

CITY OF BEVERLY

MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



City Hall

For the Year Ended June 30, 2019

Michael P. Cahill, Mayor

Bryant Ayles, Director of Municipal Finance



The Beverly Commons

CITY OF BEVERLY, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2019



Prepared by:

Bryant Ayles, Director of Municipal Finance

CITY OF BEVERLY, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2019

TABLE OF CONTENTS

Introductory Section	1
Letter of Transmittal.....	3
GFOA Certificate of Achievement	7
Organizational Chart.....	8
Principal Executive Officers.....	9
Financial Section.....	11
Independent Auditor's Report.....	13
Management's Discussion and Analysis.....	15
Basic Financial Statements	27
Statement of net position	29
Statement of activities.....	30
Governmental funds – balance sheet.....	32
Reconciliation of the governmental funds balance sheet total fund balances to the statement of net position	33
Governmental funds – statement of revenues, expenditures and changes in fund balances.....	34
Reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities	35
Proprietary funds – statement of net position	36
Proprietary funds – statement of revenues, expenses and changes in fund net position	38
Proprietary funds – statement of cash flows.....	40
Fiduciary funds – statement of fiduciary net position.....	42
Fiduciary funds – statement of changes in fiduciary net position	43
Notes to basic financial statements	44
Required Supplementary Information.....	87
General Fund Budgetary Comparison Schedule.....	89
General fund schedule of revenues, expenditures and changes in fund balance – budget and actual	90
Pension Plan Schedules – Retirement System	92
Schedule of changes in the net pension liability and related ratios	93
Schedule of contributions.....	94
Schedule of investment return	95
Pension Plan Schedules - City.....	96

Schedule of the City's proportionate share of the net pension liability	97
Schedule of the City's contributions	98
Schedule of the special funding amounts of the net pension liability.....	99
Other Postemployment Benefit Plan Schedules.....	100
Schedule of changes in the City's net other postemployment benefit liability and related ratios	101
Schedule of the City's contributions	102
Schedule of investment returns.....	103
Notes to required supplementary information.....	104
Combining and Individual Fund Statements.....	108
Nonmajor governmental funds.....	109
Nonmajor governmental funds – combining balance sheet.....	112
Nonmajor governmental funds – combining statement of revenues, expenditures, and changes in fund balances.....	116
Agency fund	120
Agency fund – statement of changes in assets and liabilities.....	121
Statistical Section	123
Net position by component – last ten years	124
Changes in net position – last ten years	125
Fund balances, governmental funds – last ten years.....	127
Changes in fund balances, governmental funds – last ten years.....	128
Assessed value and actual value of taxable property by classification and tax rates – last ten years	129
Principal taxpayers – current year and nine years ago	130
Property tax levies and collections – last ten years.....	131
Ratios of outstanding debt by type – last ten years.....	132
Ratios of outstanding debt and general bonded debt – last ten years	133
Direct and overlapping governmental activities debt – as of June 30, 2019.....	134
Computation of legal debt margin – last ten years	135
Demographic and economic statistics – last ten years	136
Principal employers (excluding City) – current year and nine years ago	137
Full-time equivalent City employees by function – last ten years.....	138
Operating indicators by function/program – last ten years.....	139
Capital asset statistics by function/program – last ten years	140
Free cash and stabilization fund balances – last ten years.....	141

Introductory Section



The Beverly Commons



Endicott College Fountain

Introductory Section

This page intentionally left blank.



CITY OF BEVERLY

DEPARTMENT OF FINANCE

191 Cabot Street
Beverly, Massachusetts 01915

OPERATING OFFICES:

Board of Assessors
Office of Collections
Office of Treasury
Office of Accounting

(978) 921-6000
Telephone
(978) 921-8301
Facsimile

Letter of Transmittal

December 24, 2019

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

At the close of each year, the City of Beverly is required by state law to issue a complete set of financial statements in conformity with generally accepted accounting principles (GAAP) that comply with the financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). To meet this requirement, we hereby issue this Comprehensive Annual Financial Report (CAFR) of the City of Beverly, Massachusetts for the year ending June 30, 2019 for your review.

This report consists of management's representations concerning the City's finances. Management is responsible for the financial operations of the City as well as the preparation and fair representation of the financial statements contained herein. Included in that responsibility is the proper design, implementation and maintenance of an internal control system designed to ensure fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error. As the structure of internal controls should not outweigh the benefits, Beverly's structure has been designed to provide reasonable not absolute assurance with regards to conformity with GAAP.

The City of Beverly's financial statements have been audited by Powers & Sullivan, LLC, a firm of licensed certified public accountants. Powers & Sullivan, LLC conducted the 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. These standards require that Powers & Sullivan, LLC perform the audit to obtain reasonable assurance that the financial statements are free from material misstatements. To obtain that assurance the auditors performed numerous procedures based on their assessment of the risk of misstatement, consideration of internal controls and evaluation the appropriateness of accounting policies.

GAAP requires that management provide a discussion and analysis section to accompany its annual financial statements. That section is contained within this report immediately following the auditor's opinion letter. This transmittal letter is designed to complement the required Management Discussion and Analysis.

Profile of the City

The City of Beverly is located in northeastern Massachusetts in Essex County, approximately 18 miles from Boston. It is bordered on the west by the Town of Danvers, on the north and east by the Town of Wenham, and on the east by the Town of Manchester-by-the-Sea and the Atlantic Ocean. To the south lies Beverly Harbor and the City of Salem. The American Community Survey (Census) estimates that Beverly had a population of 42,312 in 2018 and occupies a land area of 15.14 square miles.

Beverly, which had been a part of Salem since 1626, became a Town in 1668 after Reverend John Hale and the First Parish Church were officially recognized. The City is believed to be named after Beverly, England. During the 17th and 18th centuries, the farming and fishing industries prevailed. At the conclusion of the American Revolution, some residents who had succeeded in privateering started a small cotton manufactory in North Beverly. In the same year, 1788, the first Beverly-Salem Bridge was constructed. The 19th century saw the development of home shoemaking and commercial shoe factories. By 1894, Beverly had grown sufficiently and was incorporated as a City. Early in the last century, the United Shoe Machinery Company came to Beverly and, until its closing in 1987, the “Shoe” was the largest employer in the City.

The City’s government is comprised of a Mayor and City Council. Local legislative decisions are made by the City Council consisting of nine members elected for two-year terms. The Mayor serves as the chief executive of the City and is also elected for two-year terms.

Municipal Services

The City provides general governmental services for the territory within its boundaries. These services include police and fire protection, schooling, trash collection and disposal, certain water services through the Salem-Beverly Water Supply Board, certain sewage disposal services through the South Essex Sewerage District, and parks and recreational facilities. The City owns and operates a regional airport. The City also owns the Beverly Golf and Tennis Club, the operation of which is under contract with Golf Facilities Management, Inc.

Beverly also enjoys a wide range of cultural and historical resources. Its importance in early American history is seen through various historical landmarks related to early colonial settlements and its role in the American revolutionary era. Beverly houses three performance theaters within its boundaries and enjoys a downtown that has an official designation as an arts district by the Massachusetts Cultural Council.

Economic Condition

According to the Massachusetts Executive Office of Labor and Workforce Development, in June 2019, the City had a total labor force of 24,413, of whom 23,720 were employed and 693 or 2.8% were unemployed as compared with 3.1% for the Commonwealth of Massachusetts. Since 2004 the City has always held an unemployment rate below the state and national averages. The workforce in Beverly is diverse consisting of education and health service providers, professional and business services, manufacturing and numerous other industries. The major employers within the City are the Northeast Hospital Corporation, Endicott College, and a number of mid-sized advanced manufacturing facilities and life science companies.

Recently the City has focused efforts on the revitalization of its downtown area and has invested significant funds to support infrastructure improvements in the downtown and throughout the City. This investment, in addition to other factors including but not limited to transportation access, a deep pool of skilled workers, and a variety of local and regional amenities, has resulted in significant growth of residential, commercial and industrial development. Many parcels in the downtown area are being redeveloped as mixed use properties that include multi-unit rental housing and retail, all within walking distance of the Beverly Depot Commuter Rail Station thus establishing the area as a vibrant example of transit-oriented development that strengthens the commercial base of the downtown core. This economic growth has and continues to draw mid-size companies, many with international profiles, to Beverly. These businesses have created job opportunities and increased the tax base in addition to raising Beverly's visibility as a hub for advanced manufacturing and the life sciences. In June 2019, a Standard and Poor’s rating letter identified Beverly's economic outlook as stable with a very strong underlying economy and a consistent operating performance.

City Finances

The City Charter requires that each year the Mayor submit to the City Council a proposed operating budget for the ensuing fiscal year. The budget consists of a complete financial plan for all general fund and enterprise fund activity for the coming fiscal year. The general fund operating budget for fiscal year 2019 excluding prior year carryforwards and all enterprise funds was approved at \$133.4 million. Real estate, personal property, meals and excise tax accounts for 84.6% of the anticipated revenue budget.

Additionally, as required by the City Charter, the Mayor annually submits a capital expenditure plan which is required to cover a five year period but in practice extends to ten (10) years. The plan is required to outline anticipated capital needs for the City and funding options for those needs.

Annually the City undertakes a financial forecast process. A committee is established with representatives from the Finance Department, School Department, City Council and the general public. The committee reviews trends, establishes reasonable revenue and expenditure forecasts which span five years and produces a report on their findings. This process serves as valuable tool for the City in providing policy makers, citizens and municipal and school officials with an understanding of the immediate and future financial position.

In 2014, the City established a stabilization fund policy which requires an annual deposit of at least 10% of the previous fiscal year's unrestricted cash balance at year-end. The policy also outlines the allowable uses and the appropriate process for utilizing any balance from the fund. Since the establishment of this policy, the stabilization fund balance has grown to \$13.6 million by the close of fiscal year 2019 and is expected to exceed \$14.5 million by the close of fiscal year 2020. The goal is to grow and maintain the stabilization fund balance to a range of 10 to 15% of annual general fund operations to ensure the City's fiscal stability in the future.

The City also established a set of comprehensive financial policies and guidelines to provide a framework to help guide the finance department and policy makers in the management of the City's finances. These policies and guidelines outline appropriate strategies and targets relating to reserves, budgeting, cash management and debt among other areas.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2018. This was the third consecutive year that the City has received 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 legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the City's financial team. We would like to express our sincere appreciation to all members of the finance team who assisted and contributed in the preparation of this report. Credit should be given to the dedicated City employees, our elected officials and appointed board and committee members for their unflinching support for maintaining the highest standards of professionalism in the management of the City of Beverly.

Overall the City of Beverly is financially healthy and management has continued to strengthen its fiscal policies, enhanced its reserves, made responsible financial decisions and is optimistic of the City's financial future. We hope you find this Comprehensive Annual Financial Report helpful.

Sincerely,



Bryant Ayles,
Finance Director



Carol Augulewicz,
City Accountant



Government Finance Officers Association

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

Presented to

**City of Beverly
Massachusetts**

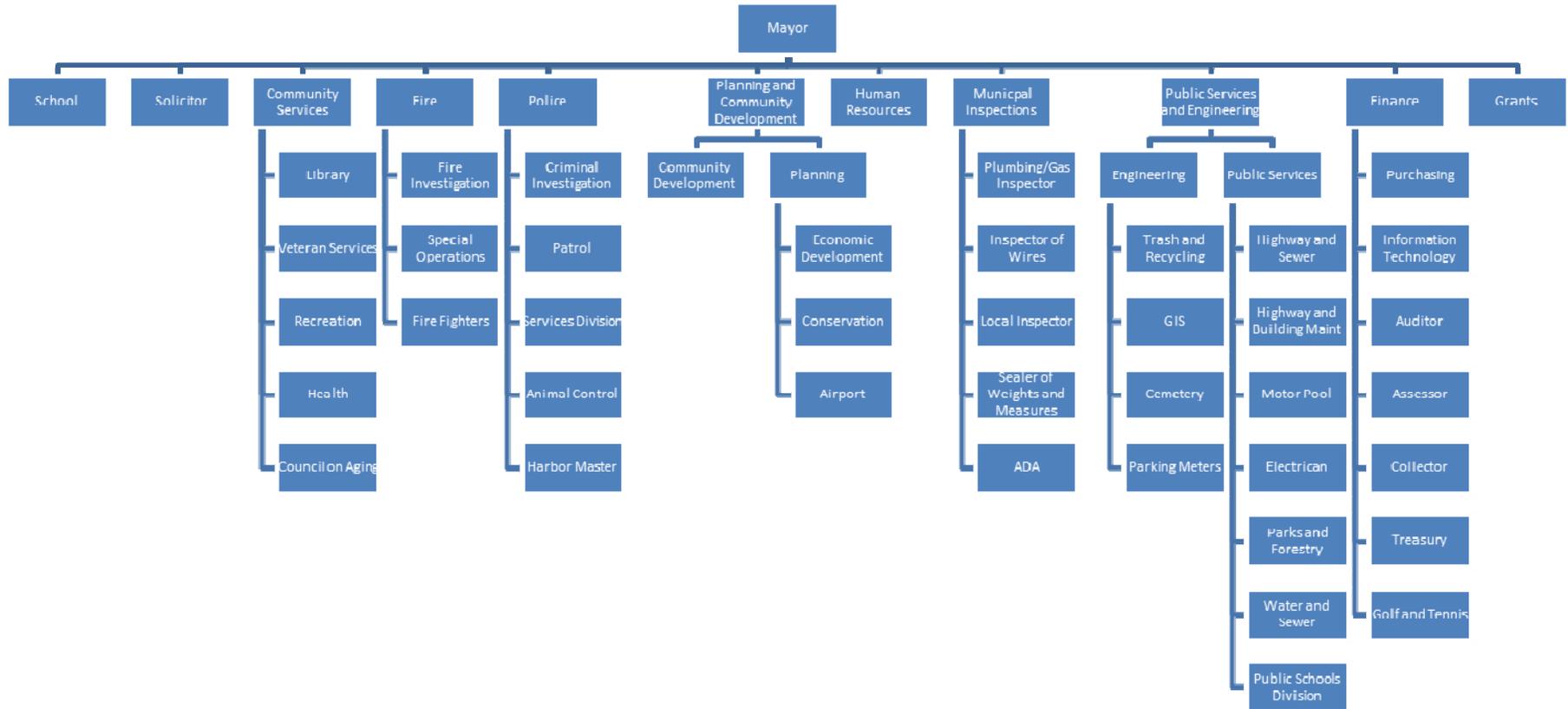
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

Informational City of Beverly Organizational Chart



*This document is for informational purposes only. The City Charter and, to the extent not consistent with the City Charter, the City ordinances control the organization of City government.



Principal Executive Officers

TITLE	NAME	MANNER OF SELECTION	TERM EXPIRES
Mayor	Michael P. Cahill	Elected	12/31/2019
President, At-Large	Paul Guanci	Elected	12/31/2019
At-Large	Timothy P. Flaherty	Elected	12/31/2019
At-Large	Julie R. Flowers	Elected	12/31/2019
Ward One, City Councilor	David J. Lang	Elected	12/31/2019
Ward Two, City Councilor	Estelle M. Rand	Elected	12/31/2019
Ward Three, City Councilor	James F. Latter	Elected	12/31/2019
Ward Four, City Councilor	Scott D. Houseman	Elected	12/31/2019
Ward Five, City Councilor	Donald G. Martin	Elected	12/31/2019
Ward Six, City Councilor, Vice President	John P. Frates	Elected	12/31/2019
Director of Municipal Finance/ Treasurer	Bryant Ayles	Appointed	1/21/2020
City Collector	Rose Giuffrida	Appointed	Indefinite
City Solicitor	Stephanie Williams	Appointed	1/21/2020
City Clerk	D. Wesley Slate, Jr.	Appointed	Indefinite

This page intentionally left blank.

Financial Section



Moraine Farm



West Beach

Financial Section

This page intentionally left blank.



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

Independent Auditor's Report

To the Honorable City Council
City of Beverly, 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 Beverly, Massachusetts, as of and for the year ended June 30, 2019 (except for the Beverly Contributory Retirement System which is as of and for the year ended December 31, 2018), which collectively comprise the City's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

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 Beverly, Massachusetts, as of June 30, 2019 (except for the Beverly Contributory Retirement System which is as of December 31, 2018), and the respective changes in financial position and cash flows, where applicable, 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 Beverly, 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2019, on our consideration of the City of Beverly, 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 Beverly, Massachusetts' internal control over financial reporting and compliance.



December 24, 2019

Management's Discussion and Analysis

This page intentionally left blank.

Management's Discussion and Analysis

As management of the City of Beverly, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2019. 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's credit rating was maintained at AA+ by Standard & Poor's credit rating agency.
- The City approved a \$731,000 transfer to the general stabilization fund in 2019 and the fund balance totaled \$12.6 million at year-end. The debt service stabilization fund totaled \$1.0 million at year-end.
- The City raised \$825,000 in community preservation taxes and received \$149,000 of grant funds from the Commonwealth of Massachusetts for its community preservation program. The fund balance totaled \$2.9 million at year-end.
- The liabilities and deferred inflows of resources of the City of Beverly exceeded its assets and deferred outflows of resources at the close of the most recent year by \$128.5 million (net position).
- At the end of the current year, the City's general fund reported an ending fund balance of \$27.2 million, an increase of \$2.4 million in comparison with the prior year. Total fund balance represents 20% of total general fund expenditures.
- The net other postemployment benefit (OPEB) liability increased by \$35.4 million during the current year and the year-end balance totaled \$339.8 million.
- The net pension liability (NPL) liability increased by \$8.9 million during the current year and the year-end balance totaled \$91.3 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Beverly'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 and liabilities, and deferred inflows/outflows of resources, with the difference between them reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. The *statement of activities* presents information showing how the government's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, community development, community preservation, human services, culture and recreation and interest. The business-type activities include the activities of the water, sewer, airport, golf and tennis, sanitation, harbor management, recreation and senior citizens funds.

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

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

Governmental funds. The focus of the City of Beverly'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 Beverly'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 Beverly adopts an annual appropriated budget for its general fund. A budgetary comparison statement 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, sewer, airport, golf and tennis, sanitation, harbor management, recreation and senior citizens 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.

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.

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 Beverly's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$128.5 million at the close of 2019, which was a decrease of \$8.6 million from the prior year.

Net position of \$219.8 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, \$13.5 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 \$361.8 million. The primary reason for this deficit balance is the recognition of the net other postemployment benefit liability and net pension liabilities totaling \$339.8 million and \$91.3 million, respectively.

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

Governmental Activities

The City of Beverly's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources for governmental activities by \$177.0 million at the close of 2019.

	<u>2019</u>	<u>2018</u>
Assets:		
Current assets.....	\$ 64,206,085	\$ 68,937,990
Noncurrent assets (excluding capital).....	4,868,787	5,331,119
Capital assets, nondepreciable.....	15,854,822	16,014,987
Capital assets, net of accumulated depreciation.....	<u>253,589,590</u>	<u>247,869,806</u>
Total assets.....	<u>338,519,284</u>	<u>338,153,902</u>
Deferred outflows of resources.....	<u>28,723,292</u>	<u>8,877,590</u>
Liabilities:		
Current liabilities (excluding debt).....	6,527,108	7,819,404
Noncurrent liabilities (excluding debt).....	425,847,312	382,222,796
Current debt.....	20,312,039	20,019,267
Noncurrent debt.....	<u>81,001,184</u>	<u>87,717,684</u>
Total liabilities.....	<u>533,687,643</u>	<u>497,779,151</u>
Deferred inflows of resources.....	<u>10,540,728</u>	<u>17,498,070</u>
Net position:		
Net investment in capital assets.....	177,558,217	172,126,147
Restricted.....	13,502,460	12,562,019
Unrestricted.....	<u>(368,046,472)</u>	<u>(352,933,895)</u>
Total net position.....	<u>\$ (176,985,795)</u>	<u>\$ (168,245,729)</u>
Program Revenues:		
Charges for services.....	\$ 9,507,139	\$ 8,541,721
Operating grants and contributions.....	31,212,083	28,568,469
Capital grants and contributions.....	3,538,409	18,835,063
General Revenues:		
Real estate and personal property taxes, net of tax refunds payable.....	102,671,201	98,573,704
Tax and other liens.....	422,758	548,619
Motor vehicle and other excise taxes.....	6,110,972	6,308,066
Community preservation tax.....	825,754	780,347
Penalties and interest on taxes.....	572,924	451,176
Payments in lieu of taxes.....	250,041	181,667
Grants and contributions not restricted to specific programs.....	6,557,815	6,217,813
Unrestricted investment income.....	1,201,496	874,173
Miscellaneous.....	<u>111,941</u>	<u>69,725</u>
Total revenues.....	<u>162,982,533</u>	<u>169,950,543</u>

	<u>2019</u>	<u>2018</u>
Expenses:		
General government.....	9,709,362	9,274,722
Public safety.....	31,363,333	30,966,874
Education.....	107,569,020	97,886,134
Public works.....	11,669,045	10,848,636
Community development.....	496	19,985
Human services.....	2,752,604	2,559,793
Culture and recreation.....	4,652,410	4,557,017
Community preservation.....	119,666	13,506
Interest.....	3,108,913	2,833,651
Total expenses.....	<u>170,944,849</u>	<u>158,960,318</u>
Excess (Deficiency) before transfers.....	(7,962,316)	10,990,225
Transfers.....	<u>(777,750)</u>	<u>(1,658,221)</u>
Change in net position.....	(8,740,066)	9,332,004
Net position, beginning of year.....	<u>(168,245,729)</u>	<u>(177,577,733)</u>
Net position, end of year.....	\$ <u><u>(176,985,795)</u></u>	\$ <u><u>(168,245,729)</u></u>

The governmental expenses totaled \$170.9 million of which \$44.23 million (26%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$118.7 million with the most significant revenues being property taxes, motor vehicle excise taxes and non-restricted state aid.

The \$9.7 million increase in education expense was primarily due to an increase in the operating budget, an actuarially determined increase in the net OPEB liability, and an increase in depreciation expense due to the new middle school.

The governmental net position decreased by \$8.7 million during the current year. This was primarily due to a \$2.4 million general fund operating surplus, the recognition of \$3.5 million of capital grants and a \$26.9 million increase from the change in deferred outflows/inflows of resources related to pensions and OPEB. These increases were offset by an increase of \$8.6 million in the net pension liability and an increase of \$35.0 million in the net OPEB liability.

Business-type Activities

For the City's business-type activities, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$48.5 million at the close of 2019.

	2019	2018
Assets:		
Current assets.....	\$ 16,527,163	\$ 14,237,855
Capital assets, nondepreciable.....	7,578,091	6,625,453
Capital assets, net of accumulated depreciation.....	48,585,268	49,818,332
Total assets.....	72,690,522	70,681,640
Deferred outflows of resources.....	672,018	364,000
Liabilities:		
Current liabilities (excluding debt).....	1,053,742	864,897
Noncurrent liabilities (excluding debt).....	9,754,381	9,006,757
Current debt.....	3,293,502	940,821
Noncurrent debt.....	10,647,547	11,541,049
Total liabilities.....	24,749,172	22,353,524
Deferred inflows of resources.....	124,806	339,390
Net position:		
Net investment in capital assets.....	42,222,310	43,961,915
Unrestricted.....	6,266,252	4,390,811
Total net position.....	\$ 48,488,562	\$ 48,352,726
Program Revenues:		
Charges for services.....	\$ 16,418,987	\$ 15,841,033
Capital grants and contributions.....	441,329	653,993
General Revenues:		
Gain (loss) on sale of capital assets.....	-	438,387
Miscellaneous.....	-	43,016
Total revenues.....	16,860,316	16,976,429
Expenses:		
Water.....	4,747,948	4,288,070
Sewer.....	7,577,109	7,195,735
Airport.....	1,344,167	1,260,052
Golf and Tennis.....	362,823	383,924
Sanitation.....	2,478,713	2,413,091
Harbor management.....	413,362	350,497
Recreation.....	500,226	383,144
Senior Citizens.....	77,882	68,746
Total expenses.....	17,502,230	16,343,259
Excess (Deficiency) before transfers.....	(641,914)	633,170
Transfers.....	777,750	1,658,221
Change in net position.....	135,836	2,291,391
Net position, beginning of year.....	48,352,726	46,061,335
Net position, end of year.....	\$ 48,488,562	\$ 48,352,726

Business-type net position of \$42.2 million (87%) represents the net investment in capital assets while \$6.3 million (13%) is unrestricted. The City's business-type activities net position increased by \$136,000 in the current year.

