

City of Chelsea, Massachusetts

Comprehensive Annual Financial Report



For the Fiscal Year Ended June 30, 2015

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For the Fiscal Year Ended June 30, 2015

Thomas G. Ambrosino
City Manager



Prepared by the Finance Division

CITY OF CHELSEA, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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Introductory Section



Thomas G. Ambrosino
City Manager

CITY OF CHELSEA

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December 22, 2015

Dear Councilors:

I am pleased to submit the City of Chelsea's *Comprehensive Annual Financial Report (CAFR)* for the fiscal year ended June 30, 2015. This letter of transmittal, and management's discussion and analysis as located in the financial section of the CAFR, provides a comprehensive financial overview of the City.

The CAFR consists of management's representations concerning the finances of the City. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for the representations about the City's finances contained in the CAFR, the City has established a comprehensive internal control framework that is designed to ensure the assets of the City are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Because the cost of internal controls should not outweigh their benefits, the City of Chelsea's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

Pursuant to the City Charter, as particularly found in Section 5-6, and the instituted management practices of City government that the City Council has helped to implement over the years, a primary focus of the City continues to be an adherence to all Charter mandates and applicable ordinances, laws and practices. This CAFR meets and exceeds its legal requirements and presents itself as an informative resource for all those interested in the financial workings of the municipality.

Generally accepted accounting principles ("GAAP") require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the City's independent auditor. The remainder of this transmittal letter highlights concepts important to the overall context in which the attached CAFR places the administration of the City's financial processes.

REPORTING ENTITY AND SERVICES PROVIDED

The basic financial statements present all of the financial information of the City (the primary government) and its component units as required by accounting principles generally accepted in the United States of America. Component units are included in the City's basic financial statements because of the nature and/or significance of their relationship with the City. The inclusion of such component units within the reporting entity does not affect their legal standing.

The City has included the Chelsea Contributory Retirement System (System) as a component unit (blended) in the basic financial statements. The financial statements of the System are presented for the year ended December 31, 2014, which represents the fiscal reporting period for the Commonwealth of Massachusetts' Public Employee Retirement Administration Commission.

PROFILE OF THE CITY

The City of Chelsea, Massachusetts is located in Suffolk County directly across the Mystic River from the City of Boston. The City was first settled in 1624, established itself as a Town in 1739 and was incorporated as a City in 1857. The City has an estimated population of 35,177 and occupies a land area of 1.8 square miles.

The City provides a full range of traditional municipal services for the territory within its boundaries, including police and fire protection, trash collection and disposal, public education (pre-kindergarten through grade twelve), water and sewer services, parks and recreation, health and social services, libraries/culture and maintenance of streets and highways. The Massachusetts Bay Transportation Authority provides commuter rail service and bus coverage throughout the City with connections to the metropolitan Boston area. The Massachusetts Department of Conservation & Recreation maintains certain parks and highways. The Massachusetts Water Resource Authority provides water and sewerage disposal services to the City.

In August of 1995, the City implemented a new City Charter. The Charter mandated the Council-Manager form of government, which replaced the Mayor-Alderman form of government. The Charter establishes an eleven member City Council, eight members of which are elected by district and three of which are elected at-large. The School Committee consists of nine members; 8 are elected by district and one is elected at-large. The terms of councilors and school committee members are for two years. There are no other elected bodies. The City Manager is selected by the City Council. The City Manager is the chief executive of the City and is responsible for the day-to-day administration of City affairs. The Charter grants the City Manager strong executive and administrative powers.

The Charter requires the implementation of a coordinated budget process. The Council and School Committee share responsibility and coordinate their activities. In addition, the Charter requires the City to implement and undertake annual processes for capital planning, long-term financial forecasting and an open operating budget development process. The City has successfully implemented all the financial mandates required by the Charter.

ECONOMIC CONDITIONS

Because a large portion of Chelsea's annual budget is supported by state government, its financial condition is greatly impacted by the overall economic conditions of the Commonwealth of Massachusetts (Commonwealth). Yet, even in these relatively good economic times, non-school state support in the form of General Government Assistance has not grown significantly. This puts enormous pressure on all municipalities because certain ever increasing local costs, such as employee group health insurance and retirement costs, place great strain on municipal budgets.

Chelsea has taken positive steps to minimize the impact of stagnant state aid. Due to conservative fiscal management over the past decade, Chelsea has created healthy reserves. Therefore, even though Chelsea will utilize free cash reserves to balance its budget in FY16, and likely in the next few fiscal years as well, it has built up sufficient reserves to enable it to meet its budgetary needs for at least the next five years without any significant shortfall. However, long-term, it is essential that Chelsea generate additional revenue, and it can only do that with continued economic development. It is for that reason that Chelsea continues to aggressively seek growth, albeit in a manner that is properly planned and respectful of potential negative impacts such as traffic and gentrification.

Chelsea's economic development potential remains extremely positive due to three major assets: proximity to the Airport; proximity to downtown Boston; and a robust public transportation network. Public transportation options will only improve with the expected completion of the Silver Line into Chelsea, scheduled for 2017. These attributes have contributed to make Chelsea an incredibly attractive community for both residential and commercial development. The evidence is obvious from the projects recently completed, as well as those in the pipeline. The residential apartment complex known as One North of Boston on Sixth Street opened in April of 2014 and achieved full occupancy within 4 months. The second phase of this development is now under construction with similar pre-opening interest. Nearby, in the Everett Avenue Urban Renewal District (EAURD), the City just permitted another major residential development of 692 units, geared to meet the demand expected from completion of the Silver Line. Commercial development also continues at a torrid pace. A new Marriott TownPlace Suites Hotel opened in March 2015, bringing to three the number of major hotels in the City. A fourth hotel is under construction in EAURD, a fifth hotel has been permitted, and the Wyndham, the City's first hotel project, is scheduled for a \$10 million facelift and rebranding this Winter. Nearby, the new regional FBI headquarters continues to redefine the Chelsea skyline. That iconic building will be completed in 2016. All of this is proof positive that, in every corner of the City, development is thriving.

RISK MANAGEMENT

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 all of which the City carries commercial insurance.

The City participates in a premium-based health care plan for its active and retired employees. The City is self-insured for its workers' compensation activities. These activities are accounted for in the internal service fund, where revenues are recorded when earned and expenses are recorded when the liability is incurred.

CAPITAL FINANCING AND DEBT MANAGEMENT

The City's debt burden is relatively low in relation to other communities its size. Outstanding long-term debt (related to governmental funds) as of June 30, 2015, totaled approximately \$15,547,000, of which \$717,000 relates to school remodeling projects and \$7,020,000 relates to urban renewal, leaving a balance of approximately \$7,810,000 in CIP projects.

Since fiscal year 1997, the City had funded a portion of its CIP on a "pay-as-you-go" basis out of current revenues (\$500,000 in FY15). In order to maintain this type of funding, even in difficult economic conditions, a Capital Stabilization Fund was established and, as of June 30, 2015, the fund totaled \$1,021,238.

CASH MANAGEMENT

The municipal finance laws of the Commonwealth 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. In addition, there are various restrictions limiting the amount and length of deposits and investments.

In Chelsea, idle cash is invested. The City's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The City does not require collateral for its certificates of deposit, money market accounts, checking or savings accounts when dealing with major banking institutions in the Boston area. However, City officials reserve the right to require collateral when it is in the best interest of the City to do so. At June 30, 2015, general fund cash and cash equivalents totaled \$37,886,327.

INDEPENDENT AUDIT

The City's financial records, books of accounts and financial transactions are audited each fiscal year by an independent firm of certified public accountants. The independent public accounting firm of CliftonLarsonAllen LLP performed the City's annual audit for the fiscal year ended June 30, 2015. The independent auditors' report on the basic financial statements, for the fiscal year ended June 30, 2015, is included herein and contains an unmodified opinion.

CERTIFICATES, AFFILIATIONS AND AWARDS

For the seventeenth straight year, the City has been recognized by the Government Finance Officers Association (GFOA) of the United States and Canada with a "Certificate of Achievement for Excellence in Financial Reporting" for its June 30, 2014 CAFR. The Certificate of Achievement is the most prestigious award of its kind. The award reflects the effort and emphasis that the City places in meeting and exceeding the highest standards for financial and operational reporting. In order to be awarded the Certificate of Achievement, a government must publish an easily readable and well-organized document that conforms to accounting principles generally accepted in the United States of America and the Certificate Program requirements.

A Certificate of Achievement is valid for a period of one year. We believe that this fiscal year 2015 CAFR continues to meet the Certificate Program's requirements and, accordingly, we have submitted it to the GFOA to determine its eligibility for another Certificate of Achievement.

ACKNOWLEDGMENTS

Chelsea works because the City and the community are together committed to advancing causes and promoting even greater revitalization. Stakeholders are collectively addressing shortcomings and building on achievements. Every successful effort reflects the combined hard work of elected officials, City Hall employees, and hardworking, engaged residents.

While we all share in the achievement of another positive CAFR, I especially wish to recognize our financial officials for their continuing work. The City has assembled an extraordinary financial team that has earned distinction, including receipt of a long string of municipal awards. This CAFR stands as a further testament to their work.

