,452,816)

(Continued)

Changes in Net Position

	Last Ten Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 71,751,780	\$ 77,682,298	\$ 78,396,428	\$ 81,146,891	\$ 88,633,872	\$ 82,487,277	\$ 89,490,142	\$ 92,942,432	\$ 95,349,960	\$ 101,613,763
Tax liens (D).....	-	-	-	-	1,387,186	1,217,971	676,286	779,186	197,134	613,280
Motor vehicle excise taxes.....	2,642,652	2,607,898	2,741,051	2,810,116	2,940,909	3,180,085	3,724,538	4,205,358	4,382,417	4,587,473
Local options meals tax.....	-	-	-	-	457,561	488,112	501,327	550,625	545,969	622,963
Penalties, interest on taxes, and other taxes.....	3,204,544	3,455,534	3,473,012	6,783,311	932,498	878,084	582,610	513,731	351,992	389,436
Grants and contributions not restricted to specific programs.....	10,922,399	8,955,937	8,709,312	6,066,395	5,958,553	6,505,939	5,882,015	6,752,028	6,760,390	7,234,348
Unrestricted investment income.....	577,393	342,719	315,099	82,234	87,761	118,278	109,028	223,517	216,416	348,974
Miscellaneous.....	5,396,285	1,144,086	695,627	1,893,325	23,521	22,449	87,532	47,839	173,572	227,717
Transfers, net.....	-	-	-	(108,482)	466,593	(1,171,143)	561,191	518,388	611,279	665,208
Special item.....	-	-	-	-	-	-	-	30,000,000	-	-
Total governmental activities.....	<u>94,495,053</u>	<u>94,188,472</u>	<u>94,330,529</u>	<u>98,673,790</u>	<u>100,888,454</u>	<u>93,727,052</u>	<u>101,614,669</u>	<u>136,533,104</u>	<u>108,589,129</u>	<u>116,303,162</u>
Business-type activities:										
Transfers, net.....	-	-	-	108,482	(466,593)	1,171,143	(561,191)	(518,388)	(611,279)	(665,208)
Total primary government.....	<u>\$ 94,495,053</u>	<u>\$ 94,188,472</u>	<u>\$ 94,330,529</u>	<u>\$ 98,782,272</u>	<u>\$ 100,421,861</u>	<u>\$ 94,898,195</u>	<u>\$ 101,053,478</u>	<u>\$ 136,014,716</u>	<u>\$ 107,977,850</u>	<u>\$ 115,637,954</u>
Changes in Net Position										
Governmental activities.....	\$ (1,566,385)	\$ (2,470,399)	\$ (3,976,829)	\$ (4,123,620)	\$ (179,829)	\$ (6,359,939)	\$ (14,116,732)	\$ 20,845,699	\$ (11,401,428)	\$ (12,782,263)
Business-type activities.....	-	-	-	(1,643,574)	(42,113)	816,457	1,140,313	3,067,778	1,813,468	(32,599)
Total primary government.....	<u>\$ (1,566,385)</u>	<u>\$ (2,470,399)</u>	<u>\$ (3,976,829)</u>	<u>\$ (5,767,194)</u>	<u>\$ (221,942)</u>	<u>\$ (5,543,482)</u>	<u>\$ (12,976,419)</u>	<u>\$ 23,913,477</u>	<u>\$ (9,587,960)</u>	<u>\$ (12,814,862)</u>

(A) Prior to 2012, water and sewer activities were accounted for in governmental funds.

(B) Prior to 2013, community development expenditures were reported as general government expenditures.

(C) Prior to 2013, employee benefits and state and county charges (intergovernmental) were not charged to functional line-items.

(D) Prior to 2013, tax liens were reported as penalties and interest on taxes.