The water operations experienced an increase of \$462,000 in net position. This increase was primarily due to a \$251,000 operating surplus, a \$68,000 decrease in the workers' compensation liability, and a \$159,000 increase from the change in deferred outflows/inflows of resources related to pensions and OPEB. These increases were offset by a \$138,000 increase in the net pension liability and a \$155,000 increase in the net OPEB liability.

The sewer operations experienced an increase of \$665,000 in net position. This increase is mainly attributable to a \$1.0 million operating surplus and a \$237,000 increase from the change in deferred outflows/inflows of resources related to pensions and OPEB. These increases were offset by a \$152,000 increase in the net pension liability, a \$220,000 increase in the net OPEB liability and a \$116,000 decrease in the investment in joint venture.

The airport operations experienced a decrease of \$509,000 in net position. The decrease is mainly attributable to current rates not being set to raise revenue to support non-cash depreciation expense of \$717,000. This decrease was offset by capital grants totaling \$299,000.

The golf and tennis operations experienced an increase of \$146,000. The increase is mainly attributable to a \$89,000 transfer from the Community Preservation Fund for capital purposes.

Sanitation operations experienced an increase of \$39,000, which was primarily due to a \$1.0 million operating loss, offset by a subsidy of \$1.1 million from the general fund.

The harbor management operations experienced a decrease of \$81,000, which is primarily due to the recognition of capital grants totaling \$142,000, offset by rates not being set to raise revenue to support \$237,000 of non-cash depreciation expense.

The recreation operations experienced a decrease of \$565,000, which is primarily due to a \$450,000 transfer to the Community Preservation fund.

The senior citizens operations experienced a decrease of \$21,000, which is primarily due to fees not being set to raise revenue to support \$5,000 of non-cash depreciation expense.

The internal service fund experienced a decrease of \$152,000, which is primarily due to claims experience.

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 \$37.0 million, of which \$27.2 million is for the general fund, \$2.9 million is for the community preservation fund, a \$10.9 million deficit is for the middle school construction fund, and \$17.8 million is for the nonmajor governmental funds. Cumulatively there was a decrease of \$3.3 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 \$24.5 million, while total fund balance was \$27.2 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 18% of the total general fund expenditures, while total fund balance represents 20% of that same amount. \$1.0 million of fund balance is committed for debt service stabilization and \$1.7 million of fund balance is assigned for encumbrances that have been carried forward to the next year.

In 2019, the City's general fund increased by \$2.4 million. This increase is primarily due to \$1.7 million of better than anticipated revenue collections and \$2.0 million of unexpended appropriations that was offset by the use of free cash to fund appropriations.

The community preservation fund was established through the City's acceptance of the Community Preservation Act, which allows the City to impose up to a 1% surcharge on property taxes and to receive matching State grant funds for specified uses related to the acquisition, creation, preservation and support of open space, historical resources, land for recreational use and community housing. As of June 30, 2019, the fund balance totaled \$2.9 million. \$825,000 of community preservation taxes were collected during the year and \$149,000 of state matching funds were also received.

The middle school construction fund is used to account for construction activities related to the new middle school. The City recognized \$2.8 million of school construction assistance and \$10.6 million of expenditures in 2019 resulting in an ending fund balance deficit of \$10.9 million. This deficit will be funded with bond proceeds and additional school construction assistance.

General Fund Budgetary Highlights

The City adopts an annual budget for the general fund. The original 2019 budget authorized \$131.2 million in appropriations and other amounts to be raised, which includes \$1.4 million of amounts carried forward from the prior year. During 2019, the Council approved supplemental appropriations totaling \$3.5 million, which included a \$731,000 transfer to the stabilization fund and \$2.5 million of transfers to capital project 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, 2019, amounts to \$325.6 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and building improvements, machinery and equipment, vehicles and infrastructure.

The total additions to the governmental activities investment in capital assets for the current year were \$17.3 million and total retirements were \$21.2 million. Major capital asset events during the current year include middle school construction, the installation of LED street lights, Beverly High School athletic field improvements, parking improvements, and street paving.

The \$2.7 million in additions to the business-type activities are attributable to water, sewer infrastructure improvements, building improvements, and purchases of vehicles, machinery and equipment, and land.

Debt Administration. Outstanding long-term governmental debt of the City, as of June 30, 2019, totaled \$87.3 million.

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 2019, \$868,000 of such assistance was received and \$2.6 million will be received in future years. Of this amount, \$231,000 represents reimbursement of long-term interest costs, and \$2.4 million represents reimbursement of approved construction costs. Accordingly, a \$2.4 million intergovernmental receivable and corresponding deferred inflow of resources have been reported in the governmental fund financial statements. The deferred inflow of resources has been recognized as revenue in the conversion to the government-wide financial statements.

The MSBA has an additional method for funding the school building assistance program in which the assistance is paid to support construction costs and reduce the total debt service of the City. The City has been approved for the Briscoe Middle School construction project. Through the end of 2019, the City has received \$45.2 million of capital grant reimbursements from the MSBA which is equal to 42.42% of approved construction costs incurred to date for the new middle school. The City anticipates receiving an additional \$981,000 of grant proceeds in 2020.

At year-end, the water, sewer, and golf and tennis enterprise funds have \$2.8 million, \$7.5 million and \$1.2 million, respectively, of outstanding long-term debt, which is fully supported by rates and does not rely on a general fund subsidy.

The City had outstanding short-term debt of \$12.5 million for middle school construction and \$860,000 for parking kiosks and traffic equipment.

The water enterprise fund had outstanding short-term debt of \$2.4 million for the Brimball Avenue standpipe and the Pershing Avenue water pump station.

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

Requests for Information

This financial report is designed to provide a general overview of the City of Beverly'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 City Accountant, City Hall, 191 Cabot Street, Beverly, Massachusetts, 01915.

This page intentionally left blank.

Basic Financial Statements

This page intentionally left blank.

STATEMENT OF NET POSITION

JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 52,595,925	\$ 11,869,293	\$ 64,465,218
Investments.....	1,775,093	-	1,775,093
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	954,637	-	954,637
Tax liens.....	2,706,029	-	2,706,029
Community preservation fund surtax.....	4,839	-	4,839
Motor vehicle and other excise taxes.....	703,142	-	703,142
User charges.....	-	3,748,347	3,748,347
Departmental and other.....	757,393	74,599	831,992
Intergovernmental.....	4,709,027	-	4,709,027
Investment in joint venture.....	-	834,924	834,924
Total current assets.....	<u>64,206,085</u>	<u>16,527,163</u>	<u>80,733,248</u>
NONCURRENT:			
Investments.....	3,236,426	-	3,236,426
Receivables, net of allowance for uncollectibles:			
Intergovernmental.....	1,632,361	-	1,632,361
Capital assets, nondepreciable.....	15,854,822	7,578,091	23,432,913
Capital assets, net of accumulated depreciation.....	<u>253,589,590</u>	<u>48,585,268</u>	<u>302,174,858</u>
Total noncurrent assets.....	<u>274,313,199</u>	<u>56,163,359</u>	<u>330,476,558</u>
TOTAL ASSETS.....	<u>338,519,284</u>	<u>72,690,522</u>	<u>411,209,806</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows for refunding debt.....	164,113	-	164,113
Deferred outflows related to pensions.....	11,026,000	468,000	11,494,000
Deferred outflows related to other postemployment benefits.....	<u>17,533,179</u>	<u>204,018</u>	<u>17,737,197</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	<u>28,723,292</u>	<u>672,018</u>	<u>29,395,310</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	1,560,522	721,836	2,282,358
Accrued payroll.....	697,000	-	697,000
Health claims payable.....	1,330,668	-	1,330,668
Tax refunds payable.....	11,491	-	11,491
Accrued interest.....	1,027,125	144,006	1,171,131
Liabilities due depositors.....	138,960	-	138,960
Other liabilities.....	124,342	-	124,342
Customer deposits.....	-	4,900	4,900
Capital lease obligations.....	320,825	-	320,825
Compensated absences.....	1,413,000	117,000	1,530,000
Workers' compensation.....	224,000	66,000	290,000
Notes payable.....	13,360,000	2,400,000	15,760,000
Bonds payable.....	<u>6,631,214</u>	<u>893,502</u>	<u>7,524,716</u>
Total current liabilities.....	<u>26,839,147</u>	<u>4,347,244</u>	<u>31,186,391</u>
NONCURRENT:			
Capital lease obligations.....	319,004	-	319,004
Compensated absences.....	778,000	42,000	820,000
Workers' compensation.....	1,564,000	2,047,000	3,611,000
Net pension liability.....	87,629,000	3,715,000	91,344,000
Net other postemployment benefits liability.....	335,876,312	3,950,381	339,826,693
Bonds payable.....	<u>80,682,180</u>	<u>10,647,547</u>	<u>91,329,727</u>
Total noncurrent liabilities.....	<u>506,848,496</u>	<u>20,401,928</u>	<u>527,250,424</u>
TOTAL LIABILITIES.....	<u>533,687,643</u>	<u>24,749,172</u>	<u>558,436,815</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions.....	67,000	3,000	70,000
Deferred inflows related to other postemployment benefits.....	<u>10,473,728</u>	<u>121,806</u>	<u>10,595,534</u>
TOTAL DEFERRED INFLOWS OF RESOURCES.....	<u>10,540,728</u>	<u>124,806</u>	<u>10,665,534</u>
NET POSITION			
Net investment in capital assets.....	177,558,217	42,222,310	219,780,527
Restricted for:			
Permanent funds:			
Expendable.....	2,965,238	-	2,965,238
Nonexpendable.....	2,154,139	-	2,154,139
Gifts and grants.....	5,446,424	-	5,446,424
Community preservation.....	2,936,659	-	2,936,659
Unrestricted.....	<u>(368,046,472)</u>	<u>6,266,252</u>	<u>(361,780,220)</u>
TOTAL NET POSITION.....	<u>\$ (176,985,795)</u>	<u>\$ 48,488,562</u>	<u>\$ (128,497,233)</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
<i>Governmental Activities:</i>					
General government.....	\$ 9,709,362	\$ 1,092,748	\$ 372,634	\$ 62,500	\$ (8,181,480)
Public safety.....	31,363,333	5,266,253	3,158,946	213,760	(22,724,374)
Education.....	107,569,020	2,655,716	25,948,686	2,897,057	(76,067,561)
Public works.....	11,669,045	362,295	642,118	215,959	(10,448,673)
Community development.....	496	-	35,502	-	35,006
Community preservation.....	119,666	-	-	149,133	29,467
Human services.....	2,752,604	89,029	483,814	-	(2,179,761)
Culture and recreation.....	4,652,410	41,098	399,736	-	(4,211,576)
Interest.....	3,108,913	-	170,647	-	(2,938,266)
Total Governmental Activities.....	170,944,849	9,507,139	31,212,083	3,538,409	(126,687,218)
<i>Business-Type Activities:</i>					
Water.....	4,747,948	5,209,251	-	585	461,888
Sewer.....	7,577,109	8,241,966	-	-	664,857
Airport.....	1,344,167	535,943	-	298,865	(509,359)
Golf and tennis.....	362,823	420,000	-	-	57,177
Sanitation.....	2,478,713	1,378,847	-	-	(1,099,866)
Harbor management.....	413,362	190,713	-	141,879	(80,770)
Recreation.....	500,226	384,974	-	-	(115,252)
Senior Citizens.....	77,882	57,293	-	-	(20,589)
Total Business-Type Activities.....	17,502,230	16,418,987	-	441,329	(641,914)
Total Primary Government.....	\$ 188,447,079	\$ 25,926,126	\$ 31,212,083	\$ 3,979,738	\$ (127,329,132)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net position:			
Net (expense) revenue from previous page..... \$	(126,687,218)	(641,914)	(127,329,132)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	102,671,201	-	102,671,201
Tax and other liens.....	422,758	-	422,758
Motor vehicle and other excise taxes.....	6,110,972	-	6,110,972
Community preservation tax.....	825,754	-	825,754
Penalties and interest on taxes.....	572,924	-	572,924
Payments in lieu of taxes.....	250,041	-	250,041
Grants and contributions not restricted to specific programs.....	6,557,815	-	6,557,815
Unrestricted investment income.....	1,201,496	-	1,201,496
Miscellaneous.....	111,941	-	111,941
<i>Transfers, net</i>	(777,750)	777,750	-
Total general revenues and transfers.....	117,947,152	777,750	118,724,902
Change in net position.....	(8,740,066)	135,836	(8,604,230)
<i>Net position:</i>			
Beginning of year.....	(168,245,729)	48,352,726	(119,893,003)
End of year..... \$	(176,985,795)	48,488,562	(128,497,233)

See notes to basic financial statements.

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2019

	General	Community Preservation	Middle School Construction	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents.....	\$ 26,382,106	\$ 2,943,285	\$ 625,437	\$ 13,673,157	\$ 43,623,985
Investments.....	-	-	-	5,011,519	5,011,519
Receivables, net of uncollectibles:					
Real estate and personal property taxes.....	954,637	-	-	-	954,637
Tax liens.....	2,706,029	-	-	-	2,706,029
Community preservation fund surtax.....	-	4,839	-	-	4,839
Motor vehicle and other excise taxes.....	703,142	-	-	-	703,142
Departmental and other.....	8,325	-	-	117,797	126,122
Intergovernmental.....	4,388,510	-	980,553	972,325	6,341,388
TOTAL ASSETS.....	\$ 35,142,749	\$ 2,948,124	\$ 1,605,990	\$ 19,774,798	\$ 59,471,661
LIABILITIES					
Warrants payable.....	\$ 801,643	\$ 11,465	\$ 16,260	\$ 447,655	\$ 1,277,023
Accrued payroll.....	697,000	-	-	-	697,000
Tax refunds payable.....	11,491	-	-	-	11,491
Other liabilities.....	109,579	-	-	14,763	124,342
Liability due depositors.....	-	-	-	138,960	138,960
Notes payable.....	-	-	12,500,000	860,000	13,360,000
TOTAL LIABILITIES.....	1,619,713	11,465	12,516,260	1,461,378	15,608,816
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue.....	6,331,777	5,075	-	554,574	6,891,426
FUND BALANCES					
Nonspendable.....	-	-	-	2,154,139	2,154,139
Restricted.....	-	2,931,584	-	15,604,707	18,536,291
Committed.....	1,000,903	-	-	-	1,000,903
Assigned.....	1,689,933	-	-	-	1,689,933
Unassigned.....	24,500,423	-	(10,910,270)	-	13,590,153
TOTAL FUND BALANCES.....	27,191,259	2,931,584	(10,910,270)	17,758,846	36,971,419
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 35,142,749	\$ 2,948,124	\$ 1,605,990	\$ 19,774,798	\$ 59,471,661

See notes to basic financial statements.

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

JUNE 30, 2019

Total governmental fund balances.....		\$ 36,971,419
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		269,444,412
Accounts receivable are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.....		6,891,426
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.....		18,182,564
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.....		7,989,043
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(1,027,124)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable.....	(87,313,394)	
Net pension liability.....	(87,629,000)	
Net other postemployment benefits liability.....	(335,876,312)	
Capital lease obligations.....	(639,829)	
Workers' compensation.....	(1,788,000)	
Compensated absences.....	<u>(2,191,000)</u>	
Net effect of reporting long-term liabilities.....		<u>(515,437,535)</u>
Net position of governmental activities.....		\$ <u><u>(176,985,795)</u></u>

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

	General	Community Preservation	Middle School Construction	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 102,446,667	\$ -	\$ -	\$ -	\$ 102,446,667
Tax liens.....	404,750	-	-	-	404,750
Motor vehicle and other excise taxes.....	6,038,965	-	-	-	6,038,965
Penalties and interest on taxes.....	572,924	-	-	-	572,924
Payments in lieu of taxes.....	250,041	-	-	-	250,041
Intergovernmental - Teachers Retirement.....	10,768,620	-	-	-	10,768,620
Intergovernmental.....	16,507,953	149,133	2,778,557	11,773,932	31,209,575
Departmental and other.....	3,690,023	-	201,245	6,353,528	10,244,796
Community preservation taxes.....	-	825,410	-	-	825,410
Contributions and donations.....	-	-	-	707,980	707,980
Investment income.....	647,420	1,446	-	495,349	1,144,215
TOTAL REVENUES.....	141,327,363	975,989	2,979,802	19,330,789	164,613,943
EXPENDITURES:					
Current:					
General government.....	5,715,013	-	-	446,413	6,161,426
Public safety.....	15,482,718	-	-	6,071,041	21,553,759
Education.....	59,969,427	-	10,621,661	9,452,085	80,043,173
Public works.....	5,685,830	-	-	4,773,075	10,458,905
Community development.....	-	-	-	496	496
Community preservation.....	-	119,666	-	-	119,666
Human services.....	1,642,930	-	-	106,675	1,749,605
Culture and recreation.....	2,294,432	-	-	995,878	3,290,310
Pension and OPEB contributions.....	10,083,489	-	-	-	10,083,489
Pension benefits - Teachers Retirement.....	10,768,620	-	-	-	10,768,620
Employee benefits.....	10,832,185	-	-	-	10,832,185
State and county charges.....	1,657,290	-	-	-	1,657,290
Debt service:					
Principal.....	7,213,000	45,000	-	-	7,258,000
Interest.....	3,634,899	7,200	-	-	3,642,099
TOTAL EXPENDITURES.....	134,979,833	171,866	10,621,661	21,845,663	167,619,023
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	6,347,530	804,123	(7,641,859)	(2,514,874)	(3,005,080)
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bonds and notes.....	-	-	115,990	7,980	123,970
Capital lease financing.....	-	-	-	312,550	312,550
Transfers in.....	1,263,963	534,350	-	5,186,144	6,984,457
Transfers out.....	(5,215,500)	(498,052)	-	(2,048,655)	(7,762,207)
TOTAL OTHER FINANCING SOURCES (USES).....	(3,951,537)	36,298	115,990	3,458,019	(341,230)
NET CHANGE IN FUND BALANCES.....	2,395,993	840,421	(7,525,869)	943,145	(3,346,310)
FUND BALANCES (DEFICITS) AT BEGINNING OF YEAR.....	24,795,266	2,091,163	(3,384,401)	16,815,701	40,317,729
FUND BALANCES (DEFICITS) AT END OF YEAR.....	\$ 27,191,259	\$ 2,931,584	\$ (10,910,270)	\$ 17,758,846	\$ 36,971,419

See notes to basic financial statements.

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

YEAR ENDED JUNE 30, 2019

Net change in fund balances - total governmental funds.....		\$ (3,346,310)
<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.....	17,277,469	
Capital asset deletions.....	(2,754)	
Depreciation expense.....	<u>(11,715,096)</u>	
Net effect of reporting capital assets.....		5,559,619
<p>Revenues in the Statement of Activities that do not provide current financial resources are unavailable in the Statement of Revenues, Expenditures and Changes in Fund Balances. Therefore, the recognition of revenue for various types of accounts receivable differ between the two statements. This amount represents the net change in unavailable revenue.....</p>		
		(1,688,691)
<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>		
Principal payments on capital leases.....	395,521	
Premium from issuance of bonds and notes.....	(123,970)	
Capital lease financing.....	(312,550)	
Net amortization of premium from issuance of bonds.....	566,727	
Net change in deferred charge on refunding.....	(108,866)	
Debt service principal payments.....	<u>7,258,000</u>	
Net effect of reporting long-term debt.....		7,674,862
<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.....	(191,000)	
Net change in accrued interest on long-term debt.....	75,326	
Net change in deferred outflow/(inflow) of resources related to pensions.....	6,833,000	
Net change in net pension liability.....	(8,579,000)	
Net change in deferred outflow/(inflow) of resources related to other postemployment benefits...	20,078,910	
Net change in net other postemployment benefits liability.....	(35,003,516)	
Net change in workers' compensation liability.....	<u>(1,000)</u>	
Net effect of recording long-term liabilities.....		(16,787,280)
The net activity of internal service funds is reported with Governmental Activities.....		<u>(152,266)</u>
Change in net position of governmental activities.....		\$ <u><u>(8,740,066)</u></u>

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET POSITION

JUNE 30, 2019

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Airport	Golf and Tennis
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 5,040,889	\$ 3,861,083	\$ 1,171,525	\$ 621,865
Receivables, net of allowance for uncollectibles:				
User charges.....	1,192,572	2,408,212	-	-
Departmental and other.....	-	-	28,597	-
Investment in joint venture.....	-	834,924	-	-
Total current assets.....	6,233,461	7,104,219	1,200,122	621,865
NONCURRENT:				
Capital assets, nondepreciable.....	4,392,031	227,792	1,707,282	89,897
Capital assets, net of accumulated depreciation.....	9,670,410	15,891,939	16,041,988	2,211,770
Total noncurrent assets.....	14,062,441	16,119,731	17,749,270	2,301,667
TOTAL ASSETS.....	20,295,902	23,223,950	18,949,392	2,923,532
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions.....	178,000	196,000	83,000	-
Deferred outflows related to other postemployment benefits.....	43,815	102,378	57,825	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES.....	221,815	298,378	140,825	-
LIABILITIES				
CURRENT:				
Warrants payable.....	371,843	77,364	43,504	10,657
Health claims payable.....	-	-	-	-
Accrued interest.....	35,323	95,896	-	12,787
Customer deposits.....	-	-	4,400	-
Compensated absences.....	46,000	11,000	18,000	-
Workers' compensation.....	66,000	-	-	-
Notes payable.....	2,400,000	-	-	-
Bonds payable.....	231,863	496,639	-	165,000
Total current liabilities.....	3,151,029	680,899	65,904	188,444
NONCURRENT:				
Compensated absences.....	15,000	3,000	7,000	-
Workers' compensation.....	2,047,000	-	-	-
Net pension liability.....	1,414,000	1,557,000	657,000	-
Net other postemployment benefits liability.....	907,975	1,979,620	1,062,786	-
Bonds payable.....	2,598,979	7,052,568	-	996,000
Total noncurrent liabilities.....	6,982,954	10,592,188	1,726,786	996,000
TOTAL LIABILITIES.....	10,133,983	11,273,087	1,792,690	1,184,444
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions.....	1,000	1,000	1,000	-
Deferred inflows related to other postemployment benefits.....	26,158	61,126	34,522	-
TOTAL DEFERRED INFLOWS OF RESOURCES.....	27,158	62,126	35,522	-
NET POSITION				
Net investment in capital assets.....	8,831,599	8,570,524	17,749,270	1,140,667
Unrestricted.....	1,524,977	3,616,591	(487,265)	598,421
TOTAL NET POSITION.....	\$ 10,356,576	\$ 12,187,115	\$ 17,262,005	\$ 1,739,088

See notes to basic financial statements.