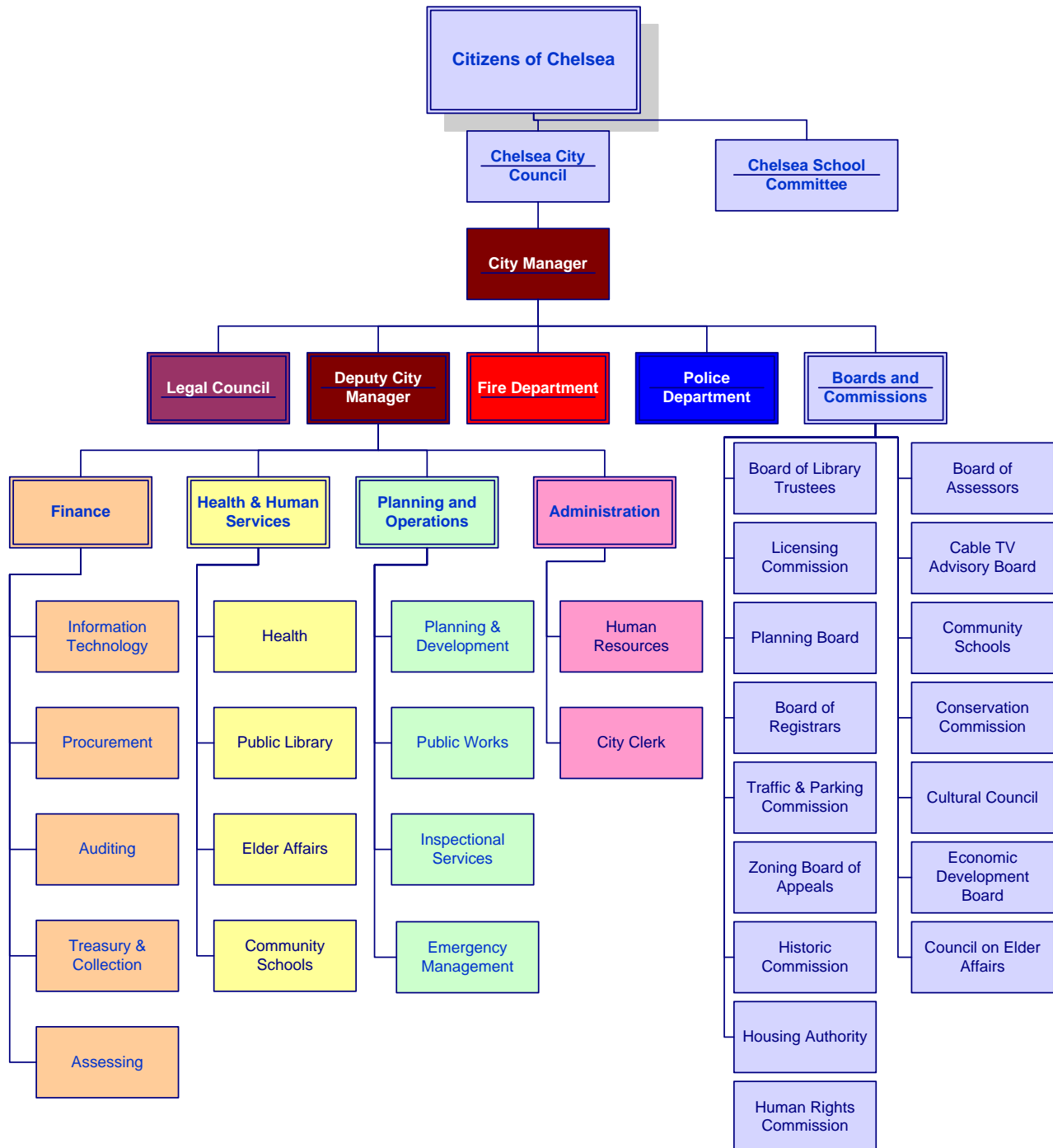
On behalf of the entire City, I am pleased to share with the City Council and the entire Chelsea community the City's fiscal year 2015 CAFR. Once again, our municipal government is not only accurately and openly reporting its operations, but it is also doing so in a transparent manner consistent with Chelsea's revitalized City government.

Yours truly,



Thomas G. Ambrosino
City Manager

City of Chelsea Organization



Elected Officials - City Council

At Large	Leo Robinson, <i>President</i>
At Large	Brian Hatleberg
At Large	Calvin T. Brown
District One	Paul R. Murphy
District Two	Christopher Cataldo
District Three	Matthew R. Frank
District Four	Paula S. Barton
District Five	Joseph Perlatonda
District Six	Giovanni A. Recupero
District Seven	Clifford Cunningham, <i>Vice President</i>
District Eight	Dan Cortell

Elected Officials - School Committee

At Large	Shawn O'Regan
District One	Rosemarie Carlisle, <i>Delegate to City Council</i>
District Two	Jeannette Velez
District Three	Carlos Rodriquez
District Four	Lucia Henriquez
District Five	Lisa Lineweaver
District Six	Ana Hernandez, <i>Chairman</i>
District Seven	Charles Klauder
District Eight	Edward C. Ells, <i>Vice-Chairman</i>

Principal Officials

Department	Official(s)	Additional Areas of Authority
Assessors	Ken Stein, Chairman Mary-Lou Ireland, Director	
Auditing	Edward Dunn, Auditor	
City Clerk	Deborah Clayman, City Clerk	Traffic & Parking
City Council	Leo Robinson, President Paul Casino, Administrator	
Executive	Thomas Ambrosino, City Manager Ned Keefe, Deputy City Manager	
Emergency Management	Allan I. Alpert, Director	E911
Fire	Robert Houghton, Acting Chief	
Health & Human Services	Luis Prado, Director	Elder Affairs, Health, Library, Veterans Services, Community Schools
Human Resources	Vacant, Director	
Inspectional Services	Joseph Cooney, Director	
Legal	Cheryl Watson Fisher, City Solicitor	
M.I.S.	Ramon Garcia, Director	
Planning & Development	John DePriest, Executive Director	Planning, Economic Development, Housing
Police	Brian Kyes, Chief	Animal Control, Harbor Master
Public Works	Joseph Foti, Director	
Retirement Board	Joseph Siewko, Chairman	
School	Ana Hernandez, Chairperson Mary M. Bourque, Superintendent	
Treasurer/Collector	Robert Boulrice, Treasurer/Collector	Central Billing and Research
Veteran Services	Francisco Toro, Director	



Government Finance Officers Association

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

Presented to

**City of Chelsea
Massachusetts**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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Financial Section

Independent Auditors' Report

To the Honorable City Council and City Manager
City of Chelsea, 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 Chelsea, Massachusetts, as of and for the year ended June 30, 2015 (except for the Chelsea Contributory Retirement System, which is as of and for the fiscal year ended December 31, 2014), and the related notes to the financial statements, which collectively comprise the City of Chelsea, Massachusetts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chelsea, Massachusetts, as of June 30, 2015 (except for the Chelsea Contributory Retirement System, which is as of and for the fiscal year ended December 31, 2014), and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the fiscal year ended June 30, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the City reported a restatement for the change in accounting principle (see Note 19). Our auditor's opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (located on pages 15 through 23) and general fund budgetary comparison and certain pension and other postemployment benefits information (located on pages 75 through 88) 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 Chelsea, Massachusetts' basic financial statements. The introductory section, combining and individual fund statements and schedules 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 and schedules 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 and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2015 on our consideration of the City of Chelsea, Massachusetts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Chelsea, Massachusetts' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

December 22, 2015

Management's Discussion and Analysis

As management of the City of Chelsea, Massachusetts (City), we offer readers of these financial statements this narrative overview and analysis of the City's financial activities for the fiscal year ended June 30, 2015.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$32,670,369 (net position).
- The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment for GASB Statement No. 27*. The implementation resulted in the recognition of the long-term obligation for pension benefits as a liability and restatement of the 2014 total net position. The liability at June 30, 2015 was \$66,085,671 and \$439,063 for governmental activities and business-type activities, respectively. The 2014 total net position was restated from \$67,037,856 to a negative \$807,573 for governmental activities and from \$31,390,872 to \$30,940,117 for business-type activities for a total reduction of net position of \$68,296,184.
- The City's total net position increased \$2,537,825 (after taking in the effect of the restatement of the 2014 net position for implementation of GASB Statement No. 68).
- At the end of the fiscal year, unassigned fund balance for the general fund totaled \$34,395,684, or 23.9 percent of total general fund revenues and transfers in from other funds.
- The City's total outstanding long-term debt principal decreased by \$5,367,001 during the fiscal year. The City issued \$700,000 in MWRA notes during the fiscal year.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the *basic financial statements*, which consists of the following three components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the basic financial statements.

This report also contains required supplementary and other information in addition to the basic financial statements.

Government-wide financial statements

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

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

The **statement of activities** presents information showing how the government's net position changed during the most recent fiscal 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 fiscal periods (e.g., uncollected taxes, earned but unused vacation leave, etc.).

Both of the government-wide financial statements distinguish functions of the City 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*). Governmental activities include general government, public safety, education, public works, health and human services, culture and recreation, community development and debt service (interest). Business-type activities include the water and sewer operations.

The government-wide financial statements can be found on pages 26-28 of this report.

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. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds can be divided into the following categories and are described below:

1. Governmental funds
2. Proprietary funds
3. Fiduciary funds

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term effect of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 18 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other 17 governmental funds are combined into a single, aggregated presentation titled *nonmajor governmental funds*. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements on pages 91-99 of this report.

The basic governmental funds financial statements can be found on pages 29-32 of this report.

Proprietary funds

The City maintains two types of proprietary funds.

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

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for a portion of its retirees' health insurance and all of its workers' compensation risk-financing activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements, but are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements on pages 100-103 of this report.

The basic proprietary fund financial statements can be found on pages 33-35 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The fiduciary funds provide separate information for the City's pension trust fund. Private-purpose trust funds and agency funds are reported and combined into a single, aggregate presentation in the fiduciary fund financial statements under the captions "private purpose trust funds" and "agency funds," respectively.