(Concluded)

Fund Balances, Governmental Funds

Last Ten Years

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved.....	\$ 2,587,913	\$ 3,057,027	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	6,475,706	4,163,863	-	-	-	-	-	-	-	-
Committed.....	-	-	-	838,622	2,000,446	2,397,168	2,750,852	2,792,988	1,376,311	1,506,076
Assigned.....	-	-	723,121	980,880	7,532,724	7,577,487	1,121,815	2,307,963	5,262,019	6,103,838
Unassigned.....	-	-	15,528,899	16,464,364	14,141,312	17,324,226	21,595,795	29,069,013	36,217,588	37,286,163
Total general fund.....	<u>\$ 9,063,619</u>	<u>\$ 7,220,890</u>	<u>\$ 16,252,020</u>	<u>\$ 18,283,866</u>	<u>\$ 23,674,482</u>	<u>\$ 27,298,881</u>	<u>\$ 25,468,462</u>	<u>\$ 34,169,964</u>	<u>\$ 42,855,918</u>	<u>\$ 44,896,077</u>
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue funds.....	\$ 13,499,740	\$ 14,580,651	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects funds.....	5,335,790	3,812,981	-	-	-	-	-	-	-	-
Permanent funds.....	207,010	212,089	-	-	-	-	-	-	-	-
Nonspendable.....	1,239,784	1,227,921	1,228,670	1,227,488	1,180,193	1,232,351	1,228,489	1,228,569	1,228,999	1,048,919
Restricted.....	-	-	9,105,484	8,781,762	10,790,455	14,321,721	10,412,616	20,528,449	26,666,806	31,412,478
Unassigned.....	-	-	(91,118)	(235,241)	(311,932)	-	-	-	-	-
Total all other governmental funds....	<u>\$ 20,282,324</u>	<u>\$ 19,833,642</u>	<u>\$ 10,243,036</u>	<u>\$ 9,774,009</u>	<u>\$ 11,658,716</u>	<u>\$ 15,554,072</u>	<u>\$ 11,641,105</u>	<u>\$ 21,757,018</u>	<u>\$ 27,895,805</u>	<u>\$ 32,461,397</u>