Business-type Activities - Enterprise Funds

Sanitation	Harbor Management	Recreation	Senior Citizens	Total	Governmental Activities - Internal Service Fund
\$ 321,168	\$ 304,289	\$ 434,617	\$ 113,857	\$ 11,869,293	\$ 8,971,939
147,563	-	-	-	3,748,347	-
-	46,002	-	-	74,599	631,271
-	-	-	-	834,924	-
<u>468,731</u>	<u>350,291</u>	<u>434,617</u>	<u>113,857</u>	<u>16,527,163</u>	<u>9,603,210</u>
-	211,089	950,000	-	7,578,091	-
-	4,685,117	70,943	13,101	48,585,268	-
-	4,896,206	1,020,943	13,101	56,163,359	-
<u>468,731</u>	<u>5,246,497</u>	<u>1,455,560</u>	<u>126,958</u>	<u>72,690,522</u>	<u>9,603,210</u>
-	-	11,000	-	468,000	-
-	-	-	-	204,018	-
-	-	11,000	-	672,018	-
209,381	982	6,985	1,120	721,836	283,499
-	-	-	-	-	1,330,668
-	-	-	-	144,006	-
-	-	500	-	4,900	-
-	10,000	32,000	-	117,000	-
-	-	-	-	66,000	-
-	-	-	-	2,400,000	-
-	-	-	-	893,502	-
<u>209,381</u>	<u>10,982</u>	<u>39,485</u>	<u>1,120</u>	<u>4,347,244</u>	<u>1,614,167</u>
-	6,000	11,000	-	42,000	-
-	-	-	-	2,047,000	-
-	-	87,000	-	3,715,000	-
-	-	-	-	3,950,381	-
-	-	-	-	10,647,547	-
-	6,000	98,000	-	20,401,928	-
<u>209,381</u>	<u>16,982</u>	<u>137,485</u>	<u>1,120</u>	<u>24,749,172</u>	<u>1,614,167</u>
-	-	-	-	3,000	-
-	-	-	-	121,806	-
-	-	-	-	124,806	-
-	4,896,206	1,020,943	13,101	42,222,310	-
<u>259,350</u>	<u>333,309</u>	<u>308,132</u>	<u>112,737</u>	<u>6,266,252</u>	<u>7,989,043</u>
<u>\$ 259,350</u>	<u>\$ 5,229,515</u>	<u>\$ 1,329,075</u>	<u>\$ 125,838</u>	<u>\$ 48,488,562</u>	<u>\$ 7,989,043</u>

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Airport	Golf and Tennis
OPERATING REVENUES:				
Employee contributions.....	\$ -	\$ -	\$ -	\$ -
Employer contributions.....	-	-	-	-
Charges for services.....	5,209,251	8,241,966	535,943	420,000
TOTAL OPERATING REVENUES	5,209,251	8,241,966	535,943	420,000
OPERATING EXPENSES:				
Cost of services and administration.....	3,490,133	5,375,222	402,402	133,102
Salaries and wages.....	607,702	673,906	224,402	-
Depreciation.....	557,030	1,252,544	717,363	184,870
Employee benefits.....	-	-	-	-
TOTAL OPERATING EXPENSES.....	4,654,865	7,301,672	1,344,167	317,972
OPERATING INCOME (LOSS).....	554,386	940,294	(808,224)	102,028
NONOPERATING REVENUES (EXPENSES):				
Investment income.....	-	-	-	-
Interest expense.....	(93,083)	(275,437)	-	(44,851)
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(93,083)	(275,437)	-	(44,851)
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	461,303	664,857	(808,224)	57,177
CAPITAL CONTRIBUTIONS.....	585	-	298,865	-
TRANSFERS:				
Transfers in.....	-	-	-	89,000
Transfers out.....	-	-	-	-
TOTAL TRANSFERS.....	-	-	-	89,000
CHANGE IN NET POSITION.....	461,888	664,857	(509,359)	146,177
NET POSITION AT BEGINNING OF YEAR.....	9,894,688	11,522,258	17,771,364	1,592,911
NET POSITION AT END OF YEAR.....	\$ 10,356,576	\$ 12,187,115	\$ 17,262,005	\$ 1,739,088

See notes to basic financial statements.

Business-type Activities - Enterprise Funds

	Sanitation	Harbor Management	Recreation	Senior Citizens	Total	Governmental Activities - Internal Service Fund
\$	-	\$ -	\$ -	\$ -	\$ -	\$ 4,885,543
	-	-	-	-	-	17,423,531
	<u>1,378,847</u>	<u>190,713</u>	<u>384,629</u>	<u>57,243</u>	<u>16,418,592</u>	-
	<u>1,378,847</u>	<u>190,713</u>	<u>384,629</u>	<u>57,243</u>	<u>16,418,592</u>	<u>22,309,074</u>
	2,478,713	171,760	194,413	57,628	12,303,373	-
	-	4,468	298,724	15,658	1,824,860	-
	-	237,134	7,089	4,596	2,960,626	-
	-	-	-	-	-	<u>22,518,621</u>
	<u>2,478,713</u>	<u>413,362</u>	<u>500,226</u>	<u>77,882</u>	<u>17,088,859</u>	<u>22,518,621</u>
	<u>(1,099,866)</u>	<u>(222,649)</u>	<u>(115,597)</u>	<u>(20,639)</u>	<u>(670,267)</u>	<u>(209,547)</u>
	-	-	345	50	395	57,281
	-	-	-	-	<u>(413,371)</u>	-
	-	-	<u>345</u>	<u>50</u>	<u>(412,976)</u>	<u>57,281</u>
	<u>(1,099,866)</u>	<u>(222,649)</u>	<u>(115,252)</u>	<u>(20,589)</u>	<u>(1,083,243)</u>	<u>(152,266)</u>
	-	<u>141,879</u>	-	-	<u>441,329</u>	-
	1,138,750	-	-	-	1,227,750	-
	-	-	<u>(450,000)</u>	-	<u>(450,000)</u>	-
	<u>1,138,750</u>	-	<u>(450,000)</u>	-	<u>777,750</u>	-
	38,884	(80,770)	(565,252)	(20,589)	135,836	(152,266)
	<u>220,466</u>	<u>5,310,285</u>	<u>1,894,327</u>	<u>146,427</u>	<u>48,352,726</u>	<u>8,141,309</u>
\$	<u>259,350</u>	<u>5,229,515</u>	<u>1,329,075</u>	<u>125,838</u>	<u>48,488,562</u>	<u>7,989,043</u>

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

YEAR ENDED JUNE 30, 2019

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Airport</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers and users.....	\$ 5,184,241	\$ 8,105,986	\$ 537,016
Receipts from interfund services provided.....	-	-	-
Payments to vendors.....	(3,241,922)	(5,333,964)	(476,726)
Payments to employees.....	(564,702)	(706,906)	(217,402)
Payments for interfund services used.....	-	-	-
NET CASH FROM OPERATING ACTIVITIES.....	<u>1,377,617</u>	<u>2,065,116</u>	<u>(157,112)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers in.....	-	-	-
Transfers out.....	-	-	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from the issuance of bonds and notes.....	2,400,000	-	-
Capital contributions.....	585	-	298,865
Acquisition and construction of capital assets.....	(1,450,595)	(1,073,406)	(61,399)
Principal payments on bonds and notes.....	(272,882)	(489,413)	-
Interest expense.....	(101,992)	(288,354)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	<u>575,116</u>	<u>(1,851,173)</u>	<u>237,466</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income.....	-	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	1,952,733	213,943	80,354
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	<u>3,088,156</u>	<u>3,647,140</u>	<u>1,091,171</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	<u>\$ 5,040,889</u>	<u>\$ 3,861,083</u>	<u>\$ 1,171,525</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH			
FROM OPERATING ACTIVITIES:			
Operating income (loss).....	\$ 554,386	\$ 940,294	\$ (808,224)
Adjustments to reconcile operating income to net cash from operating activities:			
Depreciation.....	557,030	1,252,544	717,363
Deferred (outflows)/inflows related to pensions.....	(110,000)	(121,000)	(52,000)
Deferred (outflows)/inflows related to other postemployment benefits.....	(48,744)	(116,344)	(67,514)
Changes in assets and liabilities:			
User charges.....	(25,010)	(135,980)	-
Departmental and other.....	-	-	1,073
Investment in joint venture.....	-	(115,983)	-
Warrants payable.....	182,412	22,929	(87,235)
Health claims payable.....	-	-	-
Customer deposits.....	-	-	-
Compensated absences.....	43,000	(33,000)	7,000
Workers' compensation.....	(68,000)	-	-
Net pension liability.....	138,000	152,000	64,000
Net other postemployment benefits liability.....	154,543	219,656	68,425
Total adjustments.....	<u>823,231</u>	<u>1,124,822</u>	<u>651,112</u>
NET CASH FROM OPERATING ACTIVITIES.....	<u>\$ 1,377,617</u>	<u>\$ 2,065,116</u>	<u>\$ (157,112)</u>

See notes to basic financial statements.

Business-type Activities - Enterprise Funds							Governmental Activities - Internal Service Fund
Golf and Tennis	Sanitation	Harbor Management	Recreation	Senior Citizens	Total		
\$ 420,000	\$ 1,379,565	\$ 170,734	\$ 410,327	\$ 57,243	\$ 16,265,112	\$ -	-
-	-	-	-	-	-	-	22,328,074
(132,998)	(2,387,889)	(209,043)	(188,834)	(57,680)	(12,029,056)	-	-
-	-	(3,468)	(283,724)	(15,658)	(1,791,860)	-	-
-	-	-	-	-	-	-	(22,224,963)
<u>287,002</u>	<u>(1,008,324)</u>	<u>(41,777)</u>	<u>(62,231)</u>	<u>(16,095)</u>	<u>2,444,196</u>		<u>103,111</u>
89,000	1,138,750	-	-	-	1,227,750	-	-
-	-	-	(450,000)	-	(450,000)	-	-
<u>89,000</u>	<u>1,138,750</u>	<u>-</u>	<u>(450,000)</u>	<u>-</u>	<u>777,750</u>		<u>-</u>
-	-	-	-	-	2,400,000	-	-
-	-	141,879	-	-	441,329	-	-
(94,800)	-	-	-	-	(2,680,200)	-	-
(165,000)	-	-	-	-	(927,295)	-	-
(46,484)	-	-	-	-	(436,830)	-	-
<u>(306,284)</u>	<u>-</u>	<u>141,879</u>	<u>-</u>	<u>-</u>	<u>(1,202,996)</u>		<u>-</u>
-	-	-	345	50	395	-	57,281
69,718	130,426	100,102	(511,886)	(16,045)	2,019,345	-	160,392
<u>552,147</u>	<u>190,742</u>	<u>204,187</u>	<u>946,503</u>	<u>129,902</u>	<u>9,849,948</u>		<u>8,811,547</u>
<u>\$ 621,865</u>	<u>\$ 321,168</u>	<u>\$ 304,289</u>	<u>\$ 434,617</u>	<u>\$ 113,857</u>	<u>\$ 11,869,293</u>		<u>\$ 8,971,939</u>
\$ 102,028	\$ (1,099,866)	\$ (222,649)	\$ (115,597)	\$ (20,639)	\$ (670,267)	\$ (209,547)	
184,870	-	237,134	7,089	4,596	2,960,626	-	-
-	-	-	(7,000)	-	(290,000)	-	-
-	-	-	-	-	(232,602)	-	-
-	718	-	-	-	(160,272)	-	-
-	-	(19,979)	-	-	(18,906)	-	19,000
-	-	-	-	-	(115,983)	-	-
104	90,824	(37,283)	3,579	(52)	175,278	-	196,658
-	-	-	-	-	-	-	97,000
-	-	-	25,698	-	25,698	-	-
-	-	1,000	15,000	-	33,000	-	-
-	-	-	-	-	(68,000)	-	-
-	-	-	9,000	-	363,000	-	-
-	-	-	-	-	442,624	-	-
<u>184,974</u>	<u>91,542</u>	<u>180,872</u>	<u>53,366</u>	<u>4,544</u>	<u>3,114,463</u>		<u>312,658</u>
<u>\$ 287,002</u>	<u>\$ (1,008,324)</u>	<u>\$ (41,777)</u>	<u>\$ (62,231)</u>	<u>\$ (16,095)</u>	<u>\$ 2,444,196</u>		<u>\$ 103,111</u>

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2019

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and cash equivalents.....	\$ 715,301	\$ 63,598	\$ 284,376
Investments:			
Investments in Pension Reserve Investment Trust.....	121,686,097	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	5,351,740	-	-
TOTAL ASSETS.....	127,753,138	63,598	284,376
LIABILITIES			
Warrants payable.....	-	-	8,953
Liabilities due depositors.....	-	-	275,423
TOTAL LIABILITIES.....	-	-	284,376
NET POSITION			
Restricted for pensions.....	126,886,800	-	-
Restricted for other postemployment benefits.....	866,338	-	-
Held in trust for other purposes.....	-	63,598	-
TOTAL NET POSITION.....	\$ 127,753,138	\$ 63,598	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

YEAR ENDED JUNE 30, 2019

	Pension and Other Employee Benefit Trust Funds	Private Purpose Trust Funds
	<u>Trust Funds</u>	<u>Trust Funds</u>
ADDITIONS:		
Contributions:		
Employer contributions.....	\$ 11,171,987	\$ -
Employer contributions for other postemployment benefit payments...	8,308,148	-
Member contributions.....	2,993,279	-
Transfers from other systems.....	532,089	-
Intergovernmental.....	84,773	-
	<u>23,090,276</u>	<u>-</u>
Net investment income:		
Investment income (loss).....	(2,172,893)	7,458
Less: investment expense.....	(685,754)	-
	<u>(2,858,647)</u>	<u>7,458</u>
Net investment income (loss).....	(2,858,647)	7,458
	<u>20,231,629</u>	<u>7,458</u>
DEDUCTIONS:		
Administration.....	163,470	-
Transfers to other systems.....	354,656	-
3(8)c transfer to other systems.....	328,757	-
Retirement benefits and refunds.....	13,436,415	-
Other postemployment benefit payments.....	8,308,148	-
Educational scholarships.....	-	265
	<u>22,591,446</u>	<u>265</u>
TOTAL DEDUCTIONS.....	22,591,446	265
	<u>(2,359,817)</u>	<u>7,193</u>
NET INCREASE (DECREASE) IN NET POSITION.....	(2,359,817)	7,193
NET POSITION AT BEGINNING OF YEAR.....	130,112,955	56,405
NET POSITION AT END OF YEAR.....	\$ <u>127,753,138</u>	\$ <u>63,598</u>

See notes to basic financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the City of Beverly, 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 Beverly Contributory Retirement System (the 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 Accountant (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 separately 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 191 Cabot Street, Beverly, Massachusetts 01915.

Joint Ventures

The City is a member of the South Essex Sewerage District (the District), a joint venture with the Cities of Salem and Peabody and the Towns of Danvers and Marblehead, for the operation of a septage disposal facility. The members share in overseeing the operations of the District. Each member is responsible for its proportionate share of the operational costs of the District, which are paid in the form of assessments. At June 30, 2019, the City has an equity unassigned and undesignated interest in the operation of the District totaling \$834,924. The equity unassigned and undesignated interest related to operations is recorded in the sewer enterprise fund. Complete financial information for the District can be obtained by contacting them at P.O. Box 989, 50 Fort Avenue, Salem, Massachusetts 01970.

The City is a member of the Salem-Beverly Water Supply Board (Water Board), a joint venture with the City of Salem for the operation of a water distribution system. The City does not have an equity interest in the Salem-Beverly Water Board. The annual assessment from the Water Board for the year ended June 30, 2019, totaled \$2,288,086. Complete financial information for the Water Board can be obtained by contacting them at 50 Arlington Avenue, Beverly, MA 01915.

The City is a member of the Essex Technical High School that serves the members' students seeking an education in academic, technical and agriculture studies. The members share in the operations of the Essex Technical High School and each member is responsible for its proportionate share of the operational and capital cost of the Essex Technical High School, which are paid in the form of assessments. The City does not have an equity interest in the Essex Technical High School and the 2019 assessment was \$2,052,642. Complete financial information can be obtained by contacting them at 565 Maple Street, Danvers, MA 01923.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Major Fund Criteria

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

- If 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 *community preservation fund* is attributable to the City's acceptance of the Community Preservation Act, which allows the City to impose up to a 1% surcharge on property taxes and to receive matching State grant funds for specified uses related to the acquisition, creation, preservation and support of open space, historical resources, land for recreational use and community housing.

The *middle school construction fund* is used to account for the new middle school construction project activities.

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 following major proprietary funds are reported:

The *water enterprise fund* is used to account for water activities.

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

The *airport enterprise fund* is used to account for airport activities.

The *golf and tennis enterprise fund* is used to account for golf and tennis club activities.

The *sanitation enterprise fund* is used to account for sanitation activities.

The *harbor management enterprise fund* is used to account for harbor management activities.

The *recreation enterprise fund* is used to account for recreational activities.

The *senior citizens enterprise fund* is used to account for senior citizen 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.

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* accumulates resources to provide funding for future OPEB (other postemployment benefits) liabilities.

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

The *agency fund* is used to account for assets held in a purely custodial capacity and is accounted for using the full accrual method but does not have a measurement focus.

D. Cash and Investments

Government-Wide and Fund Financial Statements

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

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 – Fair Value Measurements.

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 for 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 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.

Sanitation User Fees

User fees are levied quarterly at a rate of \$25 per residential unit. Commercial properties are levied quarterly at rates ranging from \$75 to \$225 per quarter, based on usage. Trash liens are processed in December of every year and included as a lien on the property owner's tax bill. Trash 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, airport fees and golf and tennis lease payments, which are recorded as receivables in the year accrued. The golf and tennis receivable is due from the management company that currently operates the course because no lease payments were received for the current year. The golf and tennis receivable is considered to be 100% collectible because the City has a mortgage agreement to secure its interest in the lease. The police details and airport fees allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Intergovernmental

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

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

G. Inventories

Government-Wide and Fund Financial Statements

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

H. Capital Assets

Government-Wide and Proprietary Fund Financial Statements

Capital assets, which include land, land improvements, buildings, machinery and equipment, 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 \$15,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

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

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

Governmental Fund Financial Statements

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

I. Deferred Outflows/Inflows of Resources

Government-Wide and Fund Financial Statements

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 other postemployment benefits 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 and other postemployment benefits in this category.

Governmental Fund Financial Statements

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

J. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

K. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Net position is reported as restricted when amounts 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:

“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.

“Community preservation” represents amounts restricted for the acquisition, creation, preservation and support of open space, historical resources, land for recreational use and community housing purposes.

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

Fund Financial Statements (Fund Balances)

Governmental fund 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 Finance Director has the authority to assign fund balance. Funds are assigned when the City has an obligation to purchase goods or services from the current year’s appropriation. Assignments generally only exist temporarily. Additional action does not have to be taken for the removal of an assignment.

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

M. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

N. Pensions

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

O. 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 from recreation and senior citizens proprietary funds is retained by those funds.

P. Compensated Absences

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

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

Q. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets

and liabilities at the date of the basic financial statements and the reported amounts of the revenues and expenditures/expenses during the year. Actual results could vary from estimates that were used.

R. 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.

S. Fund Deficits

Individual fund deficits exist within the middle school capital project fund. This deficit will be funded with bond proceeds and available fund balance in 2020.

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's OPEB trust fund and the System participate 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, 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 do not receive the highest bank rating as determined by a recognized bank rating firm if they are fully collateralized through a third party agreement. For uncollateralized bank accounts and CD's, the City's policy allows unlimited deposits (up to one year maturity) if the bank has received the highest bank rating as determined by a recognized bank rating firm. These deposits will be limited to no more than 25% of the City's cash. The City's policy also allows unlimited investments in money market funds, which are allowed by statute and are considered to be liquid funds.

At year-end, the carrying amount of deposits totaled \$50,898,109 and the bank balance totaled \$54,314,745. Of the bank balance, \$1,838,973 was covered by Federal Depository Insurance, \$6,226,955 was covered by Depository Insurance Fund, \$12,624,489 was covered by the Share Insurance Fund and \$33,624,328 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2018, the carrying amount of deposits for the System totaled \$715,301 and the bank balance of \$738,103 was covered by Federal Depository Insurance.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the government will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Of the City’s total investments of \$19,792,645, there was custodial credit risk exposure of \$4,329,193 which is equal to the investments in corporate bonds in the amount of \$767,953 and equity securities of \$3,561,240 because the related securities are uninsured, unregistered and held by the counterparty. The City’s investment policy does not address custodial credit risk associated with investments.

At December 31, 2018, the System was not exposed to custodial credit risk of investments because the System did not have investments in securities subject to custodial credit risk. The System has not adopted an investment policy for custodial credit risk.

Interest Rate Risk

The City’s investment policy limits investment maturities to one year, except for the trust funds which are not limited, as a means of managing its exposure to fair value losses arising from increasing interest rates.

As of December 31, 2018, the Retirement System had the following investments:

<u>Investment Type</u>	<u>Fair value</u>
<u>Other investments:</u>	
Pension Reserve Investment Trust (PRIT).....	\$ <u>120,819,759</u>

As of June 30, 2019, the City had the following investments and maturities.

<u>Investment Type</u>	<u>Fair value</u>	<u>Maturities</u>		
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
<u>Debt securities:</u>				
Corporate bonds.....	\$ 767,953	\$ 50,011	\$ 565,789	\$ 152,153
Bond mutual funds.....	<u>607,203</u>	<u>607,203</u>	<u>-</u>	<u>-</u>
Total debt securities.....	1,375,156	<u>\$ 657,214</u>	<u>\$ 565,789</u>	<u>\$ 152,153</u>
<u>Other investments:</u>				
Equity securities.....	3,561,240			
Mutual funds.....	75,125			
Money market mutual funds.....	162,440			
Pension Reserve Investment Trust (PRIT).....	866,338			
MMDT - Cash portfolio.....	<u>13,752,646</u>			
Total investments.....	<u>\$ 19,792,945</u>			

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

The System participates in PRIT. The effective weighted duration rate for PRIT investments ranged from 0.18 to 15.31 years.

Credit Risk

Of the City's investments in corporate bonds, \$153,245 were rated AA, \$280,801 were rated A and \$333,907 were rated BBB. The City's investments in mutual funds, bond mutual funds, money market mutual funds and MMDT are unrated. The Systems investments are managed by PRIT and are not subject to credit risk.

Concentration of Credit Risk

The City will minimize the 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 any one issuer exceeding 5 percent of their total investments.

The Systems investments are managed by PRIT and are not subject to concentration of credit risk.

Fair 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, 2019:

Investment Type	June 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
<u>Debt securities:</u>				
Corporate bonds.....	\$ 767,953	\$ -	\$ 767,953	\$ -
Bond mutual funds.....	607,203	607,203	-	-
Total debt securities.....	1,375,156	607,203	767,953	-
<u>Other investments:</u>				
Equity securities.....	3,561,240	3,561,240	-	-
Mutual funds.....	75,125	75,125	-	-
Money market mutual funds.....	162,440	162,440	-	-
Total other investments.....	3,798,805	3,798,805	-	-
Total investments measured at fair value.....	5,173,961	\$ 4,406,008	\$ 767,953	\$ -
Investments measured at amortized cost:				
MMDT - Cash portfolio.....	13,752,646			
Investments measured at net asset value:				
Pension Reserve Investment Trust (PRIT).....	866,338			
Total investments.....	\$ 19,792,945			

Equity securities, mutual funds, money market 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 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.

OPEB Trust Fund and Retirement System

The City’s OPEB trust fund investments of \$866,338 and the System’s investments of \$120,819,759 are managed by PRIT and are valued using the net asset value. 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 City does not have the ability to control any of the investment decisions relative to its funds in PRIT.

NOTE 3 - RECEIVABLES

At June 30, 2019, receivables for the individual major and 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.....	\$ 954,637	\$ -	\$ 954,637
Tax liens.....	2,706,029	-	2,706,029
Community preservation fund surtax.....	4,839	-	4,839
Motor vehicle and other excise taxes.....	703,142	-	703,142
Departmental and other.....	795,123	(37,730)	757,393
Intergovernmental.....	6,341,388	-	6,341,388
Total.....	\$ 11,505,158	\$ (37,730)	\$ 11,467,428

At June 30, 2019, receivables for the water, sewer, airport, sanitation, harbor and recreation enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water user charges.....	\$ 1,192,572	\$ -	\$ 1,192,572
Sewer user charges.....	2,408,212	-	2,408,212
Airport departmental and other.....	28,597	-	28,597
Sanitation user charges.....	147,563	-	147,563
Harbor departmental and other.....	46,002	-	46,002
Total.....	\$ 3,822,946	\$ -	\$ 3,822,946

At December 31, 2018, receivables for the pension trust fund total \$5,351,740 and consist of \$4,932,589 related to the City’s assessment and \$419,151 related to Housing Authority member deductions.