The basic fiduciary fund financial statements can be found on pages 36-37 of this report.

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. The notes to the financial statements can be found on pages 38-73 of this report.

Required Supplementary and Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information regarding the budget comparison for the general fund and certain pension and other postemployment benefits information. Such information can be located on pages 74-89 of this report.

The combining statements previously referred to are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

The following tables present current and prior year data on the government-wide financial statements.

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities and deferred inflows of resources by \$32,670,369 at the close of the fiscal year and are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2015	2014 ⁽¹⁾	2015	2014 ⁽¹⁾	2015	2014
Assets						
Current assets.....	\$ 83,358,364	\$ 75,095,249	\$ 20,628,890	\$ 21,223,075	\$ 103,987,254	\$ 96,318,324
Noncurrent assets (excluding capital assets).....	1,546,014	1,371,916	-	-	1,546,014	1,371,916
Capital assets (net).....	135,093,743	129,667,799	27,929,272	25,887,728	163,023,015	155,555,527
Total assets.....	219,998,121	206,134,964	48,558,162	47,110,803	268,556,283	253,245,767
Deferred outflows of resources.....	178,516	-	1,186	-	179,702	-
Liabilities						
Current liabilities (excluding debt).....	14,325,450	6,193,547	726,281	365,804	15,051,731	6,559,351
Noncurrent liabilities (excluding debt).....	191,470,185	113,857,054	1,660,495	1,150,428	193,130,680	115,007,482
Current debt.....	2,986,860	3,999,460	2,430,355	2,567,541	5,417,215	6,567,001
Noncurrent debt.....	12,560,187	15,047,047	9,905,803	11,636,158	22,465,990	26,683,205
Total liabilities.....	221,342,682	139,097,108	14,722,934	15,719,931	236,065,616	154,817,039
Net Position						
Net investment in capital assets.....	121,592,582	113,957,937	20,591,676	18,376,165	142,184,258	132,334,102
Restricted.....	25,186,869	23,010,803	-	-	25,186,869	23,010,803
Unrestricted.....	(147,945,496)	(69,930,884)	13,244,738	13,014,707	(134,700,758)	(56,916,177)
Total net position.....	\$ (1,166,045)	\$ 67,037,856	\$ 33,836,414	\$ 31,390,872	\$ 32,670,369	\$ 98,428,728

(1) Fiscal year 2014 net position has been restated, please see Note 19

The largest portion of the City's net position (\$142,184,258) reflects its net investment in capital assets (e.g., land, buildings and improvements, machinery and equipment, and infrastructure). These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$25,186,869) represents resources that are subject to external restrictions on how they may be used.

Unrestricted net position of \$13,244,738 may be used to meet the City's ongoing obligations to citizens and creditors for the City's water and sewer activities.

The City has no unrestricted net position available for the support of governmental activities. Such resources have been consumed with the recognition of postemployment benefits liabilities.

Changes in Net Position

For the fiscal year ended June 30, 2015, the City's total net position increased by \$2,537,825, compared to an increase of \$4,795,738 in the prior fiscal year. These amounts are summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2015	2014	2015	2014	2015	2014
Revenues						
<i>Program Revenues:</i>						
Charges for services.....	\$ 11,228,904	\$ 9,726,221	\$ 18,916,044	\$ 18,392,096	\$ 30,144,948	\$ 28,118,317
Operating grants and contributions.....	91,452,200	91,442,873	-	999	91,452,200	91,443,872
Capital grants and contributions.....	3,669,318	243,646	398,640	282,150	4,067,958	525,796
<i>General Revenues:</i>						
Real estate and personal property taxes.....	45,085,165	44,226,062	-	-	45,085,165	44,226,062
Motor vehicle and other excise taxes.....	10,794,088	9,945,067	-	-	10,794,088	9,945,067
Meals and room taxes.....	1,167,829	1,108,668	-	-	1,167,829	1,108,668
Penalties and interest on taxes.....	466,224	472,452	-	-	466,224	472,452
Payments in lieu of taxes.....	1,252,908	2,139,017	-	-	1,252,908	2,139,017
Grants and contributions not restricted						
to specific programs.....	8,057,101	7,837,799	-	-	8,057,101	7,837,799
Unrestricted investment income.....	95,655	737,599	-	-	95,655	737,599
Gain on sale of permanent easement.....	900,000	654,000	-	-	900,000	654,000
Total revenues.....	174,169,392	168,533,404	19,314,684	18,675,245	193,484,076	187,208,649
Expenses						
General government.....	7,180,957	6,396,204	-	-	7,180,957	6,396,204
Public safety.....	38,356,624	37,333,683	-	-	38,356,624	37,333,683
Education.....	115,114,967	108,824,624	-	-	115,114,967	108,824,624
Public works.....	6,847,690	7,330,891	-	-	6,847,690	7,330,891
Health and human services.....	4,349,173	4,397,671	-	-	4,349,173	4,397,671
Culture and recreation.....	880,766	818,969	-	-	880,766	818,969
Community development.....	2,837,190	2,535,337	-	-	2,837,190	2,535,337
Debt service - interest.....	757,175	832,886	-	-	757,175	832,886
Water and sewer.....	-	-	14,621,709	13,942,646	14,621,709	13,942,646
Total expenses.....	176,324,542	168,470,265	14,621,709	13,942,646	190,946,251	182,412,911
Change in net position before transfers.....	(2,155,150)	63,139	4,692,975	4,732,599	2,537,825	4,795,738
Transfers, net.....	1,796,678	1,752,855	(1,796,678)	(1,752,855)	-	-
Change in net position.....	(358,472)	1,815,994	2,896,297	2,979,744	2,537,825	4,795,738
Net position - beginning of year (as restated).....	(807,573)	65,221,862	30,940,117	28,411,128	30,132,544	93,632,990
Net position - end of year.....	\$ (1,166,045)	\$ 67,037,856	\$ 33,836,414	\$ 31,390,872	\$ 32,670,369	\$ 98,428,728

Governmental activities decreased the City's net position by \$358,472. In the prior year, governmental activities increased the City's net position by \$1,815,994. The increase in the overall net position of governmental activities is primarily the result of the city voting to use approximately \$4,000,000 of reserve fund balance from prior years to fund current year operations offset by a strong performance in revenues and expenditures in comparison to budget expectations.

Business-type activities increased the City's net position by \$2,896,297. In the prior year, business-type activities increased the City's net position by \$2,979,744. The increase in the overall net position of business-type activities is primarily the result of planned operating revenues exceeding expenditures, consistent with the prior year.

Fund Financial Statement Analysis

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

Governmental funds

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

At the end of the current fiscal year, the governmental funds reported combined ending fund balances totaling \$67,927,971, an increase of \$421,226 in comparison with the prior year. \$33,725,263 represents unassigned fund balance. The remainder of fund balance includes the following constraints:

- Nonspendable (\$683,351)
- Restricted (\$26,049,404)
- Committed (\$4,139,642)
- Assigned (\$3,330,311)

The general fund is the primary operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund totaled \$34,395,684, while total fund balance was \$42,584,347. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund revenues and transfers in from other funds. Unassigned fund balance represents 23.9% of total general fund revenues and transfers in from other funds, while total fund balance represents 29.6% of that same amount.

The balance of the City's general fund decreased \$542,587 during fiscal year 2015. This decrease was caused by the general fund's expenditures and other financing sources exceeding revenues for the fiscal year. Intergovernmental revenues decreased approximately \$4,274,000 from the prior year while total expenditures and transfers out increased approximately \$4,134,000 and \$3,151,000 from the prior year. The City recognized a positive budget to actual variance totaling approximately \$13,589,000. Approximately \$14,348,000 of reserves were intended to be used to fund the fiscal year 2015 budget; however, none were required.

Proprietary funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the water and sewer enterprise fund at the end of the year amounted to \$13,244,738. The water and sewer enterprise fund had an increase in net position for the year of \$2,896,297. Other factors concerning the finances of the fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The original general fund budget of \$138,354,871 was increased by \$7,308,951 (5.3%) during the fiscal year. The following table summarizes the increase:

Purpose of Increase/Decrease	Amount	Funding Source
Transfers to capital projects - various.....	3,161,272	Unassigned fund balance
Fire department.....	1,118,046	Unassigned fund balance
Transfers to stabilization trust.....	1,000,000	Unassigned fund balance
Transfers to special revenue funds - various.....	600,000	Unassigned fund balance
School department.....	478,769	Unassigned fund balance
Snow and ice removal.....	338,508	Unassigned fund balance
Health insurance.....	325,726	Unassigned fund balance
Streets and sidewalks.....	213,535	Unassigned fund balance
Assessor's office.....	145,400	Unassigned fund balance
Law department.....	60,000	Unassigned fund balance
City council.....	56,907	Unassigned fund balance
MIS department.....	25,090	Unassigned fund balance
Central billing.....	18,003	Unassigned fund balance
City clerk.....	10,723	Unassigned fund balance
Emergency management.....	8,500	Unassigned fund balance
Unemployment compensation.....	8,107	Unassigned fund balance
Payroll taxes.....	7,300	Unassigned fund balance
Traffic and parking.....	7,281	Unassigned fund balance
Procurement.....	900	Unassigned fund balance
Public library.....	275	Unassigned fund balance
Canceled encumbrances.....	(2,515)	Assigned fund balance
Salary reserve.....	(272,876)	Unassigned fund balance
Total net increase.....	\$ 7,308,951	

During the year, general fund revenues and other financing sources exceeded budgetary estimates and expenditures, encumbrances and continuing appropriations were less than appropriations, resulting in an actual increase in fund balance that exceeded the final amended budget amount by approximately \$13,589,000. Actual revenues for motor vehicle and other excise taxes were approximately \$6,510,000 higher than budgeted, while actual expenditures for public safety, education, public works and employee benefits were lower than budgeted amounts by approximately \$1,101,000, \$1,565,000, \$906,000 and \$857,000, respectively.