Note: Prior to 2012, water and sewer activities were accounted for in governmental funds.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 70,861,889	\$ 76,516,681	\$ 80,110,135	\$ 82,642,350	\$ 85,418,506	\$ 86,690,275	\$ 88,644,890	\$ 92,604,668	\$ 94,687,299	\$ 102,010,368
Tax liens (C).....	-	-	-	-	1,387,186	1,217,971	676,286	670,234	329,151	533,003
Motor vehicle excise taxes.....	2,896,358	2,561,308	2,805,452	2,780,238	2,751,895	3,397,069	3,556,578	4,013,283	4,352,191	4,529,689
Local options meals tax (B).....	-	-	-	-	457,561	488,112	501,327	550,625	545,969	622,963
Penalties and interest on taxes (C).....	3,195,309	3,276,698	3,110,150	2,195,506	918,384	878,084	582,610	513,731	351,992	389,436
Charges for services.....	3,292,530	3,003,980	2,930,244	3,154,253	2,562,994	2,519,813	1,156,783	1,106,605	1,079,426	983,777
Charges for service-water & sewer (A).....	10,619,705	10,509,979	10,306,220	-	-	-	-	-	-	-
Licenses and permits.....	339,958	463,831	450,644	276,832	1,128,765	1,030,195	1,112,065	1,212,658	1,337,627	1,897,721
Fines and forfeitures.....	1,130,956	1,099,831	1,033,634	950,950	1,062,118	880,428	1,232,782	1,666,292	1,697,985	1,412,090
Intergovernmental.....	65,758,923	67,971,020	74,474,637	75,950,473	83,012,265	94,679,962	94,055,129	103,168,643	111,436,766	111,487,686
Departmental & other (B).....	-	-	-	-	414,673	1,204,203	1,359,930	2,919,528	4,817,578	5,327,744
Contributions (B).....	-	-	-	-	407,191	692,386	592,185	856,519	1,211,266	1,542,796
Investment income.....	604,505	387,816	345,758	121,509	90,054	119,077	110,716	231,004	217,212	358,925
Other (B).....	5,634,009	1,557,224	1,011,751	2,172,710	-	22,449	87,532	47,839	173,572	227,717
Total Revenue.....	164,334,142	167,348,368	176,578,625	170,244,821	179,611,592	193,820,024	193,668,813	209,561,629	222,238,034	231,323,915
Expenditures:										
General government.....	5,987,552	6,160,773	6,049,347	5,918,735	5,023,161	5,996,564	6,174,501	6,787,720	7,115,698	8,330,929
Public safety.....	20,221,569	18,761,928	19,154,247	19,518,680	21,315,481	23,762,446	23,872,516	26,789,543	29,019,813	31,568,496
Education.....	71,232,999	73,987,685	77,929,114	80,278,029	72,222,186	78,728,794	86,100,924	86,721,263	88,051,224	93,746,315
City services and facilities.....	9,867,089	8,235,036	10,382,560	9,740,880	9,214,646	10,365,574	12,199,957	9,234,697	10,462,577	12,251,705
Water & Sewer (A).....	10,409,070	11,104,702	10,781,046	-	-	-	-	-	-	-
Community development (D).....	-	-	-	-	492,590	1,006,713	840,934	50,171	450,076	274,621
Human services.....	1,951,303	1,905,598	1,906,595	1,661,168	2,027,407	2,157,424	2,767,966	2,932,500	3,066,086	4,323,053
Libraries and recreation.....	1,130,516	1,037,818	1,033,459	1,057,040	1,165,247	1,336,851	1,653,802	1,670,395	2,294,619	2,415,950
Pension benefits (E).....	-	-	-	-	22,257,469	22,973,735	20,093,090	25,272,172	31,555,542	31,878,906
Property and liability insurance (F).....	-	-	-	-	1,729,712	1,996,230	2,043,298	1,924,506	2,176,093	2,331,885
Employee benefits.....	24,708,998	28,473,455	29,256,093	30,746,642	18,334,278	19,452,261	20,544,717	21,218,548	22,630,843	23,146,974
Claims and judgments.....	-	-	-	-	-	-	-	-	251,692	14,465
State and county charges.....	8,426,222	9,058,965	8,851,801	9,180,689	10,211,682	10,418,587	11,194,008	11,599,413	13,511,625	14,222,816
Capital outlay.....	1,226,876	4,487,033	3,790,538	2,103,799	5,560,342	8,565,559	10,328,505	12,862,827	12,598,174	15,489,547
Debt service										
Principal.....	8,805,131	8,426,786	8,753,301	8,263,363	5,279,415	5,414,415	6,445,416	7,159,415	8,544,416	10,062,416
Principal - current refunding.....	-	-	-	-	-	-	-	14,623,490	-	-
Interest (G).....	-	-	-	-	2,423,492	2,186,221	2,176,841	1,736,113	2,285,758	2,491,194
Total Expenditures.....	163,967,325	171,639,779	177,888,101	168,469,025	177,257,108	194,361,374	206,436,475	230,582,773	234,014,236	252,549,272
Excess of revenues over (under) expenditures.....	366,817	(4,291,411)	(1,309,476)	1,775,796	2,354,484	(541,350)	(12,767,662)	(21,021,144)	(11,776,202)	(21,225,357)
Other Financing Sources (Uses):										
Issuance of bonds.....	1,548,056	2,000,000	750,000	-	4,370,000	8,591,000	6,025,000	17,857,000	12,417,000	13,525,450
Issuance of refunding bonds.....	-	-	-	-	2,445,000	-	6,190,000	13,805,000	-	-
Premium from issuance of bonds.....	-	-	-	-	104,024	641,248	342,114	1,719,490	1,072,664	1,140,450
Premium from issuance of refunding bonds.....	-	-	-	-	-	-	716,132	938,681	-	-
Payments to refunded bond escrow agent.....	-	-	-	-	(2,464,779)	-	(6,810,161)	-	-	-
Transfers in.....	4,137,593	908,000	671,472	202,033	827,086	1,178,544	1,211,191	1,258,488	1,493,040	1,705,813
Transfers out.....	(4,137,593)	(908,000)	(671,472)	(310,515)	(360,493)	(2,349,687)	(650,000)	(740,100)	(881,761)	(1,040,605)
Total other financing sources (uses).....	1,548,056	2,000,000	750,000	(108,482)	4,920,838	8,061,105	7,024,276	34,838,559	14,100,943	15,331,108
Net change in fund balance before special item.....	1,914,873	(2,291,411)	(559,476)	1,667,314	7,275,322	7,519,755	(5,743,386)	13,817,415	2,324,741	(5,894,249)
Special Item.....	-	-	-	-	-	-	-	5,000,000	12,500,000	12,500,000
Net change in fund balance.....	\$ 1,914,873	\$ (2,291,411)	\$ (559,476)	\$ 1,667,314	\$ 7,275,322	\$ 7,519,755	\$ (5,743,386)	\$ 18,817,415	\$ 14,824,741	\$ 6,605,751
Debt service as a percentage of noncapital expenditures.....	5.41%	5.04%	5.03%	4.97%	4.59%	4.09%	4.40%	10.80%	4.89%	5.30%

(A) Prior to 2012, water and sewer activities were accounted for in governmental funds.