Governmental funds report *deferred inflows of resources* 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 revenues reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 541,335	\$ 5,075	\$ 546,410
Tax liens.....	2,706,029	-	2,706,029
Motor vehicle and other excise taxes.....	703,142	-	703,142
Departmental and other.....	8,327	117,797	126,124
Intergovernmental - highway improvements.....	-	371,845	371,845
Intergovernmental - School Building Authority.....	2,372,944	-	2,372,944
Intergovernmental - other.....	-	64,932	64,932
Total.....	\$ 6,331,777	\$ 559,649	\$ 6,891,426

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 14,655,519	\$ -	\$ -	\$ 14,655,519
Construction in progress.....	<u>1,359,468</u>	<u>812,914</u>	<u>(973,079)</u>	<u>1,199,303</u>
Total capital assets not being depreciated.....	<u>16,014,987</u>	<u>812,914</u>	<u>(973,079)</u>	<u>15,854,822</u>
<u>Capital assets being depreciated:</u>				
Land improvements.....	6,095,170	2,305,698	(110,306)	8,290,562
Buildings and improvements.....	261,124,009	10,749,963	-	271,873,972
Machinery and equipment.....	11,735,152	390,352	(1,795,542)	10,329,962
Vehicles.....	5,907,246	359,952	(1,213,919)	5,053,279
Infrastructure.....	<u>111,608,957</u>	<u>3,631,669</u>	<u>(18,077,779)</u>	<u>97,162,847</u>
Total capital assets being depreciated.....	<u>396,470,534</u>	<u>17,437,634</u>	<u>(21,197,546)</u>	<u>392,710,622</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(2,262,452)	(320,574)	107,548	(2,475,478)
Buildings and improvements.....	(65,474,605)	(7,272,236)	-	(72,746,841)
Machinery and equipment.....	(7,240,807)	(996,762)	1,795,542	(6,442,027)
Vehicles.....	(4,565,559)	(454,623)	1,213,919	(3,806,263)
Infrastructure.....	<u>(69,057,305)</u>	<u>(2,670,901)</u>	<u>18,077,783</u>	<u>(53,650,423)</u>
Total accumulated depreciation.....	<u>(148,600,728)</u>	<u>(11,715,096)</u>	<u>21,194,792</u>	<u>(139,121,032)</u>
Total capital assets being depreciated, net.....	<u>247,869,806</u>	<u>5,722,538</u>	<u>(2,754)</u>	<u>253,589,590</u>
Total governmental activities capital assets, net.....	<u>\$ 263,884,793</u>	<u>\$ 6,535,452</u>	<u>\$ (975,833)</u>	<u>\$ 269,444,412</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Water:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 3,272,613	\$ -	\$ -	\$ 3,272,613
Construction in progress.....	228,179	891,239	-	1,119,418
Total capital assets not being depreciated.....	3,500,792	891,239	-	4,392,031
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	252,038	-	-	252,038
Machinery and equipment.....	430,636	-	-	430,636
Vehicles.....	538,720	164,000	-	702,720
Infrastructure.....	19,316,341	395,356	(3,855,078)	15,856,619
Total capital assets being depreciated.....	20,537,735	559,356	(3,855,078)	17,242,013
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(248,887)	(3,151)	-	(252,038)
Machinery and equipment.....	(144,959)	(43,064)	-	(188,023)
Vehicles.....	(460,127)	(28,782)	-	(488,909)
Infrastructure.....	(10,015,678)	(482,033)	3,855,078	(6,642,633)
Total accumulated depreciation.....	(10,869,651)	(557,030)	3,855,078	(7,571,603)
Total capital assets being depreciated, net.....	9,668,084	2,326	-	9,670,410
Total water activities capital assets, net.....	\$ 13,168,876	\$ 893,565	\$ -	\$ 14,062,441
Sewer:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 227,792	\$ -	\$ -	\$ 227,792
<u>Capital assets being depreciated:</u>				
Land improvements.....	19,863	-	-	19,863
Machinery and equipment.....	320,628	-	-	320,628
Vehicles.....	50,642	350,933	-	401,575
Infrastructure.....	53,427,258	722,473	(1,528,597)	52,621,134
Total capital assets being depreciated.....	53,818,391	1,073,406	(1,528,597)	53,363,200
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(4,883)	(993)	-	(5,876)
Machinery and equipment.....	(122,810)	(29,812)	-	(152,622)
Vehicles.....	(51,633)	(14,288)	-	(65,921)
Infrastructure.....	(37,567,988)	(1,207,451)	1,528,597	(37,246,842)
Total accumulated depreciation.....	(37,747,314)	(1,252,544)	1,528,597	(37,471,261)
Total capital assets being depreciated, net.....	16,071,077	(179,138)	-	15,891,939
Total sewer activities capital assets, net.....	\$ 16,298,869	\$ (179,138)	\$ -	\$ 16,119,731

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Airport:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 1,645,883	\$ 61,399	\$ -	\$ 1,707,282
<u>Capital assets being depreciated:</u>				
Land improvements.....	2,384,284	-	-	2,384,284
Buildings and improvements.....	4,740,249	-	-	4,740,249
Machinery and equipment.....	505,564	-	-	505,564
Vehicles.....	301,376	-	-	301,376
Infrastructure.....	15,605,780	-	(563,387)	15,042,393
Total capital assets being depreciated.....	<u>23,537,253</u>	<u>-</u>	<u>(563,387)</u>	<u>22,973,866</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(1,541,906)	(79,876)	-	(1,621,782)
Buildings and improvements.....	(797,440)	(104,309)	-	(901,749)
Machinery and equipment.....	(294,735)	(33,556)	-	(328,291)
Vehicles.....	(257,412)	(9,672)	-	(267,084)
Infrastructure.....	(3,886,409)	(489,950)	563,387	(3,812,972)
Total accumulated depreciation.....	<u>(6,777,902)</u>	<u>(717,363)</u>	<u>563,387</u>	<u>(6,931,878)</u>
Total capital assets being depreciated, net.....	<u>16,759,351</u>	<u>(717,363)</u>	<u>-</u>	<u>16,041,988</u>
Total airport activities capital assets, net.....	<u>\$ 18,405,234</u>	<u>\$ (655,964)</u>	<u>\$ -</u>	<u>\$ 17,749,270</u>
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Golf and Tennis:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 89,897	\$ -	\$ -	\$ 89,897
<u>Capital assets being depreciated:</u>				
Land improvements.....	1,089,547	-	-	1,089,547
Buildings and improvements.....	2,864,863	94,800	-	2,959,663
Machinery and equipment.....	142,680	-	-	142,680
Total capital assets being depreciated.....	<u>4,097,090</u>	<u>94,800</u>	<u>-</u>	<u>4,191,890</u>
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(700,047)	(29,344)	-	(729,391)
Buildings and improvements.....	(1,094,014)	(141,258)	-	(1,235,272)
Machinery and equipment.....	(1,189)	(14,268)	-	(15,457)
Total accumulated depreciation.....	<u>(1,795,250)</u>	<u>(184,870)</u>	<u>-</u>	<u>(1,980,120)</u>
Total capital assets being depreciated, net.....	<u>2,301,840</u>	<u>(90,070)</u>	<u>-</u>	<u>2,211,770</u>
Total golf and tennis activities capital assets, net.....	<u>\$ 2,391,737</u>	<u>\$ (90,070)</u>	<u>\$ -</u>	<u>\$ 2,301,667</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Harbor Management:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 211,089	\$ -	\$ -	\$ 211,089
<u>Capital assets being depreciated:</u>				
Land improvements.....	4,182,265	-	-	4,182,265
Buildings and improvements.....	329,770	-	-	329,770
Machinery and equipment.....	182,219	-	-	182,219
Vehicles.....	77,300	-	-	77,300
Infrastructure.....	6,712,465	-	(3,894,794)	2,817,671
Total capital assets being depreciated.....	11,484,019	-	(3,894,794)	7,589,225
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(930,839)	(138,343)	-	(1,069,182)
Buildings and improvements.....	(295,096)	(7,705)	-	(302,801)
Machinery and equipment.....	(144,071)	(18,222)	-	(162,293)
Vehicles.....	(77,300)	-	-	(77,300)
Infrastructure.....	(5,114,462)	(72,864)	3,894,794	(1,292,532)
Total accumulated depreciation.....	(6,561,768)	(237,134)	3,894,794	(2,904,108)
Total capital assets being depreciated, net.....	4,922,251	(237,134)	-	4,685,117
Total harbor management activities capital assets, net.....	\$ 5,133,340	\$ (237,134)	\$ -	\$ 4,896,206

	Beginning Balance	Increases	Decreases	Ending Balance
Senior Citizen:				
<u>Capital assets being depreciated:</u>				
Machinery and equipment.....	\$ 23,632	\$ -	\$ -	\$ 23,632
Vehicles.....	22,329	-	-	22,329
Total capital assets being depreciated.....	45,961	-	-	45,961
<u>Less accumulated depreciation for:</u>				
Machinery and equipment.....	(13,785)	(2,363)	-	(16,148)
Vehicles.....	(14,479)	(2,233)	-	(16,712)
Total accumulated depreciation.....	(28,264)	(4,596)	-	(32,860)
Total senior citizen activities capital assets, net.....	\$ 17,697	\$ (4,596)	\$ -	\$ 13,101

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Recreation:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 950,000	\$ -	\$ -	\$ 950,000
<u>Capital assets being depreciated:</u>				
Land improvements.....	59,803	-	-	59,803
Buildings and improvements.....	22,180	-	-	22,180
Total capital assets being depreciated.....	81,983	-	-	81,983
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(3,489)	(5,980)	-	(9,469)
Buildings and improvements.....	(462)	(1,109)	-	(1,571)
Total accumulated depreciation.....	(3,951)	(7,089)	-	(11,040)
Total capital assets being depreciated, net.....	78,032	(7,089)	-	70,943
Total recreation activities capital assets, net.....	\$ 1,028,032	\$ (7,089)	\$ -	\$ 1,020,943

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

Governmental Activities:

General government.....	\$ 215,138
Public safety.....	682,855
Education.....	7,147,227
Public works.....	3,208,569
Human services.....	64,432
Culture and recreation.....	396,875
Total depreciation expense - governmental activities.....	\$ 11,715,096

Business-Type Activities:

Water.....	\$ 557,030
Sewer.....	1,252,544
Airport.....	717,363
Golf and tennis.....	184,870
Harbor management.....	237,134
Recreation.....	7,089
Senior Citizens.....	4,596
Total depreciation expense - business-type activities.....	\$ 2,960,626

NOTE 5 – INTERFUND TRANSFERS

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

Transfers Out:	Transfers In:					Total
	General fund	Community Preservation fund	Nonmajor governmental funds	Golf and Tennis Enterprise fund	Sanitation Enterprise fund	
General fund.....	\$ -	\$ -	\$ 4,076,750	\$ -	\$ 1,138,750	\$ 5,215,500 (1)
Community Preservation fund.....	-	-	409,052	89,000	-	498,052 (2)
Nonmajor governmental funds.....	1,263,963	84,350	700,342	-	-	2,048,655 (3)
Recreation Enterprise fund.....	-	450,000	-	-	-	450,000 (4)
Total.....	\$ 1,263,963	\$ 534,350	\$ 5,186,144	\$ 89,000	\$ 1,138,750	\$ 8,212,207

- (1) Represents the transfer of amounts raised to fund capital projects, the sanitation enterprise fund and other governmental activities accounted for in special revenue funds.
- (2) Represents transfers from the community preservation fund to governmental capital project funds and the golf and tennis enterprise fund.
- (3) Represents budgeted transfers from other available funds to support general fund operations, a transfer from the Lynch Park capital projects fund to the community preservation fund, and various transfers between nonmajor governmental funds.
- (4) Represents a transfer from the recreation enterprise fund to the community preservation fund.

NOTE 6 – CAPITAL LEASES

The City has entered into lease agreements to finance the acquisition of school busses, vans and notebook computers.

The notebook computers are being used for the High School's 1 to 1 computer initiative. Under this program, parents are required to sign an agreement with the school where an annual fee is paid for the right to use a notebook computer. The agreements have various payment options and a buyout provision at the end of the term. For students that do not participate in the lease program, the School provides computers at no cost that must remain on school property.

The lease agreements qualify as capital leases, for accounting purposes, and therefore have been recorded at the present value of their future minimum lease payments as of the inception date of the lease agreement.

The assets acquired through capital leases are as follows:

Asset:	Governmental Activities
Machinery and equipment.....	\$ 3,623,602
Less: accumulated depreciation.....	(2,729,994)
Total.....	\$ 893,608

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

Years ending June 30:	Governmental Activities
2020.....	\$ 339,048
2021.....	246,593
2022.....	<u>83,515</u>
Total minimum lease payments.....	669,156
Less: amounts representing interest.....	<u>(29,327)</u>
Present value of minimum lease payments.....	<u>\$ 639,829</u>

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.

Details related to the short-term debt activity for the year ended June 30, 2019, are as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2018	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2019
Governmental Funds:							
BAN	Middle School construction.....	3.00%	06/29/19	\$ 12,000,000	\$ -	\$ (12,000,000)	\$ -
BAN	Middle School construction.....	2.50%	06/26/20	-	12,500,000	-	12,500,000
BAN	Parking kiosks & traffic equipment.....	2.50%	06/26/20	-	860,000	-	860,000
Total Governmental Funds.....				<u>\$ 12,000,000</u>	<u>\$ 13,360,000</u>	<u>\$ (12,000,000)</u>	<u>\$ 13,360,000</u>
Water Enterprise Fund:							
BAN	Brimbal Avenue standpipe.....	2.50%	06/26/20	-	2,000,000	-	2,000,000
BAN	Pershing Avenue water pump station.....	2.50%	06/26/20	-	400,000	-	400,000
Total Water Enterprise Fund.....				<u>\$ -</u>	<u>\$ 2,400,000</u>	<u>\$ -</u>	<u>\$ 2,400,000</u>

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, 2019, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2019
Municipal Purpose Refunding Bonds of 2010.....	2020	\$ 11,360,350	3.00 - 5.00	\$ 485,000
Municipal Purpose Bonds of 2010.....	2035	21,320,000	3.00 - 5.00	13,340,000
High School Construction Bonds of 2010.....	2035	10,000,000	2.00 - 4.00	6,800,000
Municipal Purpose Bonds of 2013.....	2027	2,130,000	2.00 - 4.00	1,050,000
Municipal Purpose Refunding Bonds of 2013.....	2024	18,638,500	2.00 - 4.00	7,614,500
Municipal Purpose Bonds of 2015.....	2035	9,748,000	2.00 - 5.00	6,880,000
Municipal Purpose Bonds of 2016.....	2041	27,203,000	2.00 - 4.00	25,240,000
Municipal Purpose Bonds of 2018.....	2048	23,875,000	2.00 - 5.00	23,075,000
Total Bonds Payable.....				84,484,500
Add: Unamortized premium on bonds.....				2,828,894
Total Bonds Payable, net.....				\$ 87,313,394

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

Year	Principal	Interest	Total
2020.....	\$ 6,250,000	\$ 3,058,773	\$ 9,308,773
2021.....	6,290,000	2,819,110	9,109,110
2022.....	6,099,500	2,568,220	8,667,720
2023.....	4,185,000	2,355,580	6,540,580
2024.....	3,900,000	2,185,717	6,085,717
2025.....	3,505,000	2,025,804	5,530,804
2026.....	3,505,000	1,874,841	5,379,841
2027.....	3,500,000	1,731,753	5,231,753
2028.....	3,360,000	1,590,952	4,950,952
2029.....	3,320,000	1,456,527	4,776,527
2030.....	3,320,000	1,326,678	4,646,678
2031.....	3,315,000	1,200,553	4,515,553
2032.....	3,310,000	1,079,153	4,389,153
2033.....	3,310,000	960,878	4,270,878
2034.....	3,310,000	845,088	4,155,088
2035.....	3,260,000	729,302	3,989,302
2036.....	2,120,000	615,076	2,735,076
2037.....	1,720,000	555,476	2,275,476
2038.....	1,715,000	503,951	2,218,951
2039.....	1,715,000	452,004	2,167,004
2040.....	1,715,000	399,560	2,114,560
2041.....	1,640,000	347,744	1,987,744
2042.....	1,640,000	296,557	1,936,557
2043.....	1,640,000	244,841	1,884,841
2044.....	1,640,000	192,597	1,832,597
2045.....	1,640,000	140,353	1,780,353
2046.....	1,640,000	88,110	1,728,110
2047.....	1,125,000	43,913	1,168,913
2048.....	795,000	12,910	807,910
Total.....	\$ 84,484,500	\$ 31,702,021	\$ 116,186,521

Bonds and Notes Payable Schedule – Water Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2019
Water - Hale and West Street.....	2030	892,500	3.88	\$ 487,062
Municipal Purpose Refunding Bonds of 2013.....	2024	899,500	2.00 - 4.00	279,500
Water Beverly Farms.....	2041	2,150,000	2.00 - 4.00	1,990,000
Total Bonds Payable.....				2,756,562
Add: Unamortized premium on bonds.....				74,280
Total Bonds Payable, net.....				\$ 2,830,842

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

Year	Principal	Interest	Total
2020.....	\$ 225,882	\$ 95,197	\$ 321,079
2021.....	219,118	87,405	306,523
2022.....	208,618	78,809	287,427
2023.....	124,118	71,715	195,833
2024.....	124,118	66,749	190,867
2025.....	124,118	61,785	185,903
2026.....	124,118	56,819	180,937
2027.....	124,118	51,855	175,973
2028.....	119,118	46,991	166,109
2029.....	119,118	42,225	161,343
2030.....	119,118	37,409	156,527
2031.....	75,000	32,906	107,906
2032.....	75,000	30,656	105,656
2033.....	75,000	28,406	103,406
2034.....	75,000	26,156	101,156
2035.....	75,000	23,906	98,906
2036.....	75,000	21,656	96,656
2037.....	75,000	19,406	94,406
2038.....	75,000	17,156	92,156
2039.....	75,000	14,906	89,906
2040.....	75,000	12,656	87,656
2041.....	75,000	10,406	85,406
2042.....	75,000	8,156	83,156
2043.....	75,000	5,859	80,859
2044.....	75,000	3,516	78,516
2045.....	75,000	1,178	76,178
Total.....	\$ 2,756,562	\$ 953,884	\$ 3,710,446

Bonds and Notes Payable Schedule – Sewer Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2019
Sewer - MCWT (CW-02-15A).....	2023	\$ 64,771	1.99	\$ 21,423
Sewer - MCWT (CW-02-15).....	2023	592,114	5.04	203,974
Sewer - Hale and West Street.....	2030	1,657,500	3.88	892,938
Sewer - Drainage.....	2030	1,670,000	3.73	905,000
Sewer - Infrastructure.....	2035	3,708,000	2.00 - 4.00	2,505,000
Sewer - Drainage.....	2035	774,000	2.00 - 4.00	615,000
Sewer - Infrastructure.....	2041	2,500,000	2.00 - 4.00	<u>2,320,000</u>
Total Bonds Payable.....				7,463,335
Add: Unamortized premium on bonds.....				<u>85,872</u>
Total Bonds Payable, net.....				<u><u>\$ 7,549,207</u></u>

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

Year	Principal	Interest	Total
2020.....	\$ 489,495	\$ 278,020	\$ 767,515
2021.....	490,875	261,313	752,188
2022.....	490,960	240,618	731,578
2023.....	491,046	218,587	709,633
2024.....	495,667	198,040	693,707
2025.....	445,882	179,761	625,643
2026.....	445,882	161,525	607,407
2027.....	445,882	144,089	589,971
2028.....	440,882	126,755	567,637
2029.....	440,882	109,519	550,401
2030.....	410,882	92,072	502,954
2031.....	270,000	76,151	346,151
2032.....	270,000	66,601	336,601
2033.....	270,000	57,051	327,051
2034.....	270,000	47,457	317,457
2035.....	270,000	37,849	307,849
2036.....	235,000	28,269	263,269
2037.....	90,000	22,669	112,669
2038.....	90,000	19,969	109,969
2039.....	90,000	17,269	107,269
2040.....	90,000	14,569	104,569
2041.....	90,000	11,869	101,869
2042.....	85,000	9,244	94,244
2043.....	80,000	6,719	86,719
2044.....	75,000	4,297	79,297
2045.....	75,000	1,953	76,953
2046.....	<u>25,000</u>	<u>385</u>	<u>25,385</u>
Total.....	\$ <u>7,463,335</u>	\$ <u>2,432,620</u>	\$ <u>9,895,955</u>

Bonds and Notes Payable Schedule – Beverly Golf and Tennis Enterprise Fund

Project	Maturities Through	Original Loan Amount	Interest Rate (%)	Outstanding at June 30, 2019
Golf and Tennis improvements.....	2024	\$ 1,500,000	2.00 - 4.00	\$ 630,000
Municipal Purpose Refunding Bonds of 2013	2024	306,000	2.00 - 4.00	131,000
Municipal Purpose Bonds of 2016.....	2035	500,000	2.00 - 5.00	400,000
Total Bonds Payable.....				\$ 1,161,000

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

Year	Principal	Interest	Total
2020.....	\$ 165,000	\$ 40,859	\$ 205,859
2021.....	165,000	35,059	200,059
2022.....	161,000	28,814	189,814
2023.....	160,000	22,294	182,294
2024.....	130,000	16,394	146,394
2025.....	130,000	10,944	140,944
2026.....	25,000	7,594	32,594
2027.....	25,000	6,844	31,844
2028.....	25,000	6,094	31,094
2029.....	25,000	5,344	30,344
2030.....	25,000	4,594	29,594
2031.....	25,000	3,844	28,844
2032.....	25,000	3,094	28,094
2033.....	25,000	2,344	27,344
2034.....	25,000	1,562	26,562
2035.....	25,000	782	25,782
Total.....	\$ 1,161,000	\$ 196,460	\$ 1,357,460

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 2019, \$868,131 of such assistance was received and \$2,604,392 will be received in future years. Of this amount, \$231,448 represents reimbursement of long-term interest costs, and \$2,372,944 represents reimbursement of approved construction costs. Accordingly, a \$2,372,944 intergovernmental receivable and corresponding deferred inflow of resources have been reported in the governmental fund financial statements. The deferred inflow of resources has been recognized as revenue in the conversion to the government-wide financial statements.

The Commonwealth enacted legislation that changed the method for funding the school building assistance program. Under the program, the assistance is paid to support construction costs and reduce the total debt service of the City. The City has been approved for the Briscoe Middle School construction project. Through the end of 2019, the City has received \$45,184,338 of capital grant reimbursements from the MSBA which is equal to 42.42% of approved construction costs incurred to date for the new middle school. The City anticipates receiving an additional \$980,553 of grant proceeds in 2020.

The City is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit. At June 30, 2019, the City had the following authorized and unissued debt:

Purpose	Amount
Beverly Farms library.....	\$ 1,005,000
Sewer and water projects.....	268,596
Sewer.....	1,300,000
Expert Appraisal.....	74,416
Landfill cleanup.....	200,000
Innocenti remediation.....	487,717
Chubbs brook drainage.....	130,000
High school construction.....	530,438
City hall and police station repairs.....	117,000
Library repairs.....	142,000
Middle school design and feasibility.....	44,174
Standley Street water main.....	800,000
Beverly Farms water main.....	400,000
Middle school construction.....	14,758,218
Parking meter kiosks.....	1,200,000
Pershing Avenue pump station.....	819,687
Brimbal Avenue water tank.....	2,752,133
School Security Improvements.....	1,275,000
Total.....	\$ 26,304,379

Changes in Long-term Liabilities

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

	Beginning Balance	Bonds and Notes Issued	Bonds and Notes Redeemed	Other Increases	Other Decreases	Ending Balance	Due Within One Year
Governmental Activities:							
Long-term bonds payable.....	\$ 91,742,500	\$ -	\$ (7,258,000)	\$ -	\$ -	\$ 84,484,500	\$ 6,250,000
Add: Unamortized premium on bonds...	3,271,651	-	(442,757)	-	-	2,828,894	381,214
Total bonds payable.....	95,014,151	-	(7,700,757)	-	-	87,313,394	6,631,214
Capital lease obligations.....	722,800	-	-	312,550	(395,521)	639,829	320,825
Compensated absences.....	2,000,000	-	-	1,416,000	(1,225,000)	2,191,000	1,413,000
Workers' compensation.....	1,787,000	-	-	263,000	(262,000)	1,788,000	224,000
Net pension liability.....	79,050,000	-	-	21,463,000	(12,884,000)	87,629,000	-
Net other postemployment benefits liability.....	300,872,796	-	-	43,450,516	(8,447,000)	335,876,312	-
Total governmental activity long-term liabilities.....	\$ 479,446,747	\$ -	\$ (7,700,757)	\$ 66,905,066	\$ (23,213,521)	\$ 515,437,535	\$ 8,589,039
Business-Type Activities:							
Long-term bonds payable.....	\$ 12,308,192	\$ -	\$ (927,295)	\$ -	\$ -	\$ 11,380,897	\$ 880,377
Add: Unamortized premium on bonds...	173,678	-	(13,526)	-	-	160,152	13,125
Total bonds payable.....	12,481,870	-	(940,821)	-	-	11,541,049	893,502
Compensated absences.....	126,000	-	-	115,000	(82,000)	159,000	117,000
Workers' compensation.....	2,181,000	-	-	10,000	(78,000)	2,113,000	66,000
Net pension liability.....	3,352,000	-	-	910,000	(547,000)	3,715,000	-
Net other postemployment benefits liability.....	3,507,757	-	-	541,624	(99,000)	3,950,381	-
Total business-type activity long-term liabilities.....	\$ 21,648,627	\$ -	\$ (940,821)	\$ 1,576,624	\$ (806,000)	\$ 21,478,430	\$ 1,076,502

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

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. The City has reported principal portions of endowment funds as nonspendable.