Capital Asset and Debt AdministrationCapital assets

The City's investment in capital assets for its governmental and business type activities at the end of the fiscal year totaled \$163,023,014 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, and infrastructure. The total increase in the investment in capital assets for the current fiscal year totaled 4.78% (a 3.5% increase for governmental activities and a 1.3% increase for business-type activities).

Major capital asset events that occurred during the current fiscal year include the following:

- Clark Avenue Middle School construction in progress (\$4,119,000)
- Continued improvements to water and sewer infrastructure (\$2,875,000)
- Fire station construction (\$2,159,000)
- Continued reconstruction of roadways, sidewalks and drains (\$1,597,000)

The following table summarizes the City's capital assets (net of accumulated depreciation):

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2015	2014	2015	2014	2015	2014
Land.....	\$ 17,878,663	\$ 17,878,663	\$ -	\$ -	\$ 17,878,663	\$ 17,878,663
Construction in progress.....	4,118,860	2,045,903	-	-	4,118,860	2,045,903
Buildings and improvements.....	88,760,018	89,788,991	-	-	88,760,018	89,788,991
Machinery and equipment.....	3,018,426	3,292,929	-	-	3,018,426	3,292,929
Infrastructure.....	21,317,776	16,661,313	27,929,272	25,887,728	49,247,048	42,549,041
Total capital assets.....	<u>\$ 135,093,743</u>	<u>\$ 129,667,799</u>	<u>\$ 27,929,272</u>	<u>\$ 25,887,728</u>	<u>\$ 163,023,015</u>	<u>\$ 155,555,527</u>

Additional information on the City's capital assets can be found in Note 5 on pages 53-54 of this report.

Long-Term Debt

At the end of the current fiscal year, total debt outstanding was \$28,883,205, which is backed by the full faith and credit of the City, and is summarized as follows:

	<i>Governmental Activities</i>		<i>Business-Type Activities</i>		<i>Total</i>	
	2015	2014	2015	2014	2015	2014
General obligation bonds.....	\$ 15,547,047	\$ 17,481,507	\$ 12,336,158	\$ 9,588,493	\$ 27,883,205	\$ 27,070,000
State House notes.....	-	165,000	-	-	-	165,000
Private loans.....	-	1,400,000	-	-	-	1,400,000
MWPAT notes.....	-	-	-	214,196	-	214,196
MWRA notes.....	-	-	-	4,401,010	-	4,401,010
Total bonds, notes and loans.....	<u>\$ 15,547,047</u>	<u>\$ 19,046,507</u>	<u>\$ 12,336,158</u>	<u>\$ 14,203,699</u>	<u>\$ 27,883,205</u>	<u>\$ 33,250,206</u>

The City's total debt decreased \$5,367,001 (or 16.1%) during the fiscal year. The City issued \$700,000 in MWRA notes during the fiscal year.

The City received an AA bond rating from Standard & Poor's for the general obligation bonds issued on March 13, 2014.

Additional information on the City's long-term debt can be found in Note 10 on pages 57-60 of this report.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Office, City Hall, 500 Broadway, Chelsea, Massachusetts 02150.

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Basic Financial Statements

STATEMENT OF NET POSITION

JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents.....	\$ 37,886,327	\$ 11,385,438	\$ 49,271,765
Restricted Cash and Cash Equivalents.....	27,452,870	5,019,708	32,472,578
Investments.....	11,413,317	-	11,413,317
Restricted Investments.....	2,356,208	-	2,356,208
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes.....	1,152,141	-	1,152,141
Tax, Trash and Utility Liens.....	774,011	254,722	1,028,733
Motor Vehicle and Other Excise Taxes.....	396,652	-	396,652
User Charges.....	-	3,969,022	3,969,022
Trash.....	310,374	-	310,374
Department and Other.....	1,236,112	-	1,236,112
Intergovernmental.....	345,909	-	345,909
Loans.....	34,443	-	34,443
Total Current Assets.....	83,358,364	20,628,890	103,987,254
Noncurrent Assets:			
Restricted Investments.....	718,710	-	718,710
Receivables, Net of Allowance for Uncollectible Amounts			-
Loans.....	626,516	-	626,516
Tax Foreclosures.....	200,788	-	200,788
Capital Assets not being Depreciated.....	21,997,523	-	21,997,523
Capital Assets, Net of Accumulated Depreciation.....	113,096,220	27,929,272	141,025,492
Total Noncurrent Assets.....	136,639,757	27,929,272	164,569,029
Total Assets.....	219,998,121	48,558,162	268,556,283
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pension.....	178,516	1,186	179,702
LIABILITIES			
Current Liabilities:			
Warrants Payable.....	7,662,892	618,863	8,281,755
Accrued Payroll.....	1,669,938	13,274	1,683,212
Tax Refunds Payable.....	2,786,708	-	2,786,708
Other Liabilities.....	529,545	-	529,545
Abandoned Property.....	173,084	-	173,084
Customer Deposits.....	-	21,146	21,146
Accrued Interest.....	248,139	72,998	321,137
Workers' Compensation Claims.....	112,144	-	112,144
Compensated Absences.....	1,143,000	-	1,143,000
Long-Term Bonds and Notes Payable.....	2,986,860	2,430,355	5,417,215
Total Current Liabilities.....	17,312,310	3,156,636	20,468,946
Noncurrent Liabilities:			
Workers' Compensation Claims.....	159,381	-	159,381
Compensated Absences.....	5,576,000	-	5,576,000
Net Pension Liability.....	66,085,671	439,063	66,524,734
Net OPEB Obligation.....	119,649,133	1,221,432	120,870,565
Long-Term Bonds and Notes Payable.....	12,560,187	9,905,803	22,465,990
Total Noncurrent Liabilities.....	204,030,372	11,566,298	215,596,670
Total Liabilities.....	221,342,682	14,722,934	236,065,616
NET POSITION			
Net Investment in Capital Assets.....	121,592,582	20,591,676	142,184,258
Restricted for:			
OPEB.....	718,710	-	718,710
Loans.....	660,959	-	660,959
Permanent Funds:			
Expendable.....	102,633	-	102,633
Nonexpendable.....	22,392	-	22,392
Community Development and Redevelopment.....	5,043,506	-	5,043,506
Receipts Reserved.....	3,705,732	-	3,705,732
Gifts and Grants.....	4,408,013	-	4,408,013
School Lunch and Other School Revolving.....	3,264,634	-	3,264,634
Capital.....	7,260,290	-	7,260,290
Unrestricted.....	(147,945,496)	13,244,738	(134,700,758)
Total Net Position.....	\$ (1,166,045)	\$ 33,836,414	\$ 32,670,369

See accompanying Notes to Basic Financial Statements.

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Functions/Programs	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense)/Revenue
Primary Government:					
Governmental Activities:					
General Government.....	\$ 7,180,957	\$ 1,781,582	\$ 453,851	\$ -	\$ (4,945,524)
Public Safety.....	38,356,624	6,935,440	1,127,023	102,263	(30,191,898)
Education.....	115,114,967	776,064	84,284,871	2,396,057	(27,657,975)
Public Works.....	6,847,690	1,573,631	119,876	1,170,998	(3,983,185)
Health and Human Services.....	4,349,173	62,219	976,315	-	(3,310,639)
Culture and Recreation.....	880,766	28,133	70,394	-	(782,239)
Community Development.....	2,837,190	71,835	4,419,870	-	1,654,515
Debt Service-Interest.....	757,175	-	-	-	(757,175)
Total Governmental Activities.....	176,324,542	11,228,904	91,452,200	3,669,318	(69,974,120)
Business-Type Activities:					
Water and Sewer.....	14,621,709	18,916,044	-	398,640	4,692,975
Total Primary Governments.....	\$ 190,946,251	\$ 30,144,948	\$ 91,452,200	\$ 4,067,958	\$ (65,281,145)

See accompanying Notes to Basic Financial Statements.