(B) Prior to 2013, local options meals tax, departmental and other revenues, and contributions were reported as other income.

(C) Prior to 2013, tax liens were reported as penalties and interest on taxes.

(D) Prior to 2013, community development expenditures were reported as general government expenditures.

(E) Prior to 2013, pension benefits were reported as employee benefits.

(F) Prior to 2013, property and liability insurance was reported as general government expenditures.

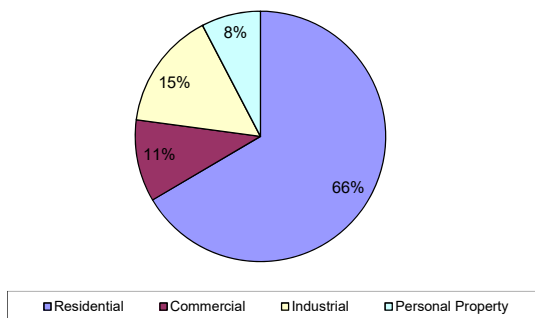
(G) Prior to 2013, debt principal and interest were reported as one line-item.

Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates

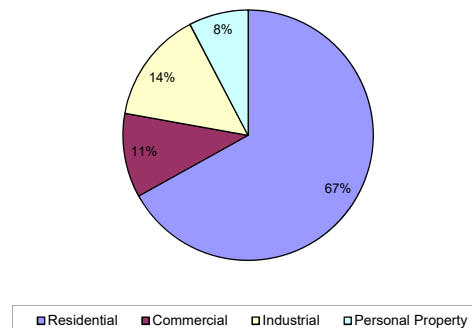
Last Ten Years

Year	Assessed and Actual Values and Tax Rates								
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate (2)	Total City Value
2009	\$ 2,866,802,631	\$ 11.18	\$ 479,870,815	\$ 833,114,957	\$ 208,591,600	\$ 1,521,577,372	\$ 28.98	\$ 17.35	\$ 4,388,380,003
2010	(1) 2,331,177,875	13.51	417,812,915	736,864,600	221,547,200	1,376,224,715	37.02	22.24	3,707,402,590
2011	2,083,037,260	15.89	391,577,840	565,481,528	236,601,200	1,193,660,568	43.74	26.04	3,276,697,828
2012	2,279,045,425	15.52	389,212,235	620,877,328	246,297,300	1,256,386,863	41.66	24.81	3,535,432,288
2013	(1) 2,260,825,559	15.64	407,665,811	616,972,410	262,526,300	1,287,164,521	43.04	25.58	3,547,990,080
2014	2,309,644,676	15.04	409,935,794	616,975,000	278,875,000	1,305,785,794	40.95	24.40	3,615,430,470
2015	2,584,829,341	14.61	418,981,469	644,761,387	360,687,000	1,424,429,856	39.45	23.44	4,009,259,197
2016	(1) 2,811,506,692	14.45	485,609,578	672,925,060	344,726,450	1,503,261,088	37.98	22.65	4,314,767,780
2017	3,162,161,321	14.44	503,718,289	723,295,700	363,009,200	1,590,023,189	35.69	21.55	4,752,184,510
2018	3,560,495,901	13.78	578,898,199	771,961,270	409,072,700	1,759,932,169	33.74	20.38	5,320,428,070

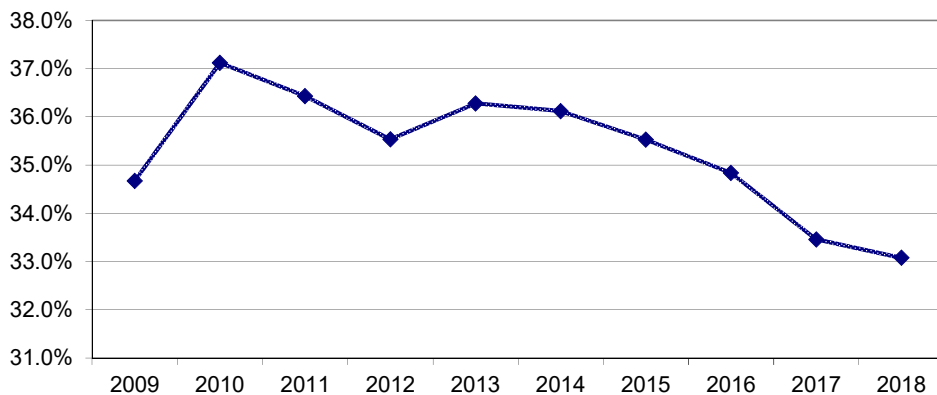
Total Assessed Value by Classification Year Ended June 30, 2017



Total Assessed Value by Classification Year Ended June 30, 2018



Commercial Value as % of Total Value



(1) Revaluation year.