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

- Restricted: fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- Committed: fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- 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 funds 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 balance of the Debt Service Stabilization Fund is \$1,000,903 and is reported as committed fund balance within the General Fund.

The City established a general stabilization fund in 2014 to help ensure Beverly's long-term stability by setting aside money for unforeseen or capital needs. The City also adopted a policy that includes, but is not limited to, a minimum annual contribution to the fund of no less than 10% of the certified free cash balance. At year-end, the City's general stabilization fund totaled \$12,615,924.

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

	General	Community Preservation	Middle School Construction	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Permanent fund principal.....	\$ -	\$ -	\$ -	\$ 2,154,139	\$ 2,154,139
Restricted for:					
Community preservation.....	-	2,931,584	-	-	2,931,584
City federal and state grants.....	-	-	-	817,152	817,152
Other City grants and gifts.....	-	-	-	1,907,438	1,907,438
School revolving fund.....	-	-	-	602,824	602,824
Other school grants and gifts.....	-	-	-	1,424,337	1,424,337
School federal and state grants.....	-	-	-	1,179,700	1,179,700
Special revenue trust fund.....	-	-	-	51,895	51,895
Receipts reserved for appropriation.....	-	-	-	756,874	756,874
Highway construction.....	-	-	-	478,455	478,455
City capital projects.....	-	-	-	2,654,285	2,654,285
School capital projects.....	-	-	-	2,766,509	2,766,509
Libraries permanent fund.....	-	-	-	330,936	330,936
Cemetery perpetual care.....	-	-	-	1,403,576	1,403,576
Conservation trust fund.....	-	-	-	687,621	687,621
Other permanent fund.....	-	-	-	543,105	543,105
Committed to:					
Stabilization - debt service.....	1,000,903	-	-	-	1,000,903
Assigned to:					
Encumbrances:					
Clerk.....	100	-	-	-	100
Executive.....	5,420	-	-	-	5,420
Reserve for appropriations.....	313,103	-	-	-	313,103
Accountant.....	14,628	-	-	-	14,628
Information systems.....	14,536	-	-	-	14,536
Treasurer/Collector.....	5,889	-	-	-	5,889
Procurement.....	13,280	-	-	-	13,280
Solicitor.....	73,594	-	-	-	73,594
Human resources.....	1,900	-	-	-	1,900
Planning.....	15,020	-	-	-	15,020
Public property.....	108,466	-	-	-	108,466
Building commissioner.....	339	-	-	-	339
Police.....	159,837	-	-	-	159,837
Harbor master.....	27	-	-	-	27
Fire.....	125,133	-	-	-	125,133
Public schools.....	358,389	-	-	-	358,389
Engineering.....	70,526	-	-	-	70,526
Highway.....	349,008	-	-	-	349,008
Snow and ice.....	2,500	-	-	-	2,500
Municipal garage.....	9,518	-	-	-	9,518
Cemetery.....	5,692	-	-	-	5,692
Electric division.....	8,381	-	-	-	8,381
Parks and forestry.....	16,935	-	-	-	16,935
Health.....	1,113	-	-	-	1,113
Council on aging.....	641	-	-	-	641
Library.....	8,808	-	-	-	8,808
Recreation.....	2,425	-	-	-	2,425
Unemployment.....	4,000	-	-	-	4,000
Health insurance.....	725	-	-	-	725
Unassigned to:					
Operating fund.....	11,884,499	-	-	-	11,884,499
Middle school construction.....	-	-	(10,910,270)	-	(10,910,270)
Stabilization - general purpose.....	12,615,924	-	-	-	12,615,924
Total Fund Balances.....	\$ 27,191,259	\$ 2,931,584	\$ (10,910,270)	\$ 17,758,846	\$ 36,971,419

NOTE 10 - 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 and the workers' compensation activities are accounted for in the general fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

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 City estimates the liability to be in the range of \$1,331,000 to \$2,281,000. 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 the \$150,000 coverage. Settled claims have not exceeded this third party insurance coverage in any of the past three years. Changes in the reported liability since July 1, 2017, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End
2018.....	\$ 1,224,000	\$ 18,792,000	\$ (18,782,000)	\$ 1,234,000
2019.....	1,234,000	19,810,000	(19,713,000)	1,331,000

Workers' Compensation

Workers' compensation claims are administered by the City's Personnel Department and are 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, 2017, are as follows:

	Balance at Beginning of Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Year-End	Current Portion
2018.....	\$ 4,080,000	\$ 421,800	\$ (533,800)	\$ 3,968,000	\$ 340,000
2019.....	3,968,000	157,000	(224,000)	3,901,000	290,000

NOTE 11 - PENSION PLAN*Plan Descriptions*

The City is a member of the Beverly Contributory Retirement System (BCRS), a cost-sharing multiple-employer defined benefit pension plan covering eligible employees of the 2 member units. The System is administered by five board members (Board) on behalf of all current employees and retirees except for current teachers and retired teachers. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The System is a component unit and is reported as a pension trust fund in the fiduciary fund financial statements.

The City is a member of the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multi-employer defined benefit plan. MTRS is managed by the Commonwealth of Massachusetts (Commonwealth) on behalf of municipal teachers and municipal teacher retirees. The Commonwealth is a nonemployer contributor and is responsible for 100% of the contributions and future benefit requirements of the MTRS. The MTRS covers certified teachers in cities (except Boston), towns, regional school districts, charter schools, educational collaboratives and Quincy College. The MTRS is part of the Commonwealth's reporting entity and the audited financial report may be obtained by visiting <http://www.mass.gov/osc/publications-and-reports/financial-reports/>.

Special Funding Situation

The Commonwealth is a nonemployer contributor and is required by statute to make 100% of all actuarially determined employer contributions on behalf of the City to the MTRS. Therefore, the City is considered to be in a special funding situation as defined by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the Commonwealth is a nonemployer contributor in MTRS. Since the City does not contribute directly to MTRS, there is no net pension liability to recognize. The total of the Commonwealth provided contributions have been allocated based on each employer's covered payroll to the total covered payroll of employers in MTRS as of the measurement date of June 30, 2018. The City's portion of the collective pension expense, contributed by the Commonwealth, of \$10,768,620 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 \$106,266,978 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. There were no changes in benefit terms that affected the measurement of the total pension liability at December 31, 2018.

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, 2018, the System's membership consists of the following:

Active members.....	603
Inactive members.....	187
Retirees and beneficiaries currently receiving benefits.....	<u>453</u>
Total.....	<u><u>1,243</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 BCRS a legislatively mandated actuarially determined contribution that is apportioned among the employers based on active current payroll. The total member units' contribution for the year ended December 31, 2018 was \$10,967,000, 37.11% 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 \$10,548,000, which equaled its actual contribution.

Pension Liabilities

The components of the net pension liability of the participating member units at December 31, 2018, were as follows:

Total pension liability.....	\$ 221,828,000
Total pension plan's fiduciary net position.....	<u>(126,887,000)</u>
Total net pension liability.....	<u><u>\$ 94,941,000</u></u>
The pension plan's fiduciary net position as a percentage of the total pension liability.....	57.20%

At June 30, 2019, the City reported a liability of \$91,344,000 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2018. Accordingly, update procedures were used to roll forward the total pension liability to the measurement date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At December 31, 2018, the City's proportion was 96.21%, which was an increase of .07% from its proportion measured at December 31, 2017.

Pension Expense

For the year ended June 30, 2019, the City recognized pension expense of \$12,367,000. At June 30, 2019, the City reported deferred outflows and inflows of resources related to pensions of \$11,494,000 and \$70,000, respectively.

The balances of deferred outflows and inflows at June 30, 2019 consist of the following:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Differences between expected and actual experience.....	\$ 438,000	\$ -	\$ 438,000
Difference between projected and actual earnings, net.....	5,312,000	-	5,312,000
Changes in assumptions.....	5,560,000	-	5,560,000
Changes in proportion and proportionate share of contributions.....	184,000	(70,000)	114,000
Total deferred outflows/(inflows) of resources.....	\$ 11,494,000	\$ (70,000)	\$ 11,424,000

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

Year ended June 30:

2020.....	\$ 4,727,000
2021.....	3,029,000
2022.....	1,279,000
2023.....	2,389,000
Total.....	\$ 11,424,000

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 forward to December 31, 2018:

Valuation date.....	January 1, 2018
Investment rate of return/Discount rate.....	7.35% as of 12/31/17 and 12/31/18, net of pension plan investment expense, including inflation.
Projected Salary increases.....	Select and ultimate by job group; ultimate rates 4.25% for Group 1 and 4.75% for Group 4.
Inflation.....	Not explicitly assumed.
Cost of living adjustments.....	3.0% of the first \$12,000 of retirement income.
Asset valuation method.....	Market value for GASB 67/68. For funding purposes, gains and losses each year are recognized for over 5 years.
Mortality Rates:	
Pre-Retirement.....	Rates reflect the RP-2000 Employees table projected generationally with Scale BB and a base year of 2009 (Gender Distinct). Plan liabilities are then increased by 0.75% to reflect the anticipated impact of the local system retiree mortality study in progress.

Post-Retirement.....	Rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2009 (Gender Distinct). Plan liabilities are then increased by 0.75% to reflect the anticipated impact of the local system retiree mortality study in progress.
Disabled Retiree.....	Rates reflect the RP-2000 Healthy Annuitant table projected generationally with Scale BB and a base year of 2012 (Gender Distinct). Plan liabilities are then increased by 0.75% to reflect the anticipated impact of the local system retiree mortality study in progress.
Actuarial cost method.....	Entry Age Normal Cost Method.
Amortization cost method.....	Total payments increase 4.45% per year until FY23 with a final amortization payment in FY33.
Remaining amortization period.....	14 years from June 30, 2019.

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 December 31, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity:		
Domestic Equity.....	17.00%	7.62%
International equities.....	14.90%	7.80%
Emerging international equities.....	6.00%	9.31%
Core fixed income	13.00%	11.87%
Value added fixed income	8.30%	7.58%
Private equity.....	12.10%	11.15%
Real estate.....	9.40%	6.59%
Timberland.....	4.10%	7.00%
Hedge fund and portfolio completion.....	14.00%	5.63%
Liquidating Portfolios.....	0.30%	0.00%
Overlay.....	0.90%	0.00%
Total.....	<u>100.00%</u>	

Rate of return

For the year ended December 31, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -2.33%. 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 7.35% as of December 31, 2018, and December 31, 2017. 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 7.35%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.35%) or 1-percentage-point higher (8.35%) than the current rate:

	<u>1% Decrease (6.35%)</u>	<u>Current Discount (7.35%)</u>	<u>1% Increase (8.35%)</u>
The City's proportionate share of the net pension liability.....	\$ <u>115,657,000</u>	\$ <u>91,344,000</u>	\$ <u>72,167,000</u>
BCRS total net pension liability.....	\$ <u>120,213,000</u>	\$ <u>94,941,000</u>	\$ <u>75,010,000</u>

Changes in Assumptions

None.

Changes in Plan Provisions

None.

NOTE 12 – 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.

Plan Description – The City of Beverly administers a single-employer defined benefit healthcare plan (“the Retiree Health 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. Depending on the healthcare plan, the City contributes between 75 to 90 percent of the cost of current-year premiums for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining 10 to 25 percent of their premium costs. For life insurance, the City contributes 50 percent of the cost of current year premiums and plan members contribute the remaining 50%. For 2019, the City contributed \$8,512,865 to the plan and the average contribution rate was 14.06% of covered-employee payroll.

The Commonwealth of Massachusetts passed special legislation that has allowed the City to establish a postemployment benefit trust fund and enabled the City to raise taxes necessary to begin pre-funding its OPEB liabilities. During 2019, the City pre-funded future OPEB liabilities totaling \$204,717 by contributing funds to the Other Postemployment Benefit Fund in excess of the pay-as-you-go required contribution. These funds are reported within the Fiduciary Funds financial statements. As of June 30, 2019, the balance of this fund totaled \$866,338. The City has not formally adopted a policy of pre-funding future OPEB liabilities

Rate of return – For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 4.94%. The money-weighted rate of return expresses investment performance, net of OPEB plan investment expense, adjusted for the changing amounts actually invested.

Discount rate – The discount rate used to measure the total OPEB liability was 3.50% as of June 30, 2019, and 3.87% as of June 30, 2018. 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 Bond Buyer 20-Bond GO index published on June 27, 2019.

Employees Covered by Benefit Terms – The following table represents the Plan’s membership at June 30, 2019:

Active members.....	971
Inactive members currently receiving benefits.....	<u>788</u>
Total.....	<u><u>1,759</u></u>

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

Total OPEB liability.....	\$ 340,693,031
Less: OPEB plan's fiduciary net position.....	<u>(866,338)</u>
Net OPEB liability.....	<u><u>\$ 339,826,693</u></u>
The OPEB plan's fiduciary net position as a percentage of the total OPEB liability.....	0.25%

Significant Actuarial Methods and Assumptions – The total OPEB liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified, that was updated to June 30, 2019, to be in accordance with GASB Statement #74 and #75:

Valuation date.....	July 1, 2017
Actuarial cost method.....	Entry Age Normal.
Amortization method.....	Increasing at 4% over 30 years on an open amortization period.
Amortization period.....	30 years.
Asset valuation method.....	Market value.
Long-term expected rate of return.....	7.50%, compounded annually, net of fees.
Discount rate.....	3.50% as of June 30, 2019, 3.87% as of June 30, 2018, net of investment expenses, including inflation.
Inflation rate.....	2.60%
Healthcare cost trend rate.....	8.00% for 2017, decreasing 0.50% per year to 5.50%, then grading down to an ultimate trend rate of 3.80%, utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate trend rate is reached in 2075.
Payroll growth.....	4.00% per year.
Pre-Retirement Mortality:	
General and Public Safety.....	RP-2000 Employees Mortality Table, base year 2009, projected with generational mortality improvement using Scale BB.
Teachers.....	RP-2014 White Collar Mortality Table, base year 2014, projected with generational mortality improvement using Scale MP-2016.
Post-Retirement Mortality:	
General and Public Safety.....	RP-2000 Healthy Annuitant Mortality Table, base year 2009, projected with generational mortality improvement using Scale BB.
Teachers.....	RP-2014 White Collar Mortality Table, base year 2014, projected with generational mortality improvement using Scale MP-2016.

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 is added to the expected inflation to produce the long-term expected nominal rate of return. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB Plan’s target asset allocation as of June 30, 2019, are summarized in the following table:

Asset Class	Long-Term Expected Asset Allocation	Long-Term Expected Real Rate of Return
Global equity.....	40%	4.75%
Core fixed income.....	13%	1.05%
Value-added fixed income.....	10%	4.58%
Private equity.....	12%	8.15%
Real estate.....	10%	3.43%
Timberland.....	4%	4.00%
Portfolio completion strategies.....	11%	3.76%
Total.....	100.00%	

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 3.50%, 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 (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate.

	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Net OPEB liability.....	\$ 408,367,750	\$ 339,826,693	\$ 286,670,558

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Trend – The following table presents the net other postemployment benefit liability, calculated using the current healthcare trend rate of 8.00%, 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	Current Trend	1% Increase
Net OPEB liability.....	\$ 269,695,743	\$ 339,826,693	\$ 435,659,616

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, 2018.....	\$ 305,008,871	\$ 628,318	\$ 304,380,553
Changes for the year:			
Service cost.....	10,712,733	-	10,712,733
Interest.....	12,057,663	-	12,057,663
Net investment income.....	-	33,303	(33,303)
Changes in assumptions and other inputs.....	21,221,912	-	21,221,912
Employer contributions.....	-	8,512,865	(8,512,865)
Benefit payments.....	(8,308,148)	(8,308,148)	-
Net change.....	35,684,160	238,020	35,446,140
Balances at June 30, 2019.....	\$ 340,693,031	\$ 866,338	\$ 339,826,693

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2019, the GASB Statement #75 measurement date, the City recognized OPEB expense of \$23,647,493. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Category	Deferred Outflows of Resources	Deferred Inflows of Resources	Total
Net difference between projected and actual earnings.....	\$ -	\$ (6,163)	\$ (6,163)
Changes in assumptions.....	17,737,197	(10,589,371)	7,147,826
Total deferred outflows/(inflows) of resources.....	\$ 17,737,197	\$ (10,595,534)	\$ 7,141,663

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

<u>Year ended June 30:</u>	
2020.....	\$ 894,624
2021.....	894,624
2022.....	894,623
2023.....	892,470
2024.....	3,251,700
Thereafter.....	<u>313,622</u>
 Total.....	 \$ <u><u>7,141,663</u></u>

Changes of Assumptions – The discount rate was decreased from 3.87% to 3.50%.

Changes in Plan Provisions – None.

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

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

	Pension Trust Fund (as of December 31, 2018)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ASSETS			
Cash and cash equivalents.....	\$ 715,301	\$ -	\$ 715,301
Investments:			
Investments in Pension Reserve Investment Trust.....	120,819,759	866,338	121,686,097
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	<u>5,351,740</u>	<u>-</u>	<u>5,351,740</u>
 TOTAL ASSETS.....	 <u>126,886,800</u>	 <u>866,338</u>	 <u>127,753,138</u>
 Restricted for pensions.....	 126,886,800	 -	 126,886,800
Restricted for other postemployment benefits.....	<u>-</u>	<u>866,338</u>	<u>866,338</u>
 TOTAL NET POSITION.....	 \$ <u><u>126,886,800</u></u>	 \$ <u><u>866,338</u></u>	 \$ <u><u>127,753,138</u></u>

	Pension Trust Fund (as of December 31, 2018)	Other Postemployment Benefit Trust Fund	Total Pension and Other Employee Benefit Trust Funds
ADDITIONS:			
Contributions:			
Employer contributions.....	\$ 10,967,270	\$ 204,717	\$ 11,171,987
Employer contributions for other postemployment benefit payments.....	-	8,308,148	8,308,148
Member contributions.....	2,993,279	-	2,993,279
Transfers from other systems.....	532,089	-	532,089
Intergovernmental.....	84,773	-	84,773
Total contributions.....	14,577,411	8,512,865	23,090,276
Net investment income:			
Investment income.....	(2,206,196)	33,303	(2,172,893)
Less: investment expense.....	(685,754)	-	(685,754)
Net investment income (loss).....	(2,891,950)	33,303	(2,858,647)
TOTAL ADDITIONS.....	11,685,461	8,546,168	20,231,629
DEDUCTIONS:			
Administration.....	163,470	-	163,470
Transfers to other systems.....	354,656	-	354,656
3(8)c transfer to other systems.....	328,757	-	328,757
Retirement benefits and refunds.....	13,436,415	-	13,436,415
Other postemployment benefit payments.....	-	8,308,148	8,308,148
TOTAL DEDUCTIONS.....	14,283,298	8,308,148	22,591,446
NET INCREASE (DECREASE) IN NET POSITION.....	(2,597,837)	238,020	(2,359,817)
NET POSITION AT BEGINNING OF YEAR.....	129,484,637	628,318	130,112,955
NET POSITION AT END OF YEAR.....	\$ 126,886,800	\$ 866,338	\$ 127,753,138

NOTE 14 - COMMITMENTS

School Construction

The Massachusetts School Building Authority has entered into a Project Funding Agreement (PFA) with the City to construct a new grade 5 through 8 middle school on the site of the former Memorial Building. The total project budget including the feasibility study phase is \$110,709,753. The City Council authorized the project in the fall of 2015, and it was substantially complete as of June 30, 2019. The City has expended \$108,256,827 as of June 30, 2019. The Massachusetts School Building Authority has committed to a maximum facilities grant of \$48,707,209 of the total cost.

The City Council also authorized the appropriation of \$1.3 million for school security improvements

Water System Projects

The City Council authorized the appropriation of two separate water infrastructure projects. The rehabilitation and repainting of the Brimbal Avenue Standpipe received an appropriation of \$2.8 million. The repair work for the Pershing Avenue Pump Station received an \$820,000 appropriation. Both projects began during fiscal 2019.

NOTE 15 - CONTINGENCIES

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, 2019, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2019.

NOTE 16 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 24, 2019, which is the date the financial statements were available to be issued.

NOTE 17 - IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During 2019, the following GASB pronouncements were implemented:

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

The following GASB pronouncements will be implemented in the future:

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

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

This page intentionally left blank.

Required Supplementary Information

This page intentionally left blank.

General Fund Budgetary Comparison Schedule

The General Fund is the general operating fund of the City. It is used to account for all of the 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, 2019

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 102,392,277	\$ 102,867,275	\$ 102,105,303	\$ -	\$ (761,972)
Tax liens.....	-	-	404,750	-	404,750
Motor vehicle and other excise taxes.....	5,627,000	5,627,000	6,038,965	-	411,965
Penalties and interest on taxes.....	320,050	320,050	572,924	-	252,874
Payments in lieu of taxes.....	236,667	236,667	250,041	-	13,374
Intergovernmental.....	16,287,324	16,447,675	16,507,953	-	60,278
Departmental and other.....	2,602,000	2,607,743	3,690,023	-	1,082,280
Investment income.....	75,000	75,000	342,188	-	267,188
TOTAL REVENUES.....	127,540,318	128,181,410	129,912,147	-	1,730,737
EXPENDITURES:					
Current:					
General Government:					
Clerk of committee.....	265,822	247,691	243,679	100	3,912
Clerk.....	203,470	224,165	208,311	-	15,854
Elections.....	204,754	204,140	201,784	-	2,356
Executive.....	606,963	626,412	608,207	5,420	12,785
Reserve for appropriation.....	1,076,632	552,985	-	313,103	239,882
Licensing board.....	5,900	5,900	5,600	-	300
Accountant.....	1,217,914	1,247,806	1,230,024	14,628	3,154
Information Systems.....	613,740	646,499	611,574	14,536	20,389
Assessors.....	332,655	333,892	334,520	-	(628)
Treasurer/Collector.....	350,776	347,845	323,691	5,889	18,265
Procurement.....	350,278	360,028	331,344	13,280	15,404
Solicitor.....	593,807	601,138	520,718	73,594	6,826
Human resources.....	218,355	221,102	220,032	1,900	(830)
Conservation commission.....	4,083	4,083	3,186	-	897
Planning.....	682,334	707,893	672,031	15,020	20,842
Public property.....	241,000	484,617	358,081	108,466	18,070
Total General government.....	6,968,483	6,816,196	5,872,782	565,936	377,478
Public safety:					
Building commissioner.....	534,245	535,806	540,464	339	(4,997)
Sealer.....	16,749	16,749	15,906	-	843
City electrician.....	64,470	64,470	63,386	-	1,084
Animal control.....	128,053	128,053	103,253	-	24,800
Police.....	8,360,861	8,166,076	7,802,102	159,837	204,137
Fire.....	6,326,202	6,678,452	6,502,167	125,133	51,152
Emergency management.....	72,549	72,970	72,967	-	3
Harbor master.....	214,917	215,913	213,473	27	2,413
Total Public safety.....	15,718,046	15,878,489	15,313,718	285,336	279,435
Education:					
Beverly public schools.....	58,111,202	58,275,170	57,916,785	358,301	84
North shore regional vocational school.....	2,067,070	2,067,070	2,052,642	88	14,340
Total Education.....	60,178,272	60,342,240	59,969,427	358,389	14,424
Public works:					
Engineering.....	805,912	769,130	665,841	70,526	32,763
Sanitation.....	60,000	60,000	60,000	-	-
Highway.....	2,456,501	2,303,140	1,868,353	349,008	85,779
Snow and ice.....	800,214	800,214	763,180	2,500	34,534
Municipal garage.....	656,059	618,300	582,924	9,518	25,858
Cemetery.....	247,700	248,116	239,111	5,692	3,313
Electric division.....	618,925	697,613	605,536	8,381	83,696
Parks and forestry.....	1,094,595	1,156,879	1,118,965	16,935	20,979
Total Public works.....	6,739,906	6,653,392	5,903,910	462,560	286,922

(Continued)

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

YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Human services:					
Health.....	474,020	475,337	461,292	1,113	12,932
Council on aging.....	621,234	628,607	594,044	641	33,922
Veterans services.....	668,119	668,119	587,594	-	80,525
Total human services.....	<u>1,763,373</u>	<u>1,772,063</u>	<u>1,642,930</u>	<u>1,754</u>	<u>127,379</u>
Culture and recreation:					
Library.....	2,046,253	2,106,498	1,920,582	8,808	177,108
Recreation.....	478,094	432,684	373,850	2,425	56,409
Total culture and recreation.....	<u>2,524,347</u>	<u>2,539,182</u>	<u>2,294,432</u>	<u>11,233</u>	<u>233,517</u>
Pension and OPEB contributions.....	<u>10,606,687</u>	<u>10,752,836</u>	<u>10,752,836</u>	<u>-</u>	<u>-</u>
Employee benefits:					
Workers compensation.....	630,400	522,400	409,202	-	113,198
Unemployment.....	10,500	24,500	18,173	4,000	2,327
Health Insurance.....	10,511,743	10,505,743	10,057,066	725	447,952
Life insurance.....	65,000	65,000	58,725	-	6,275
Payroll tax.....	370,000	370,000	363,586	-	6,414
Total employee benefits.....	<u>11,587,643</u>	<u>11,487,643</u>	<u>10,906,752</u>	<u>4,725</u>	<u>576,166</u>
State and county charges.....	<u>1,502,862</u>	<u>1,599,311</u>	<u>1,657,290</u>	<u>-</u>	<u>(57,979)</u>
Debt service:					
Principal.....	7,208,000	7,213,000	7,213,000	-	-
Interest.....	3,774,899	3,754,899	3,634,899	-	120,000
Total debt service.....	<u>10,982,899</u>	<u>10,967,899</u>	<u>10,847,899</u>	<u>-</u>	<u>120,000</u>
TOTAL EXPENDITURES.....	<u>128,572,518</u>	<u>128,809,251</u>	<u>125,161,976</u>	<u>1,689,933</u>	<u>1,957,342</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>(1,032,200)</u>	<u>(627,841)</u>	<u>4,750,171</u>	<u>(1,689,933)</u>	<u>3,688,079</u>
OTHER FINANCING SOURCES (USES):					
Transfers in.....	2,316,289	2,457,476	2,457,476	-	-
Transfers out.....	(2,638,750)	(5,919,995)	(5,919,995)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	<u>(322,461)</u>	<u>(3,462,519)</u>	<u>(3,462,519)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE.....	<u>(1,354,661)</u>	<u>(4,090,360)</u>	<u>1,287,652</u>	<u>(1,689,933)</u>	<u>3,688,079</u>
BUDGETARY FUND BALANCE, Beginning of year.....	<u>12,581,971</u>	<u>12,581,971</u>	<u>12,581,971</u>	<u>-</u>	<u>-</u>
BUDGETARY FUND BALANCE, End of year.....	<u>\$ 11,227,310</u>	<u>\$ 8,491,611</u>	<u>\$ 13,869,623</u>	<u>\$ (1,689,933)</u>	<u>\$ 3,688,079</u>

See notes to required supplementary information.