(continued)

STATEMENT OF ACTIVITIES (Continued)

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Primary Government		
	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION			
Net (Expense) Revenue (From Previous Page).....	\$ (69,974,120)	\$ 4,692,975	\$ (65,281,145)
General Revenues:			
Real Estate and Personal Property Taxes.....	45,085,165	-	45,085,165
Motor Vehicle and Other Excise Taxes.....	10,794,088	-	10,794,088
Meals and Room Taxes.....	1,167,829	-	1,167,829
Penalties and Interest on Taxes.....	466,224	-	466,224
Payments in Lieu of Taxes.....	1,252,908	-	1,252,908
Grants and Contributions not Restricted to.....			
Specific Programs.....	8,057,101	-	8,057,101
Unrestricted Investment Income.....	95,655	-	95,655
Sale of Land.....	900,000	-	900,000
Transfers, Net.....	1,796,678	(1,796,678)	-
Total General Revenues and Transfers.....	69,615,648	(1,796,678)	67,818,970
CHANGE IN NET POSITION.....	(358,472)	2,896,297	2,537,825
Net Position - Beginning of Year (as restated).....	(807,573)	30,940,117	30,132,544
NET POSITION - END OF YEAR.....	<u>\$ (1,166,045)</u>	<u>\$ 33,836,414</u>	<u>\$ 32,670,369</u>

(concluded)

See accompanying Notes to Basic Financial Statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2015

ASSETS	General	Nonmajor Governmental Funds	Total Governmental Funds
Cash and Cash Equivalents.....	\$ 37,886,327	\$ -	\$ 37,886,327
Investments.....	11,326,612	86,705	11,413,317
Restricted cash and cash equivalents.....	-	26,777,483	26,777,483
Restricted investments.....	718,710	2,356,208	3,074,918
Receivables, Net of Allowance for Uncollectible Amounts:			
Real Estate and Personal Property Taxes.....	1,152,141	-	1,152,141
Tax and Trash Liens.....	774,011	-	774,011
Motor Vehicle and Other Excise taxes.....	396,652	-	396,652
Trash	310,374	-	310,374
Departmental and Other.....	907,759	328,353	1,236,112
Intergovernmental.....	-	345,909	345,909
Loans.....	-	660,959	660,959
Due from Other Funds.....	417,119	-	417,119
Tax Foreclosures.....	200,788	-	200,788
Total Assets.....	<u>\$ 54,090,493</u>	<u>\$ 30,555,617</u>	<u>\$ 84,646,110</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Warrants Payable.....	\$ 3,132,228	\$ 4,530,664	\$ 7,662,892
Accrued Payroll.....	1,402,518	264,210	1,666,728
Tax Refunds Payable.....	2,786,708	-	2,786,708
Other Liabilities.....	529,545	-	529,545
Abandoned Property.....	170,736	-	170,736
Due to Other Funds.....	-	417,119	417,119
Total Liabilities.....	<u>8,021,735</u>	<u>5,211,993</u>	<u>13,233,728</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue.....	<u>3,484,411</u>	<u>-</u>	<u>3,484,411</u>
 FUND BALANCES			
Nonspendable.....	-	683,351	683,351
Restricted.....	718,710	25,330,694	26,049,404
Committed.....	4,139,642	-	4,139,642
Assigned.....	3,330,311	-	3,330,311
Unassigned.....	<u>34,395,684</u>	<u>(670,421)</u>	<u>33,725,263</u>
Total Fund Balances.....	<u>42,584,347</u>	<u>25,343,624</u>	<u>67,927,971</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances.....	<u>\$ 54,090,493</u>	<u>\$ 30,555,617</u>	<u>\$ 84,646,110</u>

See accompanying Notes to Basic Financial Statements.

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

JUNE 30, 2015

Total Governmental Fund Balances (Page 29).....	\$ 67,927,971
Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.....	135,093,743
Certain liabilities do not require current financial resources and, therefore are reported as deferred outflows of resources in the governmental funds.....	178,516
Other assets are not available to pay for current period expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.....	3,484,411
In the statement of net position, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due.....	(248,139)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	
Bonds and Notes Payable.....	(15,547,047)
Compensated Absences.....	(6,719,000)
Net OPEB Obligation.....	(119,649,133)
Net Pension Liability.....	(66,085,671)
Internal service funds are used by management to account for health insurance and workers' compensation activities. The assets and liabilities of the internal service funds are reported as governmental activities in the statement of net position.....	398,304
Net Position of Governmental Activities (Page 26).....	\$ <u>(1,166,045)</u>

See accompanying Notes to Basic Financial Statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Real Estate and Personal Property Taxes.....	\$ 44,656,911	\$ -	\$ 44,656,911
Motor Vehicle and Other Excise Taxes.....	10,643,290	-	10,643,290
Meals and room taxes.....	1,167,829	-	1,167,829
Tax and Trash Liens.....	603,960	-	603,960
Payments in Lieu of Taxes.....	1,252,908	-	1,252,908
Charges for Services.....	-	3,111,715	3,111,715
Trash Disposal.....	1,528,620	-	1,528,620
Intergovernmental.....	75,170,895	20,356,607	95,527,502
Penalties and Interest on Taxes.....	466,224	-	466,224
Licenses and Permits.....	2,517,342	-	2,517,342
Fines and Forfeitures.....	2,353,081	-	2,353,081
Departmental and Other.....	1,501,111	225,604	1,726,715
Contributions.....	-	1,254,660	1,254,660
Investment Income.....	60,987	124,166	185,153
Total Revenues.....	<u>141,923,158</u>	<u>25,072,752</u>	<u>166,995,910</u>
EXPENDITURES			
Current:			
General Government.....	4,064,078	743,658	4,807,736
Public Safety.....	21,950,997	3,949,883	25,900,880
Education.....	78,010,121	16,824,248	94,834,369
Public Works.....	5,283,537	3,118,222	8,401,759
Health and Human Services.....	1,247,253	412,222	1,659,475
Culture and Recreation.....	400,883	91,090	491,973
Community Development.....	-	5,220,518	5,220,518
Pension Benefits.....	6,537,620	-	6,537,620
Employee Benefits.....	7,064,222	-	7,064,222
Property and Liability Insurance.....	651,504	-	651,504
Claims and Judgments.....	31,097	-	31,097
State and County Charges.....	9,378,341	-	9,378,341
Debt Service:			
Principal.....	3,499,461	-	3,499,461
Interest.....	792,407	-	792,407
Total Expenditures.....	<u>138,911,521</u>	<u>30,359,841</u>	<u>169,271,362</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	<u>3,011,637</u>	<u>(5,287,089)</u>	<u>(2,275,452)</u>
OTHER FINANCING SOURCES (USES)			
Sale of Land.....	900,000	-	900,000
Transfers In.....	2,021,678	9,060,336	11,082,014
Transfer Out.....	(6,475,902)	(2,809,434)	(9,285,336)
Total Other Financing Sources (Uses).....	<u>(3,554,224)</u>	<u>6,250,902</u>	<u>2,696,678</u>
NET CHANGE IN FUND BALANCES.....	<u>(542,587)</u>	<u>963,813</u>	<u>421,226</u>
Fund Balances - Beginning of Year.....	<u>43,126,934</u>	<u>24,379,811</u>	<u>67,506,745</u>
FUND BALANCES - END OF YEAR.....	<u>\$ 42,584,347</u>	<u>\$ 25,343,624</u>	<u>\$ 67,927,971</u>

See accompanying 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**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Net Change in Fund Balances - Total Governmental Funds (Page 31).....	\$ 421,226
<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. These amounts represent the related activity of the current period.</p>	
Capital Outlays.....	10,873,171
Depreciation.....	(5,447,226)
<p>Expenditures in the statement of activities that do not require current financial resources are reported as deferred outflows of resources in the statement of revenues, expenditures and changes in fund balances. This amount represents the net change in deferred outflows of resources.....</p>	
	178,516
<p>Revenues in the statement of activities that do not provide current financial resources are reported as deferred inflows of resources in the governmental funds. Therefore, the recognition of revenue for various types of accounts receivable (i.e., real estate and personal property, motor vehicle excise, etc.) differ between the two statements. This amount represents the net change in deferred inflows of resources.....</p>	
	(8,932)
<p>The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the financial resources of governmental funds. Neither transaction, however, has any impact on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. These amounts represent the related activity of the current period.</p>	
Bond Maturities.....	3,499,461
<p>In the statement of activities, interest is accrued on outstanding long-term debt, whereas in the governmental funds interest is not reported until due. This amount represents the net change in accrued interest payable.....</p>	
	35,232
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. These amounts represent the net changes:</p>	
Compensated Absences.....	(409,000)
Net OPEB Obligation.....	(11,199,438)
Net Pension Liability.....	1,759,758
<p>Internal service funds are used by management to account for health insurance and workers' compensation activities. The net activity of the internal service funds is reported with governmental activities.....</p>	
	(61,240)
Changes in Net Position of Governmental Activities (Page 28).....	\$ (358,472)

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUNDS
STATEMENT OF FUND NET POSITION

JUNE 30, 2015

	Business-Type Activities - Water & Sewer Enterprise	Governmental Activities - Internal Service Funds
ASSETS		
Current Assets:		
Cash and Cash Equivalents.....	\$ 11,385,438	\$ -
Restricted Cash and Cash Equivalents.....	5,019,708	675,387
Receivables, Net of Allowance for Uncollectible Amounts:		
User Charges.....	3,969,022	-
Utility Liens.....	254,722	-
Total Current Assets.....	20,628,890	675,387
Long-term Assets:		
Capital Assets, Net of Accumulated Depreciation.....	27,929,272	-
Total Noncurrent Assets.....	27,929,272	-
Total Assets.....	48,558,162	675,387
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Outflows of Resources Related to Pension.....	1,186	-
LIABILITIES		
Current Liabilities:		
Warrants Payable.....	618,863	-
Accrued Payroll.....	13,274	3,210
Other Liabilities.....	-	2,348
Customer Deposits.....	21,146	-
Accrued Interest.....	72,998	-
Workers' Compensation Claims.....	-	112,144
Long-Term Bonds and Notes Payable.....	2,430,355	-
Total Current Liabilities.....	3,156,636	117,702
Long-term Liabilities:		
Workers' Compensation Claims.....	-	159,381
Net Pension Liability.....	439,063	-
Net OPEB Obligation.....	1,221,432	-
Long-Term Bonds and Notes Payable.....	9,905,803	-
Total Noncurrent Liabilities.....	11,566,298	159,381
Total Liabilities.....	14,722,934	277,083
FUND NET POSITION		
Net Investment in Capital Assets.....	20,591,676	-
Unrestricted.....	13,244,738	398,304
Total Net Position.....	\$ 33,836,414	\$ 398,304