(2) The direct rate is the weighted average of the residential and commercial tax rates.

Source: Assessor's Department

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 fiscal 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	2018			2009		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Constellation Mystic Power LLC (1)	Power Plant	\$ 444,576,170	1	8.4%	\$ -	-	-
Distrigas of Mass Corp.	Utility	\$ 139,999,900	2	2.6%	\$ 108,497,600	2	2.5%
DDRC Gateway LLC/COSTCO	Gateway Mall	\$ 115,049,500	3	2.2%	\$ 88,482,500	3	2.0%
NSTAR Electric Co. (2)	Utility	\$ 80,729,300	4	1.5%	\$ 30,228,700	7	0.7%
Boston Gas Co.	Utility	\$ 70,044,100	5	1.3%	\$ 6,871,100	11	0.2%
Massachusetts Electric Co.	Utility	\$ 61,318,400	6	1.2%	\$ 19,634,100	9	0.4%
MFREVF II - Batch Yard LLC	Apartments	\$ 134,994,900	7	2.5%	\$ -	-	0.0%
Wynn MA LLC	Resort & Casino	\$ 38,566,200	8	0.7%	\$ -	-	0.0%
Distrigas	Utility	\$ 38,455,900	9	0.7%	\$ 41,895,900	5	1.0%
Exxon Corp. (3)	Oil Distribution	\$ 32,031,700	10	0.6%	\$ 20,289,500	8	0.5%
GP Portland	Mellon Bank	\$ 29,892,100	11	0.6%	\$ 50,114,500	4	1.1%
Sithe	Utility	\$ -	-	0.0%	\$ 617,867,357	1	14.1%
THT Development LLC	Residential	\$ -	-	0.0%	\$ 37,853,700	6	0.9%
Harbor Bear LLC	Utility	\$ -	-	0.0%	\$ 19,136,400	10	0.4%
Totals		\$1,185,658,170		22.3%	\$1,040,871,357		23.7%

Source: Official Statement

(1) Constellation Mystic Power is a subsidiary of Exelon Generating.

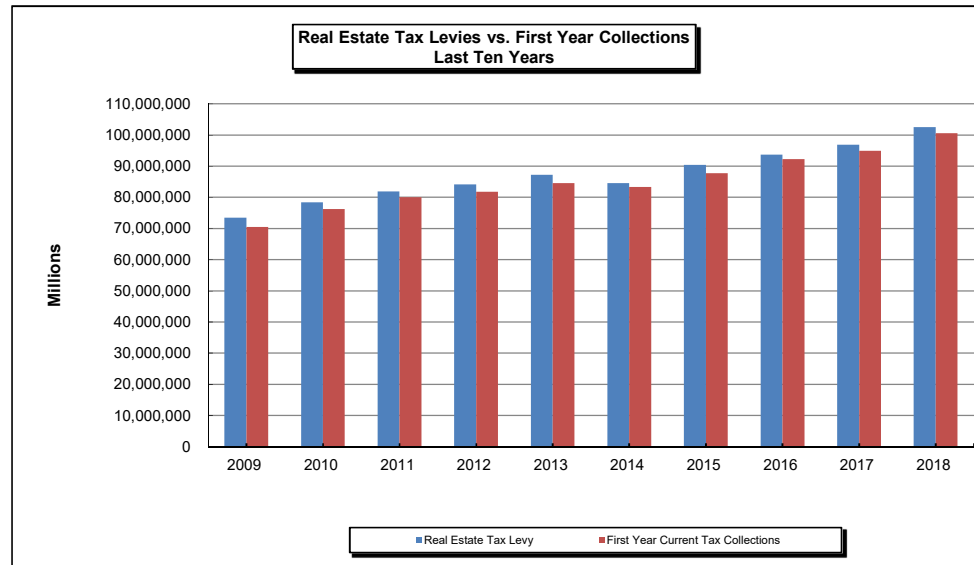
(2) Currently in negotiation with the City in connection with approximately \$1.8 million in tax liens relating to unpaid personal property taxes from fiscal 2015 and 2016.