(Concluded)

Pension Plan Schedules – Retirement System

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

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

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

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

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

	December 31, 2014	December 31, 2015	December 31, 2016	December 31, 2017	December 31, 2018
Total pension liability:					
Service cost.....	\$ 3,757,000	\$ 3,926,000	\$ 4,360,000	\$ 4,829,000	\$ 4,797,000
Interest.....	13,580,000	13,989,000	13,988,000	15,104,000	15,340,000
Differences between expected and actual experience.....	-	-	264,000	610,000	-
Changes in assumptions.....	-	-	8,800,000	4,250,000	-
Benefit payments.....	<u>(12,078,000)</u>	<u>(12,380,000)</u>	<u>(12,311,000)</u>	<u>(13,000,000)</u>	<u>(13,503,000)</u>
Net change in total pension liability.....	5,259,000	5,535,000	15,101,000	11,793,000	6,634,000
Total pension liability - beginning.....	<u>177,506,000</u>	<u>182,765,000</u>	<u>188,300,000</u>	<u>203,401,000</u>	<u>215,194,000</u>
Total pension liability - ending (a).....	<u>\$ 182,765,000</u>	<u>\$ 188,300,000</u>	<u>\$ 203,401,000</u>	<u>\$ 215,194,000</u>	<u>\$ 221,828,000</u>
Plan fiduciary net position:					
Employer contributions.....	\$ 9,214,000	\$ 9,624,000	\$ 10,062,000	\$ 10,500,000	\$ 10,967,000
Member contributions.....	2,395,000	2,596,000	2,634,000	2,900,000	2,993,000
Net investment income (loss).....	7,030,000	660,000	7,452,000	18,217,000	(2,892,000)
Administrative expenses.....	(170,000)	(170,000)	(173,000)	(172,000)	(163,000)
Retirement benefits and refunds.....	<u>(12,078,000)</u>	<u>(12,380,000)</u>	<u>(12,311,000)</u>	<u>(13,000,000)</u>	<u>(13,503,000)</u>
Net increase (decrease) in fiduciary net position.....	6,391,000	330,000	7,664,000	18,445,000	(2,598,000)
Fiduciary net position - beginning of year.....	<u>96,655,000</u>	<u>103,046,000</u>	<u>103,376,000</u>	<u>111,040,000</u>	<u>129,485,000</u>
Fiduciary net position - end of year (b).....	<u>\$ 103,046,000</u>	<u>\$ 103,376,000</u>	<u>\$ 111,040,000</u>	<u>\$ 129,485,000</u>	<u>\$ 126,887,000</u>
Net pension liability - ending (a)-(b).....	<u>\$ 79,719,000</u>	<u>\$ 84,924,000</u>	<u>\$ 92,361,000</u>	<u>\$ 85,709,000</u>	<u>\$ 94,941,000</u>
Plan fiduciary net position as a percentage of the total pension liability.....	56.38%	54.90%	54.59%	60.17%	57.20%
Covered payroll.....	\$ 25,707,000	\$ 25,707,000	\$ 27,459,000	\$ 29,551,000	\$ 29,551,000
Net pension liability as a percentage of covered payroll.....	310.11%	330.35%	336.36%	290.04%	321.28%

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
BEVERLY CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
December 31, 2018.....	\$ 10,967,000	\$ (10,967,000)	\$ -	\$ 29,551,000	37.11%
December 31, 2017.....	10,500,000	(10,500,000)	-	29,551,000	35.53%
December 31, 2016.....	10,062,000	(10,062,000)	-	27,459,000	36.64%
December 31, 2015.....	9,624,000	(9,624,000)	-	25,707,000	37.44%
December 31, 2014.....	9,214,000	(9,214,000)	-	25,707,000	35.84%

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
BEVERLY CONTRIBUTORY RETIREMENT SYSTEM

<u>Year</u>	<u>Annual money-weighted rate of return, net of investment expense</u>
December 31, 2018.....	-2.33%
December 31, 2017.....	17.28%
December 31, 2016.....	7.59%
December 31, 2015.....	0.68%
December 31, 2014.....	7.70%

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 the 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
BEVERLY CONTRIBUTORY RETIREMENT SYSTEM**

Year	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Net pension liability as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
December 31, 2018.....	96.21%	\$ 91,344,000	\$ 28,410,000	321.52%	57.20%
December 31, 2017.....	96.14%	82,402,000	28,410,000	290.05%	60.17%
December 31, 2016.....	96.04%	88,704,000	26,372,000	336.36%	54.59%
December 31, 2015.....	95.80%	81,357,000	24,704,000	329.33%	54.90%
December 31, 2014.....	96.10%	76,610,000	24,704,000	310.11%	56.38%

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
BEVERLY CONTRIBUTORY RETIREMENT SYSTEM

Year	Actuarially determined contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll
June 30, 2019.....	\$ 10,548,000	\$ (10,548,000)	-	\$ 28,978,200	36.40%
June 30, 2018.....	10,091,000	(10,091,000)	-	28,978,200	34.82%
June 30, 2017.....	9,652,000	(9,652,000)	-	26,899,440	35.88%
June 30, 2016.....	9,218,000	(9,218,000)	-	25,198,080	36.58%
June 30, 2015.....	8,852,000	(8,852,000)	-	25,198,080	35.13%

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

See notes to required supplementary information.

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

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

Year	Commonwealth's 100% Share of the Associated Net Pension Liability	Expense and Revenue Recognized for the Commonwealth's Support	Plan Fiduciary Net Position as a Percentage of the Total Liability
2019.....	\$ 106,266,978	\$ 10,768,620	54.84%
2018.....	100,806,248	10,521,442	54.25%
2017.....	99,449,333	10,144,484	52.73%
2016.....	88,799,373	7,202,420	55.38%
2015.....	67,523,649	4,961,192	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 Return presents multi-year trend information on the money-weighted investment return on the Plan's other postemployment assets, net of investment expense.

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

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

	June 30, 2017	June 30, 2018	June 30, 2019
Total OPEB Liability			
Service Cost.....	\$ 13,620,811	\$ 11,262,145	\$ 10,712,733
Interest.....	9,784,213	11,221,219	12,057,663
Changes of benefit terms.....	-	-	-
Differences between expected and actual experience....	-	-	-
Changes of assumptions.....	(43,321,936)	(15,767,549)	21,221,912
Benefit payments.....	<u>(7,403,168)</u>	<u>(7,773,326)</u>	<u>(8,308,148)</u>
Net change in total OPEB liability.....	(27,320,080)	(1,057,511)	35,684,160
Total OPEB liability - beginning.....	<u>333,386,462</u>	<u>306,066,382</u>	<u>305,008,871</u>
Total OPEB liability - ending (a).....	<u>\$ 306,066,382</u>	<u>\$ 305,008,871</u>	<u>\$ 340,693,031</u>
Plan fiduciary net position			
Employer contributions.....	\$ 89,253	\$ 539,065	\$ 204,717
Employer contributions for OPEB payments.....	7,403,168	7,773,326	8,308,148
Net investment income.....	-	-	33,303
Benefit payments.....	<u>(7,403,168)</u>	<u>(7,773,326)</u>	<u>(8,308,148)</u>
Net change in plan fiduciary net position.....	89,253	539,065	238,020
Plan fiduciary net position - beginning of year.....	<u>-</u>	<u>89,253</u>	<u>628,318</u>
Plan fiduciary net position - end of year (b).....	<u>\$ 89,253</u>	<u>\$ 628,318</u>	<u>\$ 866,338</u>
Net OPEB liability - ending (a)-(b).....	<u>\$ 305,977,129</u>	<u>\$ 304,380,553</u>	<u>\$ 339,826,693</u>
Plan fiduciary net position as a percentage of the total OPEB liability.....	0.03%	0.21%	0.25%
Covered-employee payroll.....	\$ 49,052,868	\$ 56,736,247	\$ 60,536,053
Net OPEB liability as a percentage of covered-employee payroll.....	623.77%	536.48%	561.36%

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

See notes to required supplementary information.

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

<u>Year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered- employee payroll</u>	<u>Contributions as a percentage of covered- employee payroll</u>
June 30, 2019.....	\$ 21,476,256	\$ (8,512,865)	\$ 12,963,391	\$ 60,536,053	14.06%
June 30, 2018.....	21,622,323	(8,312,391)	13,309,932	56,736,247	14.65%
June 30, 2017.....	17,282,146	(7,492,421)	9,789,725	49,052,868	15.27%

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, 2019.....	4.94%	
June 30, 2018.....	N/A	(1)
June 30, 2017.....	N/A	(2)

- (1) The trust fund assets were not invested during fiscal 2018.
- (2) The annual money weighted rate of return was not applicable because the OPEB trust was not established until the end of 2017.

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

A. 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 require 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 (departmental 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 2019 budget authorized \$131.2 million in appropriations and other amounts to be raised; which includes \$1.4 million of amounts carried forward from the prior year. During 2019, the Council also approved supplemental appropriations totaling \$3.5 million, which included a \$731,000 transfer to the stabilization fund and \$2.5 million of transfers to capital project funds. The Office of the City Accountant 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.

B. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the year ended June 30, 2019, is presented below:

Net change in fund balance - budgetary basis.....	\$ 1,287,652
<u>Perspective differences:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	1,035,977
<u>Basis of accounting differences:</u>	
Net change in recording tax refunds payable.....	165,764
Net change in recording 60 day receipts.....	175,600
Net change in recording accrued payroll.....	(269,000)
Recognition of revenue for on-behalf payments.....	10,768,620
Recognition of expenditures for on-behalf payments.....	<u>(10,768,620)</u>
Net change in fund balance - GAAP basis.....	<u>\$ 2,395,993</u>

C. Appropriation Deficits

During 2019, actual expenditures and encumbrances exceeded budgeted appropriations for the assessors, human resources, building commissioner and state and county charges. State and county charges are assessments from the Commonwealth which are directly deducted from local receipts provided by the state. The over-expenditure in state and county charges relates to special education charges, school choice tuition and charter school tuition. 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 System's total pension liability, changes in the System's net position, and the ending net pension liability. It also demonstrates the plan's net position as a percentage of the total pension liability and the net pension liability as a percentage of covered payroll.

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

None.

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

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

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

B. Schedule of the City's Contributions

The Schedule of the City's Contributions includes the City's 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-employee 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, 2017
Actuarial cost method.....	Entry Age Normal.
Amortization method.....	Increasing at 4% over 30 years on an open amortization period.
Amortization period.....	30 years.
Asset valuation method.....	Market value.
Long-term expected rate of return.....	7.50%, compounded annually, net of fees.
Discount rate.....	3.50% as of June 30, 2019, 3.87% as of June 30, 2018, net of investment expenses, including inflation.
Inflation rate.....	2.60%
Healthcare cost trend rate.....	8.00% for 2017, decreasing 0.50% per year to 5.50%, then grading down to an ultimate trend rate of 3.80%, utilizing the Society of Actuaries Getzen Medical Trend Model. The ultimate trend rate is reached in 2075.
Payroll growth.....	4.00% per year.
Pre-Retirement Mortality:	
General and Public Safety.....	RP-2000 Employees Mortality Table, base year 2009, projected with generational mortality improvement using Scale BB.
Teachers.....	RP-2014 White Collar Mortality Table, base year 2014, projected with generational mortality improvement using Scale MP-2016.
Post-Retirement Mortality:	
General and Public Safety.....	RP-2000 Healthy Annuitant Mortality Table, base year 2009, projected with generational mortality improvement using Scale BB.
Teachers.....	RP-2014 White Collar Mortality Table, base year 2014, projected with generational mortality improvement using Scale MP-2016.

C. Schedule of Investment Return

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

D. Changes of Assumptions

The discount rate was decreased from 3.87% to 3.50%.

E. Changes in Plan 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 the non-school programs specifically financed by other grants and gifts which are designated for specific programs.

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.

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.

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.

Special Revenue Trust Fund – This fund is used to account for City and School expendable trust funds.

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

Highway Construction Fund – This fund is used to account for highway construction activity specifically financed by state grants which are designated for highway construction.

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.

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

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.

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.

Libraries Fund – This fund is used to account for various contributions in which the principal is legally restricted and only the earnings can be used to support library operations.

Cemetery Perpetual Care Fund – This fund is used to account for funds in which the principal is legally restricted and only the earnings can be used to support cemetery care and maintenance.

Conservation Trust Fund – This fund is used to account for funds in which the principal is legally restricted and only the earnings can be used to support conservation activities.

Other Permanent Fund – This fund is used to account for funds in which the principal is legally restricted and only the earnings can be used to support other City and School activities.

This page intentionally left blank.

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2019

	Special Revenue Funds			
	City Federal and State Grants	Other City Grants & Gifts	School Revolving Fund	Other School Grants & Gifts Revenue
ASSETS				
Cash and cash equivalents.....	\$ 942,346	\$ 1,924,544	\$ 604,972	\$ 1,582,487
Investments.....	-	-	-	-
Receivables, net of uncollectibles:				
Departmental and other.....	-	117,797	-	-
Intergovernmental.....	-	-	64,932	-
TOTAL ASSETS.....	\$ 942,346	\$ 2,042,341	\$ 669,904	\$ 1,582,487
LIABILITIES				
Warrants payable.....	\$ 125,194	\$ 2,343	\$ 2,148	\$ 20,190
Other liabilities.....	-	14,763	-	-
Liability due depositors.....	-	-	-	137,960
Notes payable.....	-	-	-	-
TOTAL LIABILITIES.....	125,194	17,106	2,148	158,150
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue.....	-	117,797	64,932	-
FUND BALANCES				
Nonspendable.....	-	-	-	-
Restricted.....	817,152	1,907,438	602,824	1,424,337
TOTAL FUND BALANCES.....	817,152	1,907,438	602,824	1,424,337
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	\$ 942,346	\$ 2,042,341	\$ 669,904	\$ 1,582,487

Special Revenue Funds

School Federal and State Grants	Special Revenue Trust Fund	Receipts Reserved For Appropriation	Highway Construction	Subtotal
\$ 661,749	\$ 52,895	\$ 756,874	\$ 479,455	\$ 7,005,322
-	-	-	-	-
-	-	-	-	117,797
<u>535,548</u>	<u>-</u>	<u>-</u>	<u>371,845</u>	<u>972,325</u>
<u>\$ 1,197,297</u>	<u>\$ 52,895</u>	<u>\$ 756,874</u>	<u>\$ 851,300</u>	<u>\$ 8,095,444</u>
\$ 17,597	\$ 1,000	\$ -	\$ -	\$ 168,472
-	-	-	-	14,763
-	-	-	1,000	138,960
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>17,597</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>	<u>322,195</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>371,845</u>	<u>554,574</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>1,179,700</u>	<u>51,895</u>	<u>756,874</u>	<u>478,455</u>	<u>7,218,675</u>
<u>1,179,700</u>	<u>51,895</u>	<u>756,874</u>	<u>478,455</u>	<u>7,218,675</u>
<u>\$ 1,197,297</u>	<u>\$ 52,895</u>	<u>\$ 756,874</u>	<u>\$ 851,300</u>	<u>\$ 8,095,444</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2019

	Capital Project Funds		
	City Capital Projects	School Capital Projects	Subtotal
ASSETS			
Cash and cash equivalents.....	\$ 3,746,771	\$ 2,812,553	\$ 6,559,324
Investments.....	-	-	-
Receivables, net of uncollectibles:			
Departmental and other.....	-	-	-
Intergovernmental.....	-	-	-
TOTAL ASSETS.....	<u>\$ 3,746,771</u>	<u>\$ 2,812,553</u>	<u>\$ 6,559,324</u>
LIABILITIES			
Warrants payable.....	\$ 232,486	\$ 46,044	\$ 278,530
Other liabilities.....	-	-	-
Liability due depositors.....	-	-	-
Notes payable.....	<u>860,000</u>	<u>-</u>	<u>860,000</u>
TOTAL LIABILITIES.....	<u>1,092,486</u>	<u>46,044</u>	<u>1,138,530</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue.....	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable.....	-	-	-
Restricted.....	<u>2,654,285</u>	<u>2,766,509</u>	<u>5,420,794</u>
TOTAL FUND BALANCES.....	<u>2,654,285</u>	<u>2,766,509</u>	<u>5,420,794</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES.....	<u>\$ 3,746,771</u>	<u>\$ 2,812,553</u>	<u>\$ 6,559,324</u>

Permanent Funds						Total Nonmajor Governmental Funds
Libraries	Cemetery Perpetual Care	Conservation Trust Fund	Other Permanent Fund	Subtotal		
\$ 50,444	\$ 15,607	\$ 42,460	\$ -	\$ 108,511	\$	13,673,157
672,684	2,407,923	1,117,879	813,033	5,011,519		5,011,519
-	-	-	-	-		117,797
-	-	-	-	-		972,325
<u>\$ 723,128</u>	<u>\$ 2,423,530</u>	<u>\$ 1,160,339</u>	<u>\$ 813,033</u>	<u>\$ 5,120,030</u>		<u>\$ 19,774,798</u>
\$ 639	\$ -	\$ 14	\$ -	\$ 653	\$	447,655
-	-	-	-	-		14,763
-	-	-	-	-		138,960
-	-	-	-	-		860,000
<u>639</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>653</u>		<u>1,461,378</u>
-	-	-	-	-		554,574
391,553	1,019,954	472,704	269,928	2,154,139		2,154,139
330,936	1,403,576	687,621	543,105	2,965,238		15,604,707
<u>722,489</u>	<u>2,423,530</u>	<u>1,160,325</u>	<u>813,033</u>	<u>5,119,377</u>		<u>17,758,846</u>
<u>\$ 723,128</u>	<u>\$ 2,423,530</u>	<u>\$ 1,160,339</u>	<u>\$ 813,033</u>	<u>\$ 5,120,030</u>		<u>\$ 19,774,798</u>

(Concluded)

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

YEAR ENDED JUNE 30, 2019

	Special Revenue Funds			
	City Federal and State Grants	Other City Grants & Gifts	School Revolving Fund	Other School Grants & Gifts Revenue
REVENUES:				
Intergovernmental.....	\$ 3,687,669	\$ 173,105	\$ 684,271	\$ 670,523
Departmental and other.....	49,502	2,599,035	1,482,093	1,633,567
Contributions and donations.....	-	478,442	-	155,723
Investment income.....	1,470	20,663	-	10
TOTAL REVENUES.....	3,738,641	3,271,245	2,166,364	2,459,823
EXPENDITURES:				
Current:				
General government.....	660	61,788	-	-
Public safety.....	3,219,163	2,265,546	-	-
Education.....	-	-	1,905,372	2,391,995
Public works.....	-	93,735	-	-
Community development.....	496	-	-	-
Human services.....	188	106,487	-	-
Culture and recreation.....	37,449	487,538	-	-
TOTAL EXPENDITURES.....	3,257,956	3,015,094	1,905,372	2,391,995
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	480,685	256,151	260,992	67,828
OTHER FINANCING SOURCES (USES):				
Premium from issuance of bonds and notes.....	-	-	-	-
Capital lease financing.....	-	-	-	-
Transfers in.....	5,000	132,044	261,758	26,250
Transfers out.....	(12,500)	(1,076,009)	-	(261,758)
TOTAL OTHER FINANCING SOURCES (USES).....	(7,500)	(943,965)	261,758	(235,508)
NET CHANGE IN FUND BALANCES.....	473,185	(687,814)	522,750	(167,680)
FUND BALANCES AT BEGINNING OF YEAR.....	343,967	2,595,252	80,074	1,592,017
FUND BALANCES AT END OF YEAR.....	\$ 817,152	\$ 1,907,438	\$ 602,824	\$ 1,424,337

Special Revenue Funds

School Federal and State Grants	Special Revenue Trust Fund	Receipts Reserved For Appropriation	Highway Construction	Subtotal
\$ 4,530,402	\$ -	\$ -	\$ 1,462,976	\$ 11,208,946
-	3,576	475,171	40,035	6,282,979
-	-	-	-	634,165
-	29	-	-	22,172
<u>4,530,402</u>	<u>3,605</u>	<u>475,171</u>	<u>1,503,011</u>	<u>18,148,262</u>
-	-	4,676	-	67,124
-	14,002	10,000	-	5,508,711
4,247,910	-	-	-	8,545,277
-	-	17,030	1,653,935	1,764,700
-	-	-	-	496
-	-	-	-	106,675
-	-	2,483	-	527,470
<u>4,247,910</u>	<u>14,002</u>	<u>34,189</u>	<u>1,653,935</u>	<u>16,520,453</u>
<u>282,492</u>	<u>(10,397)</u>	<u>440,982</u>	<u>(150,924)</u>	<u>1,627,809</u>
-	-	-	-	-
-	-	-	-	-
-	1,084	-	-	426,136
-	-	(374,176)	-	(1,724,443)
-	1,084	(374,176)	-	(1,298,307)
282,492	(9,313)	66,806	(150,924)	329,502
<u>897,208</u>	<u>61,208</u>	<u>690,068</u>	<u>629,379</u>	<u>6,889,173</u>
\$ <u>1,179,700</u>	\$ <u>51,895</u>	\$ <u>756,874</u>	\$ <u>478,455</u>	\$ <u>7,218,675</u>

(Continued)