See accompanying Notes to Basic Financial Statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Water & Sewer Enterprise	Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Charges for Services.....	\$ 18,916,044	\$ -
Employer Contributions.....	-	125,328
Total Operating Revenues.....	<u>18,916,044</u>	<u>125,328</u>
OPERATING EXPENSES		
Cost of Service and Administration.....	2,100,000	-
MWRA Assessment.....	11,038,680	-
Repairs and Maintenance.....	386,331	-
Depreciation.....	833,580	-
Employee Benefits.....	-	186,741
Total Operating Expenses.....	<u>14,358,591</u>	<u>186,741</u>
OPERATING INCOME (LOSS).....	<u>4,557,453</u>	<u>(61,413)</u>
NONOPERATING REVENUES (EXPENSES)		
Investment Income.....	-	173
Interest Expense.....	(263,118)	-
Total Nonoperating Revenues (Expenses), Net.....	<u>(263,118)</u>	<u>173</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS.....	<u>4,294,335</u>	<u>(61,240)</u>
Capital Contributions.....	398,640	-
Transfers Out.....	(1,796,678)	-
CHANGE IN FUND NET POSITION.....	<u>2,896,297</u>	<u>(61,240)</u>
Fund Net Position - Beginning of Year.....	<u>30,940,117</u>	<u>459,544</u>
FUND NET POSITION - END OF YEAR.....	<u><u>\$ 33,836,414</u></u>	<u><u>\$ 398,304</u></u>

See accompanying Notes to Basic Financial Statements.

**PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS**

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Business-Type Activities - Water & Sewer Enterprise	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users.....	\$ 18,919,092	\$ -
Receipts from Interfund Services Provided.....		125,328
Payments to Vendors.....	(12,833,337)	-
Payments to Employees.....	(254,619)	(285,090)
Net Cash Provided by Operating Activities.....	<u>5,831,136</u>	<u>(159,762)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers Out.....	(1,796,678)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from the Issuance of Bonds and Notes.....	700,000	-
Capital Contributions.....	398,640	-
Acquisition and Construction of Capital Assets.....	(2,875,124)	-
Principal Payments on Bonds and Notes.....	(2,567,541)	-
Interest Expense.....	(284,570)	-
Net Cash Used by Capital and Related Financing Activities.....	<u>(4,628,595)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income.....	-	173
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(594,137)	(159,589)
Cash and Cash Equivalents - Beginning of Year (Includes \$6,710,282 and \$834,976 Reported as Restricted in the Water/Sewer Enterprise and Internal Service Fund, Respectively).....	<u>16,999,283</u>	<u>834,976</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR (Includes \$5,019,708 and \$675,387 Reported as Restricted in the Water/Sewer Enterprise and Internal Service Fund, Respectively).....	<u><u>\$ 16,405,146</u></u>	<u><u>\$ 675,387</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES		
Operating Income (Loss).....	\$ 4,557,453	\$ (61,413)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Changes in Assets and Liabilities not Requiring Current Cash Flows:		
Depreciation.....	833,580	-
Effect of Changes in Operating Assets and Liabilities:		
Utility Liens.....	65,589	-
User Charges.....	(65,541)	-
Warrants Payable.....	370,899	(9,325)
Accrued Payroll.....	8,030	(5,740)
Customer Deposits.....	3,000	-
Workers' Compensation Claims.....	-	(83,284)
Deferred Outflows of Resources Related to Pension.....	(1,186)	-
Net Pension Liability.....	(11,692)	-
Net OPEB Obligation.....	71,004	-
Total Adjustments.....	<u>1,273,683</u>	<u>(98,349)</u>
Net Cash Provided by Operating Activities.....	<u><u>\$ 5,831,136</u></u>	<u><u>\$ (159,762)</u></u>

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2015

	Pension Trust Fund (As of 12/31/14)	Private Purpose Trust Funds	Agency Funds
ASSETS			
Cash and Cash Equivalents.....	\$ 844,122	\$ 536,663	\$ 843,426
Investments:			
External Investment Pool.....	121,697,024	-	-
Receivables, Net of Allowance for Uncollectible Amounts:			
Intergovernmental.....	68,173	-	-
Total Assets.....	<u>122,609,319</u>	<u>536,663</u>	<u>\$ 843,426</u>
LIABILITIES			
Warrants Payable.....	166	1,550	-
Liabilities Due Depositors.....	<u>-</u>	<u>-</u>	<u>843,426</u>
Total Liabilities.....	<u>166</u>	<u>1,550</u>	<u>\$ 843,426</u>
NET POSITION			
Held in Trust for Pension Benefits and Other Purposes.....	<u>\$ 122,609,153</u>	<u>\$ 535,113</u>	

See accompanying Notes to Basic Financial Statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Pension Trust Fund (As of 12/31/14)	Private Purpose Trust Funds
ADDITIONS		
Contributions:		
Employer.....	\$ 9,626,072	\$ -
Plan Members.....	3,028,000	-
Private Donations.....	-	37,932
	<u>12,654,072</u>	<u>37,932</u>
Total Contributions.....		
Net Investment Income:		
Net Appreciation in Fair Value of Investments.....	5,853,211	-
Interest.....	3,283,403	1,252
	<u>9,136,614</u>	<u>1,252</u>
Total Investment Income.....		
Less: Investment Expense.....	(617,614)	-
	<u>8,519,000</u>	<u>1,252</u>
NET INVESTMENT INCOME.....		
Other.....	495,840	-
	<u>21,668,912</u>	<u>39,184</u>
Total Additions.....		
DEDUCTIONS		
Administration.....	260,643	-
Retirement Benefits and Refunds.....	10,211,000	-
Transfers to Other Systems.....	468,152	-
Scholarships Awarded.....	-	48,526
	<u>10,939,795</u>	<u>48,526</u>
Total Deductions.....		
CHANGE IN NET POSITION.....	10,729,117	(9,342)
Net Position - Beginning of Year.....	111,880,036	544,455
	<u>122,609,153</u>	<u>535,113</u>
NET POSITION - END OF YEAR.....	<u>\$</u>	<u>\$</u>

See accompanying Notes to Basic Financial Statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. General**

The basic financial statements 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 standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described herein.

B. Reporting Entity

The City of Chelsea, Massachusetts (City) is a municipal corporation that is governed by a City Manager and an 11-member elected City Council (Council).

For financial reporting purposes, the basic financial statements include all funds, organizations, agencies, boards, commissions and institutions that are not legally separate from the City.

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/or significance of their relationship with the City are such that exclusion would cause the City's basic financial statements to be misleading or incomplete. As required by GAAP, these basic financial statements present the City (primary government) and its component units.

The City has included one entity as a component unit (fiduciary fund) in the reporting entity because of the significance of its operational and financial relationship with the City. Component units are entities that are legally separate from the City, but are so related that they are, in substance, the same as the City or entities providing services entirely or almost entirely for the benefit of the City.

Fiduciary Fund Component Unit

The Chelsea Contributory Retirement System (System) was established to provide retirement benefits to City employees, the Chelsea Housing Authority employees, and their beneficiaries. The System is governed by a five-member board comprised of the City Auditor (ex-officio), two members elected by the System's participants, one member appointed by the City Manager and one member appointed by the Retirement Board's members. The System is presented using the accrual basis of accounting and is reported as a pension trust fund in the fiduciary funds financial statements.

The System did not issue a separate audited financial statement. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth of Massachusetts' (Commonwealth) Public Employee Retirement Administration Commission (PERAC). That report may be obtained by contacting the System located at 500 Broadway, Chelsea, Massachusetts 02150.

Joint Venture

A joint venture is an organization (resulting from a contractual arrangement) that is owned, operated or governed by two or more participants as a separate and specific activity subject to joint control in which the participants retain an ongoing financial interest or ongoing financial responsibility. Joint control means that no single participant has the ability to unilaterally control the financial or operating policies of the joint venture.

The City participates in one joint venture with other municipalities to pool resources and share the costs, risks and rewards of providing goods and services to venture participants directly, or for the benefit of the general public or specified recipients. The following table identifies the City's joint venture and related information:

Name	Purpose	Address	Fiscal Year 2015 Assessment
Northeast Metropolitan Regional Vocational School District	To provide vocational education services	100 Hemlock Road Wakefield, MA 01880	\$ 767,673

The City is indirectly liable for the Northeast Metropolitan Regional Vocational School District's (District) debt and other expenditures and is assessed annually for its share of operating and capital costs. Separate financial statements may be obtained by writing to the Treasurer of the District at the address identified above.

C. Implementation of New Accounting Principles

For the year ending June 30, 2015, the City implemented the following pronouncements issued by the GASB:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*

The implementation of GASB Statement No. 68 resulted in the recognition of the long-term obligation for pension benefits as a liability and expanded pension related note disclosures and required supplementary information.

The implementation of GASB Statement No. 69 and 71 had no reporting impact for the City.

D. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The government-wide financial statements (statement of net position and the statement activities) report information on all 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 primarily supported by user fees.

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.

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

*E. Measurement Focus, Basis of Accounting and Basis of 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 fiscal 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 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 specific function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a specific function or segment.

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

Except for charges between the general fund and enterprise funds, the effect of interfund activity has been eliminated from the government-wide financial statements. Elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

Real estate and personal property tax revenues are considered available if they are collected within 60-days after the end of the fiscal year. 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 fund is reported:

The *general fund* is used to account for and report all financial resources not accounted for and reported in another fund.

The nonmajor governmental funds consist of 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:

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital projects funds are 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. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs and benefit the government or its citizenry.