(3) Currently in negoation with the City in connection with approximately \$957,000 in tax liens relating to unpaid water charges from multiple past years; Exxon Corp. is current with all property tax payments to date.

Property Tax Levies and Collections

Last Ten Years

Year		(2) Total Tax Levy	Less Abatements & Exemptions	(2) Net Tax Levy	Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	(3) Percent of Total Tax Collections to Net Tax Levy
2009	\$	73,489,234	\$ 1,238,829	\$ 72,250,405	\$ 70,483,420	97.6%	\$ 603,538	\$ 71,086,958	98.4%
2010	(1)	78,427,724	1,360,857	77,066,867	76,257,993	99.0%	139,953	76,397,946	99.1%
2011		81,890,151	889,497	81,000,654	80,032,183	98.8%	968,471	81,000,654	100.0%
2012		84,165,711	926,050	83,239,661	81,751,173	98.2%	1,488,488	83,239,661	100.0%
2013	(1)	87,262,044	779,723	86,482,321	84,532,449	97.7%	1,949,872	86,482,321	100.0%
2014		84,594,327	512,696	84,081,631	83,311,626	99.1%	770,005	84,081,631	100.0%
2015		90,369,956	2,475,610	87,894,346	87,778,714	99.9%	115,632	87,894,346	100.0%
2016	(1)	93,653,216	1,155,696	92,497,520	92,246,027	99.7%	251,493	92,497,520	100.0%
2017		96,907,071	1,401,306	95,505,765	94,871,830	99.3%	633,935	95,505,765	100.0%
2018		102,566,340	1,996,445	100,569,895	100,569,895	100.0%	-	100,569,895	100.0%



(1) Revaluation Year

(2) Includes tax liens.

(3) If the actual abatements and exemptions are lower than the estimate the actual collections can exceed the net levy.

Source: Massachusetts Department of Revenue; Board of Assessors

Ratios of Outstanding Debt by Type

Last Ten Years

Year	Governmental Activities		Business-type Activities (1)		Total Debt Outstanding	Percentage of Personal Income	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (2)		General Obligation Bonds (2)					
2009	\$ 75,596,165		\$ -		\$ 75,596,165	9.25%	38,037	\$ 1,987
2010	71,462,003		-		71,462,003	8.57%	38,037	1,879
2011	66,245,379		-		66,245,379	7.11%	41,667	1,590
2012	57,497,721		2,871,636		60,369,357	6.22%	41,667	1,449
2013	56,698,306		8,047,251		64,745,557	6.44%	41,667	1,554
2014	60,503,144		11,865,834		72,368,978	7.06%	41,667	1,737
2015	60,900,676		11,730,626		72,631,302	6.95%	41,667	1,743
2016	73,190,859		11,990,693		85,181,552	7.45%	46,050	1,850
2017	77,372,565		12,590,657		89,963,222	7.97%	46,340	1,941
2018	81,186,570		12,298,058		93,484,628	8.12%	46,340	2,017

(1) Prior to 2012, water and sewer enterprise long-term debt activity was accounted for in the general fund.

(2) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

Source: Audited Financial Statements, U. S. Census

Ratios of Outstanding Debt and General Bonded Debt

Last Ten Years

Year	General Obligation Bonds (1)	Percentage of Estimated Actual Taxable Value of Property	Per Capita
------	------------------------------------	---	---------------

2009	\$ 75,596,165	1.72%	\$ 1,987
2010	71,462,003	1.93%	1,879
2011	66,245,379	2.02%	1,590
2012	60,369,357	1.71%	1,449
2013	64,745,557	1.82%	1,554
2014	72,368,978	2.00%	1,737
2015	72,631,302	1.81%	1,743
2016	85,181,552	1.97%	1,850
2017	89,963,222	1.89%	1,941
2018	93,484,628	1.76%	2,017

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

Source: Audited Financial Statements, U. S. Census

Direct and Overlapping Governmental Activities Debt

As of June 30, 2018

<u>City of Everett, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Massachusetts Bay Transportation Authority.....	\$ 5,563,850,000	1.48%	\$ 82,178,065
City direct debt.....			<u>81,186,570</u>
Total direct and overlapping debt.....			<u>\$ 163,364,635</u>

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of the overlapping governments that is borne by the taxpayers of the 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) The percentage applicable for the Massachusetts Bay Transportation Authority is based on total assessments issued on services.