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

YEAR ENDED JUNE 30, 2019

	Capital Project Funds		
	City Capital Projects	School Capital Projects	Subtotal
REVENUES:			
Intergovernmental.....	\$ 564,986	\$ -	\$ 564,986
Departmental and other.....	70,549	-	70,549
Contributions and donations.....	19,800	-	19,800
Investment income.....	-	-	-
TOTAL REVENUES.....	655,335	-	655,335
EXPENDITURES:			
Current:			
General government.....	379,289	-	379,289
Public safety.....	562,330	-	562,330
Education.....	-	906,808	906,808
Public works.....	2,997,605	-	2,997,605
Community development.....	-	-	-
Human services.....	-	-	-
Culture and recreation.....	348,056	-	348,056
TOTAL EXPENDITURES.....	4,287,280	906,808	5,194,088
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(3,631,945)	(906,808)	(4,538,753)
OTHER FINANCING SOURCES (USES):			
Premium from issuance of bonds and notes.....	7,980	-	7,980
Capital lease financing.....	-	312,550	312,550
Transfers in.....	2,285,008	2,475,000	4,760,008
Transfers out.....	(84,350)	(141,187)	(225,537)
TOTAL OTHER FINANCING SOURCES (USES).....	2,208,638	2,646,363	4,855,001
NET CHANGE IN FUND BALANCES.....	(1,423,307)	1,739,555	316,248
FUND BALANCES AT BEGINNING OF YEAR.....	4,077,592	1,026,954	5,104,546
FUND BALANCES AT END OF YEAR.....	\$ 2,654,285	\$ 2,766,509	\$ 5,420,794

Permanent Funds						Total
Libraries	Cemetery Perpetual Care	Conservation Trust Fund	Other Permanent Fund	Subtotal		Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$	11,773,932
-	-	-	-	-	-	6,353,528
50,000	2,900	-	1,115	54,015		707,980
<u>58,799</u>	<u>255,669</u>	<u>120,684</u>	<u>38,025</u>	<u>473,177</u>		<u>495,349</u>
<u>108,799</u>	<u>258,569</u>	<u>120,684</u>	<u>39,140</u>	<u>527,192</u>		<u>19,330,789</u>
-	-	-	-	-		446,413
-	-	-	-	-		6,071,041
-	-	-	-	-		9,452,085
-	10,770	-	-	10,770		4,773,075
-	-	-	-	-		496
-	-	-	-	-		106,675
<u>17,142</u>	<u>-</u>	<u>74,203</u>	<u>29,007</u>	<u>120,352</u>		<u>995,878</u>
<u>17,142</u>	<u>10,770</u>	<u>74,203</u>	<u>29,007</u>	<u>131,122</u>		<u>21,845,663</u>
<u>91,657</u>	<u>247,799</u>	<u>46,481</u>	<u>10,133</u>	<u>396,070</u>		<u>(2,514,874)</u>
-	-	-	-	-		7,980
-	-	-	-	-		312,550
-	-	-	-	-		5,186,144
<u>-</u>	<u>(80,000)</u>	<u>(18,675)</u>	<u>-</u>	<u>(98,675)</u>		<u>(2,048,655)</u>
<u>-</u>	<u>(80,000)</u>	<u>(18,675)</u>	<u>-</u>	<u>(98,675)</u>		<u>3,458,019</u>
91,657	167,799	27,806	10,133	297,395		943,145
<u>630,832</u>	<u>2,255,731</u>	<u>1,132,519</u>	<u>802,900</u>	<u>4,821,982</u>		<u>16,815,701</u>
\$ <u>722,489</u>	\$ <u>2,423,530</u>	\$ <u>1,160,325</u>	\$ <u>813,033</u>	\$ <u>5,119,377</u>	\$	<u>17,758,846</u>

(Concluded)

Agency Fund

The Agency fund is used to account for contractor performance bonds, contractor bid deposits, student activity accounts, fire private details and landfill monitoring.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED JUNE 30, 2019

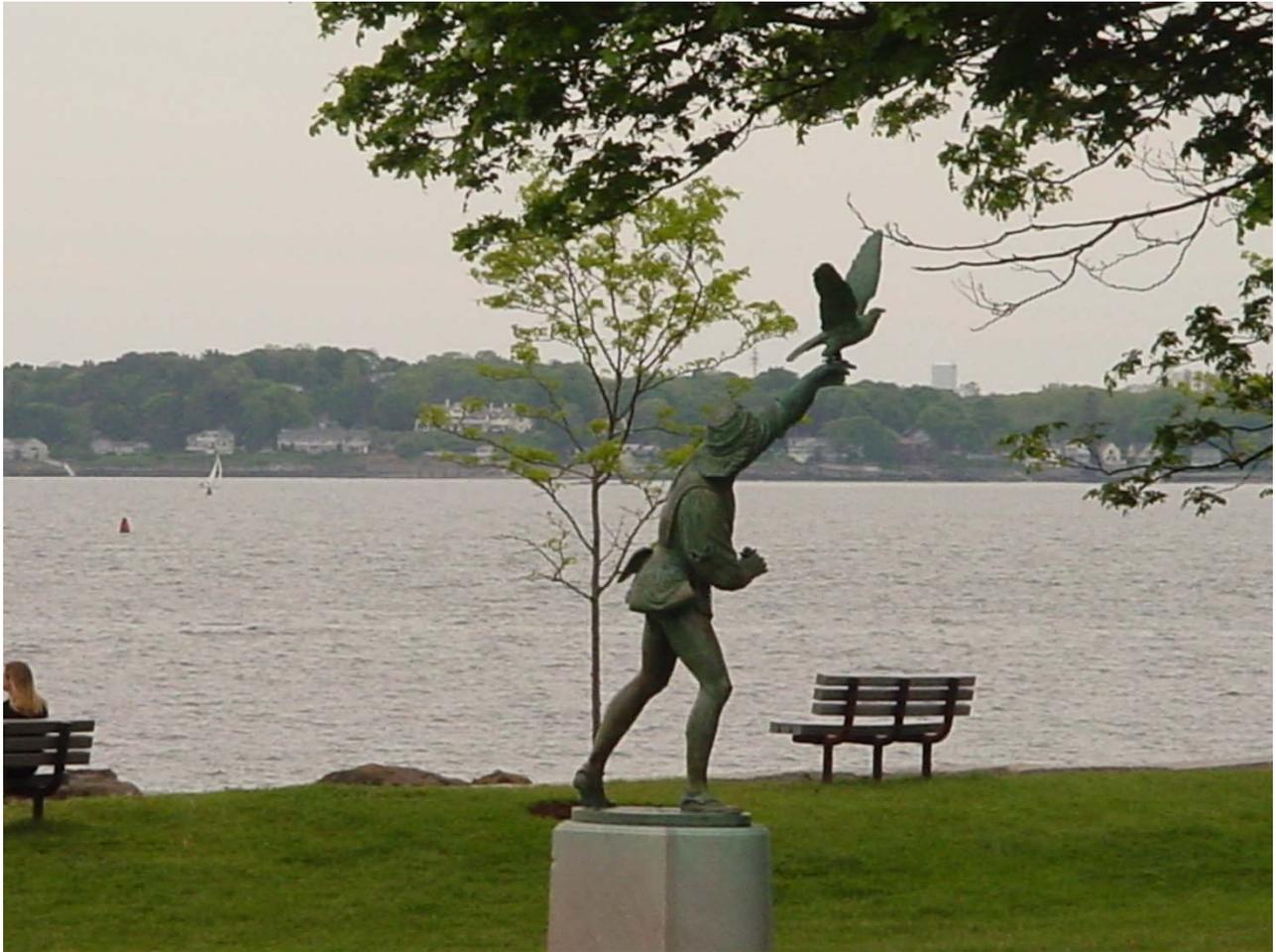
	June 30, 2018	Additions	Deletions	June 30, 2019
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 318,012	\$ 977,564	\$ (1,011,200)	\$ 284,376
LIABILITIES				
Warrants payable.....	\$ 900	\$ 25,508	\$ (17,455)	\$ 8,953
Liabilities due depositors.....	317,112	952,056	(993,745)	275,423
TOTAL LIABILITIES.....	\$ 318,012	\$ 977,564	\$ (1,011,200)	\$ 284,376

This page intentionally left blank.

Statistical Section



Rose Garden Lynch Park



The Falconer

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.

Changes in Net Position

Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government.....	\$ 6,881,739	\$ 6,630,762	\$ 6,829,617	\$ 7,484,943	\$ 7,377,755	\$ 8,319,690	\$ 9,035,919	\$ 9,357,755	\$ 9,274,722	\$ 9,709,362
Public safety.....	23,550,598	24,134,519	25,547,346	24,505,846	25,399,713	26,213,695	28,421,480	30,453,249	30,966,874	31,363,333
Education.....	80,291,931	83,683,151	86,564,709	85,553,698	87,935,211	80,712,591	87,455,522	92,436,749	97,886,134	107,569,020
Public works.....	7,591,259	7,774,095	6,958,527	9,373,588	8,983,985	11,708,192	10,197,780	11,470,485	10,848,636	11,669,045
Community development.....	228,281	394,398	248,106	189,698	100,610	92,880	119,607	45,646	19,985	496
Community preservation.....	-	-	-	-	11,863	39,928	172,077	342,542	13,506	119,666
Human services.....	1,972,208	1,961,910	2,070,130	2,075,574	2,323,421	2,440,310	2,456,395	2,572,185	2,559,793	2,752,604
Culture and recreation.....	3,011,255	3,166,500	3,539,562	3,590,070	4,878,556	3,954,550	4,241,200	4,114,207	4,557,017	4,652,410
Interest.....	2,653,352	2,884,934	2,629,050	1,807,112	1,763,242	1,897,040	1,788,148	2,477,818	2,833,651	3,108,913
Total government activities expenses.....	126,180,623	130,630,269	134,387,047	134,580,529	138,774,356	135,378,876	143,888,128	153,270,636	158,960,318	170,944,849
Business-type activities:										
Water.....	3,586,039	3,330,649	3,570,988	3,574,918	2,992,163	3,358,690	3,861,996	6,987,483	4,288,070	4,747,948
Sewer.....	7,481,713	8,043,721	7,893,200	8,124,506	7,876,644	7,861,904	7,250,581	6,597,026	7,195,735	7,577,109
Airport.....	682,443	638,310	597,486	722,814	817,858	860,008	1,128,106	1,089,104	1,260,052	1,344,167
Golf and tennis.....	328,771	187,236	197,199	228,432	282,182	276,639	522,943	314,656	383,924	362,823
Sanitation.....	2,260,550	2,071,248	2,248,019	2,236,401	2,333,543	2,394,769	2,447,068	2,261,549	2,413,091	2,478,713
Harbor management.....	373,164	363,991	377,909	360,011	381,082	436,927	375,113	408,410	350,497	413,362
Recreation.....	351,525	317,957	387,102	311,613	352,342	283,486	339,425	347,816	383,144	500,226
Senior citizens.....	95,787	85,318	66,480	63,309	58,469	62,239	73,652	65,011	68,746	77,882
Total business type activities expenses.....	15,159,992	15,038,430	15,338,383	15,622,004	15,094,283	15,534,662	15,998,884	18,071,055	16,343,259	17,502,230
Total primary government expenses.....	\$ 141,340,615	\$ 145,668,699	\$ 149,725,430	\$ 150,202,533	\$ 153,868,639	\$ 150,913,538	\$ 159,887,012	\$ 171,341,691	\$ 175,303,577	\$ 188,447,079
Program Revenues										
Governmental activities:										
General government charges for services.....	\$ 1,547,294	\$ 1,727,151	\$ 1,061,530	\$ 904,477	\$ 925,372	\$ 1,225,092	\$ 1,332,391	\$ 1,441,878	\$ 1,092,987	\$ 1,092,748
Public safety charges for services.....	3,020,782	2,114,950	3,028,633	2,655,198	3,012,769	3,610,011	5,027,959	5,028,998	4,475,111	5,266,253
Education charges for services.....	2,369,749	2,659,911	3,121,007	2,818,158	3,513,800	3,162,642	2,470,566	2,510,203	2,459,870	2,655,716
Public works charges for services.....	284,920	211,976	180,651	240,555	306,618	223,083	290,497	219,445	228,086	362,295
Human services charges for services.....	100,925	70,773	75,112	80,369	89,766	81,383	87,016	89,229	82,846	89,029
Culture and recreation charges for services.....	34,252	29,661	370,952	402,375	485,279	486,367	522,688	158,078	202,821	41,098
Education operating grants and contributions.....	22,124,192	23,309,595	23,215,449	23,526,928	25,222,895	17,013,758	21,612,290	23,972,703	24,242,803	25,948,686
Public safety operating grants and contributions.....	1,353,465	1,453,062	2,441,255	2,098,724	2,129,478	2,463,648	3,040,055	2,369,718	1,509,031	3,158,946
General government operation grants and contributions.....	309,751	317,932	335,207	308,234	486,958	758,331	356,021	403,934	386,685	372,634
Community development operating grants and contributions.....	82,921	214,547	134,293	108,268	28,017	14,610	49,149	78,172	113	35,502
Public works operating grants and contributions.....	214,840	181,441	312,175	332,256	558,324	462,501	3,797,707	1,573,947	1,432,113	642,118
Human services operating grants and contributions.....	261,073	311,680	263,489	286,716	399,376	499,761	610,059	666,717	627,008	483,814
Culture and recreation operating grants and contributions.....	141,680	149,943	108,427	273,551	108,800	293,939	231,659	359,184	159,945	399,736
Interest operating grants and contributions.....	1,097,034	454,314	429,020	395,266	354,578	317,536	283,685	248,308	210,771	170,647
Other operating grants and contributions.....	-	-	-	-	461	1,185	986	780	-	-
Education capital grants and contributions.....	23,850,249	9,056,163	3,250,708	129,991	176,967	638,931	6,912,160	19,134,749	17,053,087	2,897,057
Public works capital grants and contributions.....	431,711	1,311,541	75,631	2,005,335	1,963,827	1,730,031	1,752,066	1,481,457	1,550,508	215,959
Culture and recreation capital grants and contributions.....	-	559,513	-	-	-	-	5,000	-	-	-
Other capital grants and contributions.....	-	-	17,593	248,510	283,132	27,953	199,270	804,417	231,468	425,393
Total government activities program revenues.....	57,224,838	44,134,153	38,421,132	36,814,911	40,046,417	33,010,762	48,581,224	60,541,917	55,945,253	44,257,631

(Continued)

Changes in Net Position

Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities:										
Water charges for services.....	4,060,006	3,883,605	3,982,788	4,234,528	3,793,819	4,691,854	5,555,655	5,432,770	4,954,435	5,209,251
Sewer charges for services.....	6,302,484	7,676,935	7,558,837	7,814,485	8,034,420	8,317,779	8,104,724	8,254,111	7,869,432	8,241,966
Airport charges for services.....	289,448	327,504	369,154	357,192	387,175	431,897	378,411	399,835	495,508	535,943
Golf and tennis charges for services.....	278,285	324,662	323,959	393,000	370,000	391,250	390,000	400,082	410,000	420,000
Sanitation charges for services.....	1,389,949	1,376,737	1,366,673	1,366,527	1,378,484	1,368,079	1,375,260	1,351,870	1,357,773	1,378,847
Harbor management charges for services.....	137,333	154,897	176,592	122,708	131,139	183,084	134,011	193,182	164,775	190,713
Recreation charges for services.....	366,921	345,856	341,786	371,972	401,437	409,683	494,708	424,786	526,238	384,974
Senior citizens charges for services.....	98,649	108,589	61,964	91,336	41,164	154,452	55,829	58,926	62,872	57,293
Other operating grants and contributions.....	-	30,000	-	-	-	-	293	331	-	-
Water capital grants and contributions.....	-	-	-	-	-	350,000	42,326	80,708	42,564	585
Sewer capital grants and contributions.....	-	-	-	-	-	416,437	-	-	-	-
Airport capital grants and contributions.....	1,505,781	27,258	189,608	2,749,731	1,891,764	1,579,841	3,154,467	1,001,392	201,941	298,865
Harbor management capital grants and contributions.....	1,059,269	1,411,943	-	1,389,999	-	50,000	-	-	409,488	141,879
Other capital grants and contributions.....	-	-	-	74,800	1,500	-	400,000	-	-	-
Total business-type activities program revenues.....	15,488,125	15,667,986	14,371,361	18,966,278	16,430,902	18,344,356	20,085,684	17,597,993	16,495,026	16,860,316
Total primary government program revenues.....	\$ 72,712,963	\$ 59,802,139	\$ 52,792,493	\$ 55,781,189	\$ 56,477,319	\$ 51,355,118	\$ 68,666,908	\$ 78,139,910	\$ 72,440,279	\$ 61,117,947
Net (Expense)/Revenue										
Governmental activities.....	\$ (68,955,785)	\$ (86,496,116)	\$ (95,965,915)	\$ (97,765,618)	\$ (98,727,939)	\$ (102,368,114)	\$ (95,306,904)	\$ (92,728,719)	\$ (103,015,065)	\$ (126,687,218)
Business-type activities.....	328,133	629,556	(967,022)	3,344,274	1,336,619	2,809,694	4,086,800	(473,062)	151,767	(641,914)
Total primary government net expense.....	\$ (68,627,652)	\$ (85,866,560)	\$ (96,932,937)	\$ (94,421,344)	\$ (97,391,320)	\$ (99,558,420)	\$ (91,220,104)	\$ (93,201,781)	\$ (102,863,298)	\$ (127,329,132)
General Revenues and other Changes in Net Position										
Governmental activities:										
Real estate and personal property taxes, net of tax refunds payable.....	\$ 71,840,848	\$ 74,732,977	\$ 77,701,525	\$ 80,218,253	\$ 83,306,910	\$ 87,208,870	\$ 90,464,132	\$ 93,645,958	\$ 98,573,704	\$ 102,671,201
Tax liens.....	821,491	762,948	951,104	1,022,873	1,176,600	654,416	239,832	949,630	548,619	422,758
Motor vehicle excise taxes.....	3,824,642	4,561,116	4,689,603	4,936,704	5,153,334	5,611,574	5,886,782	5,794,000	6,308,066	6,110,972
Community preservation taxes.....	-	-	-	-	631,004	868,416	698,916	725,876	780,347	825,754
Penalties, interest on taxes, and other taxes.....	378,062	306,705	495,782	619,539	391,627	363,958	681,006	490,404	451,176	572,924
Payments in lieu of taxes.....	181,258	187,314	258,871	241,501	245,715	238,717	38,130	382,126	181,667	250,041
Grants and contributions not restricted to specific programs.....	5,179,786	4,972,639	4,973,603	4,978,675	5,087,997	5,236,938	5,423,866	6,028,085	6,217,813	6,557,815
Unrestricted investment income.....	226,866	240,739	408,452	170,979	677,849	30,638	60,498	100,466	874,173	1,201,496
Gains on sale of capital assets.....	-	-	-	-	-	894,625	-	-	-	-
Miscellaneous.....	41,970	283,868	188,564	425,741	168,020	-	-	-	69,725	111,941
Transfers, net.....	829,346	267,997	674,384	112,876	(683,249)	142,051	(725,451)	24,549	(1,658,221)	(777,750)
Total governmental activities	83,324,269	86,316,303	90,341,888	92,727,141	96,155,807	101,250,203	102,767,711	108,141,094	112,347,069	117,947,152
Business-type activities:										
Unrestricted investment income.....	133	-	-	-	-	-	-	-	-	-
Gain on sale of capital assets.....	-	-	417,270	-	-	-	-	-	438,387	-
Miscellaneous.....	-	-	-	-	-	-	107,524	14,838	43,016	-
Transfers, net.....	(829,346)	(267,997)	(674,384)	(112,876)	683,249	(142,051)	725,451	(24,549)	1,658,221	777,750
Total business-type activities	(829,213)	(267,997)	(257,114)	(112,876)	683,249	(142,051)	832,975	(9,711)	2,139,624	777,750
Total primary government.....	\$ 82,495,056	\$ 86,048,306	\$ 90,084,774	\$ 92,614,265	\$ 96,839,056	\$ 101,108,152	\$ 103,600,686	\$ 108,131,383	\$ 114,486,693	\$ 118,724,902
Changes in Net Position										
Governmental activities.....	\$ 14,368,484	\$ (179,813)	\$ (5,624,027)	\$ (5,038,477)	\$ (2,572,132)	\$ (1,117,911)	\$ 7,460,807	\$ 15,412,375	\$ 9,332,004	\$ (8,740,066)
Business-type activities.....	(501,080)	361,559	(1,224,136)	3,231,398	2,019,868	2,667,643	4,919,775	(482,773)	2,291,391	135,836
Total primary government.....	\$ 13,867,404	\$ 181,746	\$ (6,848,163)	\$ (1,807,079)	\$ (552,264)	\$ 1,549,732	\$ 12,380,582	\$ 14,929,602	\$ 11,623,395	\$ (8,604,230)

(Concluded)

Fund Balances, Governmental Funds

Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved.....	\$ 942,545	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved.....	3,102,447	-	-	-	-	-	-	-	-	-
Restricted.....	-	-	-	-	-	287,777	-	-	-	-
Committed.....	-	550,000	550,000	750,000	1,000,000	1,000,000	1,000,000	1,000,903	1,000,903	1,000,903
Assigned.....	-	521,593	720,481	1,061,247	1,637,020	1,634,896	2,270,338	2,041,315	1,354,661	1,689,933
Unassigned.....	-	2,962,596	4,967,463	7,508,842	8,633,617	11,445,798	16,492,721	20,373,645	22,439,702	24,500,423
Total general fund.....	\$ 4,044,992	\$ 4,034,189	\$ 6,237,944	\$ 9,320,089	\$ 11,270,637	\$ 14,368,471	\$ 19,763,059	\$ 23,415,863	\$ 24,795,266	\$ 27,191,259
All Other Governmental Funds										
Unreserved, reported in:										
Special revenue funds.....	\$ 3,203,383	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects funds.....	(6,590,703)	-	-	-	-	-	-	-	-	-
Permanent funds.....	821,112	-	-	-	-	-	-	-	-	-
Reserved.....	2,070,149	-	-	-	-	-	-	-	-	-
Nonspendable.....	-	1,961,455	1,974,304	1,981,005	1,982,056	1,972,155	2,093,894	2,141,058	2,145,203	2,154,139
Restricted.....	-	5,278,868	5,884,987	7,439,870	9,676,585	11,719,656	24,157,972	16,145,520	16,761,661	18,536,291
Unassigned.....	-	(4,884,355)	(5,194,601)	(4,368,386)	(7,745,861)	(2,818,038)	-	-	(3,384,401)	(10,910,270)
Total all other governmental funds.....	\$ (496,059)	\$ 2,355,968	\$ 2,664,690	\$ 5,052,489	\$ 3,912,780	\$ 10,873,773	\$ 26,251,866	\$ 18,286,578	\$ 15,522,463	\$ 9,780,160