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

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

The following major proprietary fund is reported:

The *water/sewer enterprise fund* is used to account for the City's water and sewer activities.

Additionally, the following proprietary fund type is reported:

The *internal service fund* is used to account for the financing of services provided by one department to other departments or governmental units. This fund is used to account for risk financing activities related to retirees' health insurance and workers' compensation.

Fiduciary funds 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 government's programs.

The following fiduciary fund types are reported:

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

The *private-purpose trust fund* is used to account for trust arrangements, other than those properly reported in the permanent fund, under which principal and investment income exclusively benefits individuals, private organizations, or other governments.

The *agency fund* is used to account for assets held in a custodial capacity. Such assets consist of performance bonds and bid deposits. Agency funds do not have a measurement focus or present the results of operations.

F. Deposits 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. Fair value is based on quotations from a national securities exchange except for pooled funds, for which fair value is based on unit value reported by the funds.

G. Accounts Receivable

Government-Wide and Fund Financial Statements

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and fund financial statements are reported under the accrual basis of accounting and the modified accrual basis of accounting, respectively.

Real Estate Taxes, Personal Property Taxes and Tax Liens

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

Real estate tax liens are processed six months after the close of the valuation year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

Motor Vehicle Excise Taxes

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

Trash and Trash Liens

Trash fees are levied monthly for each type of property that utilizes the collection service and are based upon a third party waste collection contract. Single-family residences are not charged a fee for the services provided. The contract is funded from multi-family residence billings, available funds and the tax levy. Trash fees are recorded as receivables in the fiscal year of the levy.

Trash liens are processed six months after the close of the valuation year on delinquent properties and are recorded as receivables in the fiscal year they are processed.

Water and Sewer User Charges and Utility Liens

User fees are levied monthly based on individual meter readings and are subject to penalties and interest if they are not paid by the respective due date. Water and sewer liens are processed in December of every year and are included as a lien on the property owner's tax bill. Water and sewer charges and liens are recorded as receivables in the fiscal year of the levy.

Departmental and Other

Departmental and other receivables primarily consist of parking ticket fines and police and fire details and are recorded as receivables in the fiscal year accrued.

Employer Contributions

Employer contribution receivables consist of City and Chelsea Housing Authority contributions to the System and are recorded as receivables in the fiscal year accrued.

Intergovernmental

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

Loans

The Department of Planning and Development administers loan programs that provide housing assistance to residents and capital needs for small businesses. Loans are recorded as receivables upon issuance.

H. Allowance for Uncollectible Amounts

The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis for the following accounts receivable:

- Personal property taxes
- Motor vehicle and other excise taxes
- Departmental and other

The following types of accounts receivable are secured via the lien process (or other means) and are considered 100% collectible. Accordingly, an allowance for uncollectible amounts is not reported.

- Real estate taxes and tax and trash liens
- Water and sewer user charges and utility liens
- Loans

Employer contribution and intergovernmental receivables are considered 100% collectible.

I. 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.

J. Restricted Assets**Government-Wide and Fund Financial Statements**

Assets are reported as restricted when limitations on their use change the nature of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

K. Capital AssetsGovernment-Wide and Proprietary Fund Financial Statements

Capital assets, which consist of land, construction in progress, buildings and improvements, machinery and equipment and infrastructure (e.g., roads, water mains, sewer mains, and similar items) are reported in the applicable governmental or business-type activities column of the government-wide and the enterprise fund financial statements.

Capital assets are recorded at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Construction period interest is not capitalized on constructed capital assets.

All purchases and construction costs in excess of \$5,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Buildings and improvements.....	8 - 40
Machinery and equipment.....	5 - 15
Infrastructure.....	10 - 50

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

Governmental Fund Financial Statements

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

L. Interfund Receivables and Payables

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

Government-Wide Financial Statements

Transactions of a buyer/seller nature between and within governmental 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.

M. Interfund Transfers

During the course of its operations, resources are permanently reallocated between and within funds.

Government-Wide Financial Statements

Transfers between and within governmental funds are eliminated from the governmental activities in the statement of net position. Transfers 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.

N. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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 that time.

The City has deferred outflows related to pension that are reported in the government-wide statement of net position. They represent deferred outflows of resources as defined and identified in GASB Statement No. 68.

O. Deferred Inflows of Resources

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

The City has unavailable revenue that is reported in the governmental funds balance sheet. Unavailable revenue represents billed receivables that do not meet the available criterion for revenue recognition in accordance with the current financial resources measurement focus and the modified accrual basis of accounting.

P. Net Position and Fund Balances**Government-Wide Financial Statements and Proprietary Fund Financial Statements (Net Position)**

Net position is reported as restricted when amounts are restricted by outside parties for a specific future use.

Net position has been "restricted" for the following:

"OPEB" represents amounts restricted for other postemployment benefits.

"Loans" represents amounts restricted for outstanding Department of Planning and Development loans.

"Permanent funds – expendable" represents amounts held in trust for which the expenditures are restricted by various trust agreements.

"Permanent funds – nonexpendable" represents amounts held in trust for which only investment earnings may be expended.

“Community development and redevelopment” represents amounts restricted for all federal, state and locally funded community development and redevelopment activities.

“Receipts reserved” represents amounts restricted for receipts that are designated to fund and supplement specific operating budgets of various departments.

“Gifts and grants” represents amounts restricted for gifts used to provide a specific benefit to governmental programs and state and federal grants for specific programs.

“School lunch and other school revolving” represents amounts restricted for the activity of the school lunch program (which includes charges for services and state and federal reimbursements for meals served) and activity of the school department’s other revolving funds.

“Capital” represents amounts restricted for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Governmental Funds Financial Statements (Fund Balances)

The following fund balance classifications describe the relative strength of the spending constraints:

Nonspendable — represents amounts that cannot be spent either because they are in nonspendable form (i.e., loans receivable) or because they are legally or contractually required to be maintained intact (i.e., principal of permanent fund).

Restricted — represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — represents amounts that can be used only for specific purposes imposed by a formal action of City Council, which is the highest level of decision-making authority for the City. The formal action required to establish, modify, or rescind committed amounts is majority Council approval through a Council Order.

Assigned — represents amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes. Under the City’s structure, only authorized assignments for non-contractual encumbrances can be made by individual department heads. The policy established by the governing body (i.e., City Council) pursuant to which this authorization is given is based on applicable Massachusetts General Laws (MGL) related to encumbrances.

Unassigned — represents the residual fund balance for the General Fund and the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned and unassigned.

Encumbrance amounts have been assigned for specific purposes for which resources already have been allocated.

Q. Long-term Debt

Government-Wide and Proprietary Fund Financial Statements

Long-term debt is reported as liabilities in the government-wide and proprietary fund statements of net position. Material bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line 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 when the debt is issued. 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.

R. 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 MGL. Investment income derived from proprietary funds are retained in the funds.

S. 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 upon employee retirements and resignations.

T. PensionsGovernment-Wide and Proprietary Fund Financial Statements

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 System and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

U. Post Retirement BenefitsGovernment-Wide and Fund Financial Statements

In addition to providing pension benefits, and as more fully described in Note 11, the City provides health and life insurance coverage for current and future retirees and their spouses.

V. Use of EstimatesGovernment-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 fiscal year. Actual results could vary from estimates that were used.

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**A. Budgetary Information**

Municipal Law requires the adoption of a balanced budget that is approved by the Council. The City Manager presents an annual budget to the Council, which includes estimates of revenues and other financing sources and recommendations of expenditures and other financing uses. 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 to the annual budget subsequent to the approval of the annual budget require majority Council approval through a Council Order.

The majority of appropriations are non-continuing which lapse at the end of each fiscal year. Others are continuing appropriations for which the governing body has authorized that an unspent balance from a prior fiscal year be carried forward and made available for spending in the current fiscal year.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The original fiscal year 2015 approved budget for the general fund authorized \$138,354,871 in appropriations and other amounts to be raised. During fiscal year 2015, supplemental appropriations totaling \$7,308,951 were authorized.

The Auditor's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system. Generally, expenditures may not exceed the level of spending (salaries, expenses and capital) authorized for an appropriation account authorized by the Council. However, the City is statutorily required to pay debt service and certain other obligations, regardless of whether such amounts are appropriated

The budgetary comparison schedule presented in the accompanying required supplementary information presents a comparison of the legally adopted budget, as amended, with actual results. The originally adopted budget is presented for purposes of comparison to the final, amended budget.

B. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2015, expenditures exceeded appropriations by \$94,507 and \$242 for state and county charges and payroll taxes, respectively. These amounts are funded by available fund balance.

C. Fund Deficits

At June 30, 2015, fund deficits existed in the city state grants (special revenue), school state grants (special revenue) and city revolving (special revenue) funds in the amounts of \$310,942, \$245,758 and \$113,721, respectively. These amounts will be funded in future fiscal years through charges for services, federal grants and/or other available funds.

NOTE 3 - DEPOSITS AND INVESTMENTS

City (with the exception of the Pension Trust Fund)

The municipal finance laws of the Commonwealth authorize the City to invest temporarily idle cash in bank term deposits and certificates of deposits, and treasury and agency obligations of the United States government, with maturities of one year or less; U.S. treasury or agency repurchase agreements with maturities of not more than 90 days; money market accounts; and the state treasurer's investment pool – the Massachusetts Municipal Depository Trust (MMDT).

The MMDT meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee and provides regulatory oversight. The reported value of the pool is the same as the fair value of pool shares.

A cash and investment pool is maintained that is available for use by all funds with unrestricted cash and investments. The deposits and investments of private purpose trust funds and the pension trust fund are held separately from other City funds.