Source: Official Statement for Sale of Bonds

Computation of Legal Debt Margin

	Last Ten Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Equalized Valuation.....	\$ 5,037,814,900	\$ 4,013,223,400	\$ 4,013,223,400	\$ 3,653,316,400	\$ 3,653,316,400	\$ 3,794,616,400	\$ 3,794,616,400	\$ 4,584,699,100	\$ 4,584,699,100	\$ 5,767,100,400
Debt Limit -5% of Equalized Valuation.....	\$ 251,890,745	\$ 200,661,170	\$ 200,661,170	\$ 182,665,820	\$ 182,665,820	\$ 189,730,820	\$ 189,730,820	\$ 229,234,955	\$ 229,234,955	\$ 288,355,020
Less:										
Outstanding debt applicable to limit.....	18,009,665	18,321,634	16,867,141	15,172,538	16,923,690	28,562,042	32,887,556	49,163,015	58,246,371	66,003,112
Authorized and unissued debt.....	-	-	-	59,481,367	17,765,907	4,066,597	23,941,150	7,985,750	8,625,786	10,831,036
Legal debt margin.....	\$ 233,881,080	\$ 182,339,536	\$ 183,794,029	\$ 108,011,915	\$ 147,976,223	\$ 157,102,181	\$ 132,902,114	\$ 172,086,190	\$ 162,362,798	\$ 211,520,872
Total debt applicable to the limit as a percentage of debt limit.....	7.15%	9.13%	8.41%	40.87%	18.99%	17.20%	29.95%	24.93%	29.17%	26.65%

Source: Audited Financial Statements; Statement of Indebtedness; and the Massachusetts Department of Revenue, Bureau of Local Assessment.

Demographic and Economic Statistics

Last Ten Years

Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
2009	38,037	\$ 817,067,708	\$ 21,481	35.3	5,710	8.8%
2010	38,037	833,409,062	21,910	35.6	5,992	9.1%
2011	41,667	931,203,000	22,349	35.6	6,262	7.8%
2012	42,567	970,343,160	22,796	35.6	6,498	6.9%
2013	42,935	1,005,108,350	23,410	35.6	6,796	6.5%
2014	42,935	1,025,210,517	23,878	35.6	7,008	5.2%
2015	42,935	1,045,714,727	24,356	35.6	7,071	4.4%
2016	46,050	1,121,582,932	24,356	35.6	7,125	4.1%
2017	46,340	1,128,657,040	24,356	35.6	7,078	3.9%
2018	46,340	1,151,230,181	24,843	34.9	7,068	2.8%

Note: Per Capita Personal Income based on 2010 U.S Census

Source: Massachusetts Department of Revenue, Division of Local Services; U.S. Census Bureau

Principal Employers (excluding City)

Current Year and Nine Years Ago

Employer	Nature of Business	2018			2009		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mellon Bank	Banking/Financial Institution	1,300	1	5.4%	1,500	1	8.4%
Cambridge Health Alliance	Hospital	800	2	3.3%	716	2	4.0%
MBTA	Transportation	600	3	2.5%	-	-	-
Boston Coach	Transportation	300	4	1.3%	600	3	3.3%
Target	Retail	200	5	0.8%	260	4	1.4%
Alliance Detection	Security	200	5	0.8%	175	7	1.0%
Everett Nursing and Rehab Center	Health Care/Long Term & Rehabilitat	150	6	0.6%	-	-	-
Home Depot	Retail	150	6	0.6%	250	5	1.4%
COSTCO	Wholesale	100	7	0.4%	170	8	0.9%
Best Buy	Retail	100	7	0.4%	80	14	0.4%
Schnitzer Northeaster	Metal Recycling	100	7	0.4%	115	10	0.6%
Texas Roadhouse	Restaurant	100	7	0.4%	84	13	0.5%
Dunkin Donuts	Coffee/Fast Food	100	7	0.4%	-	-	-
Restaurant Depot	Wholesale	90	8	0.4%	-	-	-
Honda Cars of Boston	Car Dealership	80	9	0.3%	-	-	-
Dunkin Galvanizing	Metal Fabrication	80	9	0.3%	90	12	0.5%
Eagle Bank	Banking	80	9	0.3%	100	11	0.6%
Bond Brothers	Construction	80	9	0.3%	200	6	1.1%
TGI Friday's	Restaurant	80	9	0.3%	100	11	0.6%
Engie-NA	LGN Terminal	75	10	0.3%	-	-	-
Stop & Shop	Retail/Food	-		0.0%	130	9	0.7%
		<u>4,765</u>		<u>19.9%</u>	<u>4,570</u>		<u>25.5%</u>