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

Changes in Fund Balances, Governmental Funds

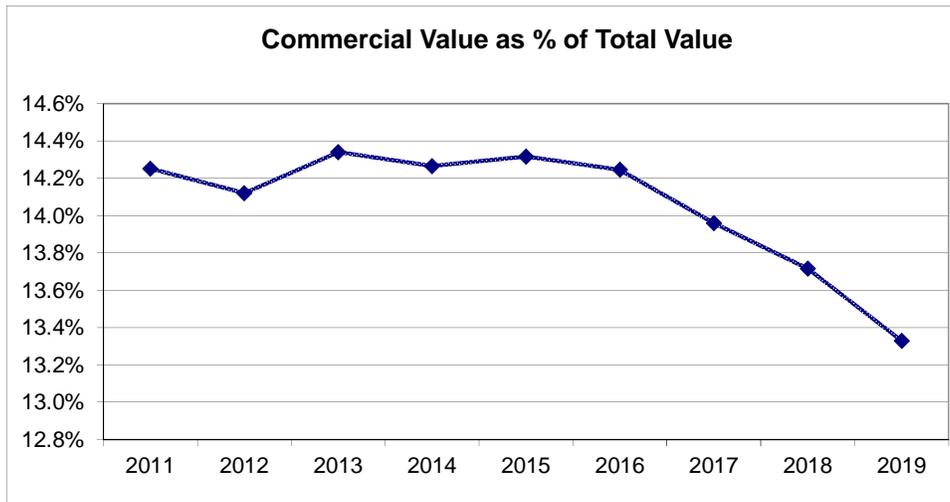
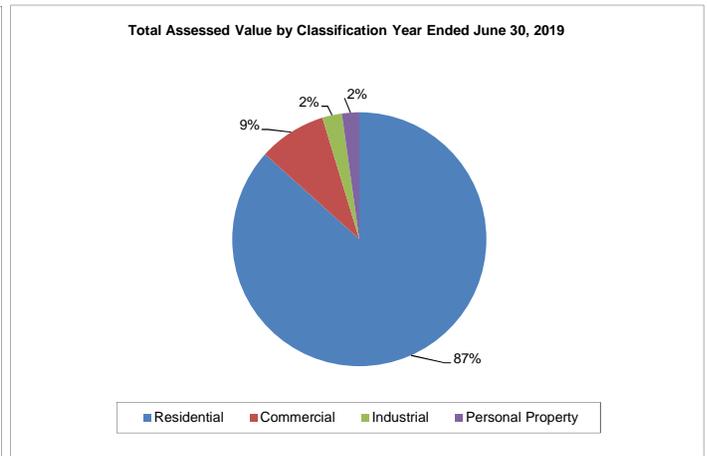
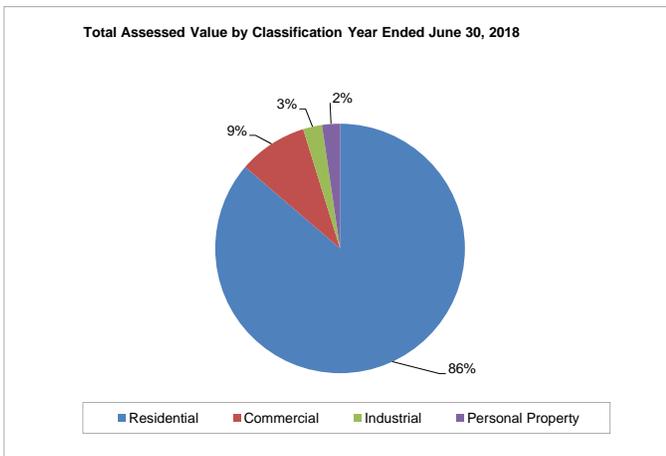
Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 71,717,222	\$ 74,364,726	\$ 77,568,222	\$ 80,585,778	\$ 83,832,389	\$ 87,154,048	\$ 90,228,827	\$ 93,912,418	\$ 98,889,659	\$ 102,446,667
Tax liens.....	595,299	520,031	823,059	1,132,093	654,407	434,306	1,079,272	879,146	593,400	404,750
Motor vehicle excise taxes.....	3,780,168	4,512,431	4,629,608	4,866,359	5,237,614	5,559,302	5,900,637	5,873,928	6,375,461	6,038,965
Community preservation taxes.....	-	-	-	-	623,659	671,218	698,687	726,793	780,347	825,410
Charges for services.....	-	-	4,558	11,132	10,924	7,026	5,968	-	-	-
Intergovernmental.....	67,722,687	41,372,113	37,077,986	33,623,006	36,115,377	28,890,275	43,500,053	56,055,619	53,076,663	41,978,195
Departmental & other.....	8,447,634	7,538,767	8,916,523	8,889,265	9,545,171	10,377,853	11,812,004	10,757,090	9,464,379	11,067,761
Contributions.....	19,600	310,955	353,304	252,888	56,901	149,367	114,379	1,217,297	919,366	707,980
Investment income.....	364,836	399,832	474,815	536,681	777,953	172,900	164,003	616,687	819,414	1,144,215
Total Revenue.....	152,647,446	129,018,855	129,848,075	129,897,202	136,854,395	133,416,295	153,503,830	170,038,978	170,918,689	164,613,943
Expenditures:										
General government.....	4,484,649	3,977,861	4,135,031	5,292,797	6,633,459	5,882,965	5,318,727	5,460,747	5,562,359	6,161,426
Public safety.....	17,100,383	16,333,493	17,046,422	16,056,189	18,565,025	18,223,908	18,156,775	19,712,853	21,175,098	21,553,759
Education.....	95,565,204	72,562,211	61,929,441	57,077,929	59,547,814	60,530,363	73,898,661	103,614,490	112,618,920	80,043,173
Public works.....	5,553,006	5,236,363	5,542,193	7,336,737	7,648,211	12,869,328	11,669,868	12,080,286	9,317,097	10,458,905
Community development.....	228,281	394,398	248,106	189,698	100,610	92,880	119,607	45,646	19,985	496
Community preservation.....	-	-	-	-	11,863	39,928	172,077	342,542	13,506	119,666
Human services.....	1,409,695	1,312,566	1,363,327	1,397,772	1,601,025	1,709,870	1,731,948	1,742,956	1,735,933	1,749,605
Culture and recreation.....	2,206,023	2,077,452	2,388,495	2,417,589	3,665,533	4,381,301	3,740,729	3,033,774	3,046,875	3,290,310
Pension benefits.....	16,300,140	17,239,662	18,301,201	19,584,002	20,493,154	13,531,623	16,406,403	19,882,483	20,146,588	20,852,109
Employee benefits.....	9,847,342	10,854,558	10,857,027	9,805,265	9,679,022	9,143,944	9,318,748	10,973,488	11,657,603	10,832,185
State and county charges.....	957,469	948,050	940,251	987,926	1,497,972	1,451,249	1,580,380	1,505,767	1,464,775	1,657,290
Debt service										
Principal.....	4,130,000	4,104,150	4,517,200	4,476,000	4,720,000	4,672,000	5,261,000	5,337,000	6,391,000	7,258,000
Interest.....	2,666,148	2,844,032	2,711,117	2,114,058	2,157,596	2,043,813	2,176,070	2,546,404	3,060,053	3,642,099
Total Expenditures.....	160,448,340	137,884,796	129,979,811	126,735,962	136,321,284	134,573,172	149,550,993	186,278,436	196,209,792	167,619,023
Excess of revenues over (under) expenditures.....	(7,800,894)	(8,865,941)	(131,736)	3,161,240	533,111	(1,156,877)	3,952,837	(16,239,458)	(25,291,103)	(3,005,080)
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	21,320,000	10,000,000	830,000	1,300,000	-	8,974,000	17,203,000	10,000,000	23,875,000	-
Issuance of refunding bonds.....	11,360,350	-	-	18,638,500	-	-	-	-	-	-
Premium from issuance of bonds and notes.....	854,404	775,021	91,349	2,354,844	158,876	669,242	92,423	1,137,101	1,382,257	123,970
Payments to refunded bond escrow agent.....	(24,834,272)	-	-	(20,421,158)	-	-	-	-	-	-
Capital lease financing.....	155,585	-	1,048,480	323,642	802,101	530,486	249,872	735,324	307,355	312,550
Sale of capital assets.....	-	-	-	-	-	899,925	-	-	-	-
Transfers in.....	2,623,131	3,193,317	1,789,053	2,677,020	3,183,190	3,724,015	5,039,828	5,167,770	5,235,470	6,984,457
Transfers out.....	(2,168,785)	(2,261,173)	(1,114,669)	(2,564,144)	(3,866,439)	(3,581,964)	(5,765,279)	(5,143,221)	(6,893,691)	(7,762,207)
Total other financing sources (uses).....	9,310,413	11,707,165	2,644,213	2,308,704	277,728	11,215,704	16,819,844	11,896,974	23,906,391	(341,230)
Net change in fund balance.....	\$ 1,509,519	\$ 2,841,224	\$ 2,512,477	\$ 5,469,944	\$ 810,839	\$ 10,058,827	\$ 20,772,681	\$ (4,342,484)	\$ (1,384,712)	\$ (3,346,310)
Debt service as a percentage of noncapital expenditures.....	5.75%	5.75%	5.96%	5.33%	5.38%	5.41%	5.69%	5.64%	6.50%	7.25%

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/ Open Space Value	Residential/ Open Space Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate (1)	Total City Value
2010	\$ 4,821,678,094	\$ 11.63	\$ 529,349,630	\$ 160,128,580	\$ 138,945,390	\$ 828,423,600	\$ 20.58	\$ 12.94	\$ 5,650,101,694
2011	4,695,289,556	12.41	497,260,404	152,865,235	130,273,060	780,398,699	22.59	13.86	5,475,688,255
2012	4,673,290,900	12.97	484,818,847	154,629,160	128,951,460	768,399,467	23.59	14.47	5,441,690,367
2013	4,581,520,983	13.64	486,290,841	151,729,935	128,984,340	767,005,116	24.86	15.25	5,348,526,099
2014	4,587,703,406	14.16	493,013,665	144,775,235	125,558,520	763,347,420	25.78	15.82	5,351,050,826
2015	4,790,616,358	14.11	519,567,140	152,274,105	128,635,610	800,476,855	25.70	15.77	5,591,093,213
2016	4,858,366,937	14.39	520,510,410	151,322,805	135,255,500	807,088,715	26.41	16.10	5,665,455,652
2017	5,087,232,246	14.28	532,599,180	142,777,430	150,009,540	825,386,150	26.83	16.03	5,912,618,396
2018	5,617,208,882	13.60	583,622,467	158,387,265	150,969,680	892,979,412	25.72	15.26	6,510,188,294
2019	6,050,658,480	13.21	603,239,940	173,155,155	154,184,330	930,579,425	25.41	14.84	6,981,237,905



(1) 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

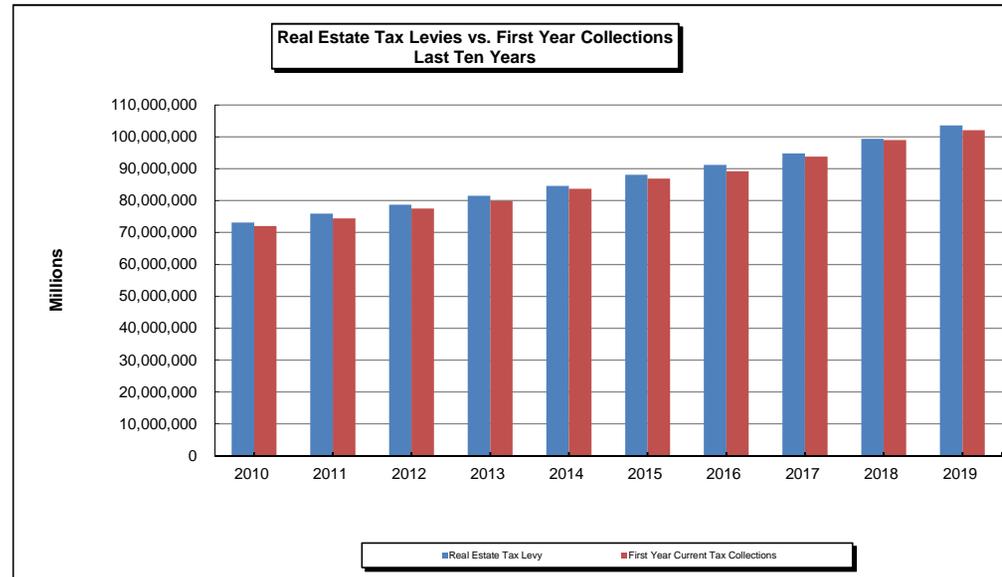
Name	Nature of Business	2019			2010		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Beverly Commerce Park	Commercial Real Estate	\$ 117,625,500	1	1.7%	\$ 108,000,000	1	1.9%
Massachusetts Electric	Utility	\$ 53,685,790	2	0.8%	\$ 38,710,480	2	0.7%
Taurus CD 184 Beverly Townhome	Residential Real Estate	\$ 39,412,700	3	0.6%	\$ -	-	0.0%
Boston Gas	Utility	\$ 38,817,260	4	0.6%	\$ -	-	0.0%
Beverly Commons Associates LLC	Residential Real Estate	\$ 37,052,900	5	0.5%	\$ 24,193,600	7	0.4%
Beverly Plaza LLC	Shopping Center	\$ 32,056,700	6	0.5%	\$ 25,744,700	5	0.5%
Beverly Property Owner LLC	Manufacturing	\$ 29,522,800	7	0.4%	\$ -	-	0.0%
Algonquin Gas Transmission LLC	Utility Pipelines	\$ 19,606,600	8	0.3%	\$ -	-	0.0%
Electric Insurance	Insurance	\$ 19,157,500	9	0.3%	\$23,267,200	8	0.4%
AMG Properties LLC	Commercial / Residential Real Estate	\$ 16,877,700	10	0.2%	\$ -	-	0.0%
Axcelis Technology	Manufacturing	\$ -	-	0.0%	\$ 38,288,300	3	0.7%
One Apple Road, LLC	Residential Real Estate	\$ -	-	0.0%	\$ 30,578,100	4	0.5%
Windsor Courts at Beverly	Residential Real Estate	\$ -	-	0.0%	\$ 24,937,900	6	0.4%
National Grid	Utility	\$ -	-	0.0%	\$ 19,174,690	9	0.3%
5th AP Company	Residential Real Estate	\$ -	-	0.0%	\$ 19,103,200	10	0.3%
Totals		<u>\$403,815,450</u>		<u>5.8%</u>	<u>\$351,998,170</u>		<u>6.2%</u>

Source: Official Statement, Assessor's Department Database

Property Tax Levies and Collections

Last Ten Years

Year	(1) Total Tax Levy	Less Abatements & Exemptions	(1) Net Tax Levy	Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy
2010	\$ 73,125,074	\$ 373,167	\$ 72,751,907	\$ 72,010,073	99.0%	\$ 595,299	\$ 72,605,372	99.8%
2011	75,897,750	525,480	75,372,270	74,452,666	98.8%	520,031	74,972,697	99.5%
2012	78,739,126	331,508	78,407,618	77,584,559	99.0%	823,059	78,407,618	100.0%
2013	81,559,693	517,789	81,041,904	79,919,810	98.6%	1,122,093	81,041,903	100.0%
2014	84,640,977	284,164	84,356,813	83,688,768	99.2%	668,045	84,356,813	100.0%
2015	88,167,852	844,992	87,322,860	86,888,554	99.5%	434,306	87,322,860	100.0%
2016	91,227,113	832,729	90,394,384	89,180,195	98.7%	1,214,189	90,394,384	100.0%
2017	94,790,787	69,701	94,721,086	93,841,940	99.1%	879,146	94,721,086	100.0%
2018	99,371,140	92,640	99,278,500	99,008,667	99.7%	269,833	99,278,500	100.0%
2019	103,575,222	707,947	102,867,275	102,105,303	99.3%	-	102,105,303	99.3%



(1) Includes tax liens.

Source: Massachusetts Department of Revenue; Board of Assessors

Ratios of Outstanding Debt by Type

Last Ten Years

Year	Governmental Activities		Business-type Activities		Total Debt Outstanding	Percentage of Personal Income	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (1)	Capital Leases	General Obligation Bonds (1)	Capital Leases				
2010	\$ 59,700,350	\$ 474,613	\$ 8,074,483	\$ -	\$ 68,249,446	4.80%	39,502	\$ 1,728
2011	65,596,200	337,887	12,421,266	-	78,355,353	5.35%	39,720	1,973
2012	61,909,000	1,010,825	11,309,241	-	74,229,066	4.97%	40,377	1,838
2013	59,197,544	843,912	10,343,277	-	70,384,733	4.59%	40,845	1,723
2014	55,185,107	1,102,235	9,540,523	-	65,827,865	4.05%	41,210	1,597
2015	59,768,831	915,547	10,116,071	-	70,800,449	4.23%	41,529	1,705
2016	71,293,735	725,084	14,003,544	-	86,022,363	5.03%	41,656	2,065
2017	76,687,728	903,122	13,422,931	-	91,013,781	5.20%	41,816	2,177
2018	95,014,151	722,800	12,481,870	-	108,218,821	5.84%	42,312	2,558
2019	87,313,394	639,829	11,541,049	-	99,494,272	5.10%	42,667	2,332

(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

Ratios of Outstanding Debt by Type

Last Ten Years

Year	Governmental Activities		Business-type Activities		Total Debt Outstanding	Percentage of Personal Income	U. S. Census Population	Debt Per Capita
	General Obligation Bonds (1)	Capital Leases	General Obligation Bonds (1)	Capital Leases				
2010	\$ 59,700,350	\$ 474,613	\$ 8,074,483	\$ -	\$ 68,249,446	4.80%	39,502	\$ 1,728
2011	65,596,200	337,887	12,421,266	-	78,355,353	5.35%	39,720	1,973
2012	61,909,000	1,010,825	11,309,241	-	74,229,066	4.97%	40,377	1,838
2013	59,197,544	843,912	10,343,277	-	70,384,733	4.59%	40,845	1,723
2014	55,185,107	1,102,235	9,540,523	-	65,827,865	4.05%	41,210	1,597
2015	59,768,831	915,547	10,116,071	-	70,800,449	4.23%	41,529	1,705
2016	71,293,735	725,084	14,003,544	-	86,022,363	5.03%	41,656	2,065
2017	76,687,728	903,122	13,422,931	-	91,013,781	5.20%	41,816	2,177
2018	95,014,151	722,800	12,481,870	-	108,218,821	5.84%	42,312	2,558
2019	87,313,394	639,829	11,541,049	-	99,494,272	5.10%	42,667	2,332

(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, 2019

<u>City of Beverly, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Essex North Shore Agricultural and Technical School District (1).....	\$ 28,335,000	12.51%	\$ 3,544,709
Massachusetts Bay Transportation Authority (2).....	5,478,860,000	0.54%	<u>29,585,844</u>
Subtotal, overlapping debt.....			<u>33,130,553</u>
Direct debt:			
Capital Lease Obligations.....			639,829
City direct debt.....			<u>87,313,394</u>
City total direct debt.....			<u>87,953,223</u>
Total direct and overlapping debt.....			<u>\$ 121,083,776</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 Essex North Shore Agricultural and Technical School District is based on the number of students attending from the City of Beverly as a percentage of all students at the Technical School.

(2) 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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Equalized Valuation.....	\$ 6,375,913,600	\$ 6,066,683,900	\$ 6,066,683,900	\$ 5,780,799,600	\$ 5,780,799,600	\$ 5,684,015,700	\$ 5,684,015,700	\$ 6,145,554,700	\$ 6,145,554,700	\$ 6,939,374,700
Debt Limit -5% of Equalized Valuation.....	\$ 318,795,680	\$ 303,334,195	\$ 303,334,195	\$ 289,039,980	\$ 289,039,980	\$ 284,200,785	\$ 284,200,785	\$ 307,277,735	\$ 307,277,735	\$ 346,968,735
Less:										
Outstanding debt applicable to limit.....	17,449,198	21,020,266	19,131,241	19,435,276	17,666,521	77,821,569	21,455,542	19,874,406	17,816,191	15,769,896
Authorized and unissued debt.....	75,507,327	57,311,893	57,311,893	57,711,893	12,768,164	18,279,164	96,384,673	96,384,673	27,912,630	26,304,379
Legal debt margin.....	\$ 225,839,155	\$ 225,002,036	\$ 226,891,061	\$ 211,892,811	\$ 258,605,295	\$ 188,100,052	\$ 166,360,570	\$ 191,018,656	\$ 261,548,914	\$ 304,894,460
Total debt applicable to the limit as a percentage of debt limit.....	29.16%	25.82%	25.20%	26.69%	10.53%	33.81%	41.46%	37.84%	14.88%	12.13%

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
2010	39,502	\$ 1,422,704,032	\$ 36,016	40.1	4,269	7.3%
2011	39,720	1,465,231,080	36,889	40.3	4,251	6.2%
2012	40,377	1,494,595,032	37,016	40.0	4,292	5.7%
2013	40,845	1,533,893,130	37,554	39.8	4,335	5.7%
2014	41,210	1,626,599,910	39,471	40.4	4,404	5.1%
2015	41,529	1,671,974,982	40,260	40.4	4,500	4.5%
2016	41,656	1,710,629,817	41,066	40.4	4,523	3.8%
2017	41,816	1,751,544,324	41,887	40.4	4,553	4.1%
2018	42,312	1,851,826,992	43,766	40.9	4,579	3.0%
2019 est.	42,667	1,951,375,245	45,735	40.9	4,807	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	2019			2010 (1)		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Northeast Hospital Corporation	Hospital	2,000	1	8.8%	2,400	1	11.2%
Endicott College	College	1,004	2	4.4%	309	5	1.4%
Axcelis Technologies	Manufacturing	620	3	2.7%	808	2	3.8%
YMCA of North Shore	Recreation / Fitness / Housing	567	4	2.5%	-	-	-
Electric Insurance	Insurance	425	5	1.9%	410	3	1.9%
Cell Signaling	Life Science / R&D	413	6	1.8%	-	-	-
American Rental	Dialysis Company	380	7	1.7%	-	-	-
Communications and Power Industries, Inc.	Manufacturing	301	8	1.3%	312	4	1.5%
Stop and Shop	Supermarkets	229	9	1.0%	300	6	1.4%
Sensitch	Logistics Performance Mechanisms	225	10	1.0%	-	-	-
Johnny Appleseed's	Retail	-	-	-	285	7	1.3%
Orion Research	Manufacturing	-	-	-	250	8	1.2%
	Totals	<u>6,164</u>		<u>27.0%</u>	<u>5,074</u>		<u>23.6%</u>

(1) Only the largest 8 employers were available for 2010.

Source: Official Statement for Sale of Bonds

Full-time Equivalent City Employees by Function

Last Ten Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
General government.....	88	85	90	88	94	99	97	93	90	90
Public safety.....	144	141	141	138	139	141	140	140	141	141
Education.....	614	615	606	627	649	672	683	696	698	707
Public works.....	38	40	45	44	47	44	44	45	45	45
Health and human services.....	19	18	16	16	17	18	17	18	19	19
Culture and recreation.....	4	4	4	4	4	4	4	5	5	5
Total	<u>906</u>	<u>903</u>	<u>903</u>	<u>918</u>	<u>950</u>	<u>978</u>	<u>984</u>	<u>996</u>	<u>998</u>	<u>1,007</u>

Source: Various City Departments

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Marriage recordings.....	218	212	211	236	242	218	208	233	215	194
Birth recordings.....	2,231	2,265	2,415	2,329	2,480	2,423	2,380	2,423	2,392	2,270
Death recordings.....	640	610	627	618	773	725	767	743	742	700
Police										
Physical arrests.....	722	578	534	515	677	533	470	406	305	237
Motor vehicle violations.....	1,218	844	895	996	3,293	3,248	2,340	5,614	4,330	4,115
Police personnel and officers.....	72	72	72	72	72	72	72	72	72	71
Fire										
Inspections.....	865	866	940	977	889	837	1,055	1,251	1,325	910
Emergency responses.....	4,280	3,976	4,157	4,778	4,550	4,566	4,693	5,142	5,200	4,886
Fire personnel and officers.....	61	61	60	64	64	64	64	64	64	62
Education										
Number of students.....	4,269	4,251	4,292	4,335	4,404	4,500	4,523	4,553	4,579	4,807
Number of graduates.....	363	305	332	333	333	341	346	331	333	273
Number of teachers.....	300	285	281	296	301	304	308	310	332	368
Health and human services										
Number of persons using COA transportation....	280	267	227	202	205	192	174	164	190	181
Number of seniors served by COA	2,355	2,482	2,782	2,547	3,056	2,925	2,918	2,585	2,945	4,333
Libraries										
Volumes in circulation.....	457,760	455,955	461,747	474,765	589,420	598,135	563,155	273,459	219,448	222,416
Total volumes borrowed.....	456,564	450,243	459,594	426,992	439,649	417,825	399,305	367,534	420,087	456,535

Source: Various City Departments; Massachusetts Department of Education

Capital Asset Statistics by Function/Program

Function/Program	Last Ten Years									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Number of buildings.....	38	38	38	38	38	37	36	36	37	37
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.....	5	5	5	5	5	5	5	5	5	5
Number of middle schools.....	1	1	1	1	1	1	1	1	1	1
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 Fund Balances

Last Ten Years

<u>Year</u>	<u>Free Cash</u>	<u>Stabilization Fund</u>
2019.....	\$ 9,236,610	\$ 13,616,827
2018.....	\$ 7,307,453	\$ 12,580,850
2017.....	\$ 9,370,853	\$ 9,378,039
2016.....	\$ 8,263,150	\$ 6,750,928
2015.....	\$ 6,285,357	\$ 5,250,928
2014.....	\$ 7,200,422	\$ 1,750,928
2013.....	\$ 5,709,284	\$ 750,000
2012.....	\$ 3,247,264	\$ 550,000
2011.....	\$ 1,488,721	\$ 550,000
2010.....	\$ 1,634,295	\$ 550,000

Source: City Records & Annual Report from FirstSouthwest