Source: Official Statement

Full-time Equivalent City Employees by Function

	Last Ten Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function										
General government.....	54	49	45	43	43	46	49	58	75	55
Public safety.....	249	226	241	235	245	253	256	282	309	292
Education.....	758	776	815	823	635	700	730	813	832	1,020
Public works.....	69	51	66	43	45	47	52	59	58	60
Health and human services.....	38	38	40	30	32	28	32	33	37	40
Culture and recreation.....	24	24	23	15	16	16	19	20	23	20
Total	<u>1,192</u>	<u>1,164</u>	<u>1,230</u>	<u>1,188</u>	<u>1,015</u>	<u>1,090</u>	<u>1,138</u>	<u>1,265</u>	<u>1,334</u>	<u>1,487</u>

Source: Various City Departments

Operating Indicators by Function/Program

Function/Program	Last Ten Years									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Marriage recordings.....	340	359	329	385	384	332	303	395	463	673
Birth recordings.....	557	561	598	613	637	592	478	473	684	608
Death recordings.....	469	455	470	441	423	398	386	438	388	431
Police										
Physical arrests.....	956	875	822	833	752	810	922	801	722	809
Motor vehicle violations.....	1,026	5,762	3,575	4,135	3,262	3,889	3,307	2,881	2,516	3,190
Police personnel and officers.....	100	95	98	89	94	100	106	119	134	141
Fire										
Inspections.....	2,832	2,785	2,477	4,413	2,988	2,650	3,198	1,625	3,840	3,500
Emergency responses.....	5,010	4,898	4,575	4,781	5,167	5,259	5,752	5,728	5,521	5,599
Fire personnel and officers.....	107	93	99	95	95	95	103	105	109	110
Education										
Number of students.....	5,995	6,262	6,498	6,796	7,008	7,168	7,231	7,125	7,222	7,133
Number of graduates.....	367	411	324	348	408	404	490	430	461	492
Number of teachers.....	423	416	434	464	463	485	522	690	659	650
Health and human services										
Number of persons using COA transportation.....	142	132	142	185	212	218	217	200	182	151

Source: Various City Departments; Massachusetts Department of Education

Capital Asset Statistics by Function/Program

Last Ten Years

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government										
Number of buildings.....	3	3	3	3	3	3	3	3	3	3
Police										
Number of stations.....	1	1	1	1	1	1	1	1	1	1
Fire										
Number of stations.....	3	3	3	3	3	3	3	3	3	3
Education										
Number of elementary schools.....	6	6	6	6	6	6	6	6	6	6
Number of middle schools.....	5	5	5	5	5	5	5	5	5	5
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Cemeteries.....	3	3	3	3	3	3	3	3	3	3

Source: Various City Departments, Manual of the City Government

Free Cash and Stabilization Account Balances

Last Ten Years

<u>Year</u>	<u>Free Cash</u>	<u>Stabilization Accounts</u>
2018.....	\$ 9,995,301	\$ 17,585,661
2017.....	\$ 6,576,560	\$ 21,185,739
2016.....	\$ 6,705,227	\$ 15,378,002
2015.....	\$ 5,194,938	\$ 12,221,997
2014.....	\$ 5,435,464	\$ 11,354,748
2013.....	\$ 5,156,668	\$ 10,941,602
2012.....	\$ 5,305,529	\$ 9,001,217
2011.....	\$ 3,578,286	\$ 9,224,016
2010.....	\$ 830,286	\$ 9,122,082
2009.....	\$ 3,631,421	\$ 8,974,432

Source: City Records & Annual Report from FirstSouthwest

New Playground at Meadows Park