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits may not be recovered. The City's policy for mitigating custodial credit risk is to limit deposit amounts in any institution to no more than 5% of assets. In addition, no more than 25% of deposits may be comprised on unsecured bank deposits. This percentage may be increased no more than 30 days during times of heavy collection or in anticipation of large payments that will be made by the City in the future.

As of June 30, 2015, \$28,481,723 of the City's bank balance of \$57,045,534 was uninsured and uncollateralized and exposed to custodial credit risk.

Investments Summary

The City's investments at June 30, 2015 are presented below. All investments are presented by investment type, with debt securities presented by maturity.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	
<u>Debt Securities:</u>					
U.S. Agencies.....	\$ 4,073,311	\$ -	\$ 3,668,816	\$ 404,495	
U.S. Treasuries.....	2,596,233	-	2,596,233	-	
Corporate bonds.....	2,751,085	1,662,086	1,088,999	-	
Money market mutual funds.....	1,310,419	1,310,419	-	-	
Certificates of deposit.....	9,444,264	7,692,910	1,751,354	-	
Mutual bond funds.....	1,944,352	1,944,352	-	-	
External investment pools.....	17,874,649	17,874,649	-	-	
Total debt securities.....	39,994,313	\$ 30,484,416	\$ 9,105,402	\$ 404,495	
<u>Other Investments:</u>					
Equity securities.....	2,679,708				
Equity mutual funds.....	461,397				
Total other investments.....	3,141,105				
Total investments.....	\$ 43,135,418				

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The City does not have a specific policy for interest rate risk of debt securities.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's policy is to maintain investments held directly by the City or held in the City's name and tax identification number by a third-party custodian approved by the Treasurer. As of June 30, 2015, the City's investments were not exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. As of June 30, 2015, the credit quality ratings of the City's debt securities are as follows:

Investment Type	Fair Value	Quality Ratings *				
		AA+	A+	A-	BBB+	Unrated
U.S. Agencies.....	\$ 4,073,311	\$ 4,073,311	\$ -	\$ -	\$ -	\$ -
Corporate bonds.....	2,751,085	1,026,881	400,784	-	1,323,420	-
Money market mutual funds.....	1,310,419	-	-	-	-	1,310,419
Certificates of deposit.....	9,444,264	-	-	-	-	9,444,264
Mutual bond funds.....	1,944,352	-	-	-	-	1,944,352
External investment pools.....	17,874,649	-	-	-	-	17,874,649
Total.....	\$ 37,398,080	\$ 5,100,192	\$ 400,784	\$ -	\$ 1,323,420	\$ 30,573,684

* Per the rating scale of Standard and Poor's (a national credit rating organization)

Concentration of Credit Risk

The City's policy is to place no limit on the amount of investments in United States Government Agencies and MMDT External investment pool, and to purchase other debt securities with a high concentration of A credit ratings or better. As of June 30, 2015, the City's investments were not exposed to concentration of risk.

Pension Trust Fund (The System)

The System has expanded investment powers, including the ability to invest in equity securities, corporate bonds and other specified investments.

The System participates in the Pension Reserve Investment Trust (PRIT), which meets the criteria of an external investment pool and operates in accordance with applicable state laws and regulations. The Treasurer of the Commonwealth serves as Trustee and provides regulatory oversight. The reported value of the pool is the same as the fair value of the System's position in pool shares.

Deposits - Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the System's deposits may not be recovered. The System's policy is to rely on FDIC and DIF insurance coverage, when applicable. As of December 31, 2014, the System's bank balance of \$217,838 was not exposed to custodial credit risk.

Investments Summary

The System's investments of \$121,697,024 at December 31, 2014 consisted entirely of PRIT.

Investments - Interest Rate Risk of Debt Securities

Interest rate risk for debt securities is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The System does not have a policy for interest rate risk of debt securities.

Investments - Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The System's policy is to insure all of their investments. As of December 31, 2014, the System's investments were not exposed to custodial credit risk.

Investments - Credit Risk of Debt Securities

Credit risk for debt securities is the risk that an issuer or other counterparty to a debt security will not fulfill its obligations. The System does not have a policy for credit risk of debt securities. As of December 31, 2014, the System's investment in PRIT was unrated by a national credit rating organization.

NOTE 4 - ACCOUNTS RECEIVABLE

At June 30, 2015, receivables for the individual major governmental funds and nonmajor governmental, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, consist of the following:

	Gross Amount	for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,319,085	\$ (166,944)	\$ 1,152,141
Tax and trash liens.....	774,011	-	774,011
Motor vehicle and other excise taxes.....	1,382,293	(985,641)	396,652
Trash.....	310,374	-	310,374
Departmental and other.....	3,372,507	(2,136,395)	1,236,112
Intergovernmental.....	345,909	-	345,909
Loans.....	660,959	-	660,959
Employer contributions.....	68,173	-	68,173
	<u>\$ 8,233,311</u>	<u>\$ (3,288,980)</u>	<u>\$ 4,944,331</u>

At June 30, 2015, receivables for the water and sewer enterprise fund consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
User charges.....	\$ 3,969,022	\$ -	\$ 3,969,022
Utility liens.....	254,722	-	254,722
	<u>\$ 4,223,744</u>	<u>\$ -</u>	<u>\$ 4,223,744</u>

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 17,878,663	\$ -	\$ -	\$ 17,878,663
Construction in progress.....	2,045,903	4,118,859	(2,045,902)	4,118,860
Total capital assets not being depreciated.....	19,924,566	4,118,859	(2,045,902)	21,997,523
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	154,217,262	3,020,227	-	157,237,489
Machinery and equipment.....	15,197,862	396,998	-	15,594,860
Infrastructure.....	23,647,466	5,382,989	-	29,030,455
Total capital assets being depreciated.....	193,062,590	8,800,214	-	201,862,804
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(64,428,271)	(4,049,200)	-	(68,477,471)
Machinery and equipment.....	(11,904,933)	(671,501)	-	(12,576,434)
Infrastructure.....	(6,986,153)	(726,526)	-	(7,712,679)
Total accumulated depreciation.....	(83,319,357)	(5,447,227)	-	(88,766,584)
Total capital assets being depreciated, net.....	109,743,233	3,352,987	-	113,096,220
Total governmental activities capital assets, net.....	\$ 129,667,799	\$ 7,471,846	\$ (2,045,902)	\$ 135,093,743
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ -	\$ -	\$ -	\$ -
<u>Capital assets being depreciated:</u>				
Infrastructure.....	36,794,528	2,875,124	-	39,669,652
<u>Less accumulated depreciation for:</u>				
Infrastructure.....	(10,906,800)	(833,580)	-	(11,740,380)
Total capital assets being depreciated, net.....	25,887,728	2,041,544	-	27,929,272
Total business-type activities capital assets, net.....	\$ 25,887,728	\$ 2,041,544	\$ -	\$ 27,929,272

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

Governmental Activities:

General government.....	\$	85,947
Public safety.....		500,632
Education.....		3,620,467
Public works.....		729,705
Health and human services.....		9,363
Culture and recreation.....		155,216
Community development.....		345,897
		<u>345,897</u>

Total depreciation expense - governmental activities.....	\$	<u>5,447,227</u>
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Business-Type Activities:

Water and sewer.....	\$	<u>833,580</u>
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NOTE 6 - NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets at June 30, 2015 is summarized as follows:

Governmental Activities

Capital assets.....	\$	223,860,327
Less accumulated depreciation.....		(88,766,584)
Less outstanding bonds, notes and loans payable.....		(15,547,047)
Add outstanding bonds, notes and loans payable that is not capital related.....		500,000
Add unspent proceeds of capital related debt.....		<u>1,545,886</u>
Net investment in capital assets.....	\$	<u>121,592,582</u>

Business-Type Activities

Capital assets.....	\$	39,669,652
Less accumulated depreciation.....		(11,740,380)
Less outstanding bonds and notes payable.....		(12,336,158)
Add unspent proceeds of capital related debt.....		<u>4,998,562</u>
Net investment in capital assets.....	\$	<u>20,591,676</u>

NOTE 7 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Receivables and payables between funds at June 30, 2015, are summarized as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund.....	Nonmajor governmental funds (City revolving).....	\$ 364,058 (1)
General Fund.....	Nonmajor governmental funds (School federal grants).....	<u>53,061 (2)</u>
		<u>\$ 417,119</u>

(1) Represents advance-funding of various revolving fund programs

(2) Represents advance-funding of various school federal grants

Interfund transfers for the fiscal year ended June 30, 2015, are summarized as follows:

<u>Transfers Out:</u>	<u>Transfers In:</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
General Fund.....	\$ -	\$ 6,475,902	\$ 6,475,902 (1)
Nonmajor Governmental Funds.....	225,000	2,584,434	2,809,434 (2)
Water/Sewer Enterprise Fund.....	<u>1,796,678</u>	<u>-</u>	<u>1,796,678 (3)</u>
	<u>\$ 2,021,678</u>	<u>\$ 9,060,336</u>	<u>\$ 11,082,014</u>

(1) Represents budgeted transfers to various capital project funds (\$4,875,902), school building capital stabilization fund (\$1,000,000) and Massworks special revenue fund (\$600,000)

(2) Represents budgeted transfers to the general fund from the parking meters special revenue fund (\$225,000). Also represents transfers between capital project funds (\$2,584,434)

(3) Represents transfer of indirect costs

NOTE 8 - 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 anticipation notes (RAN) or tax anticipation notes (TAN).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BAN) or grant anticipation notes (GAN).

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

The City has no short-term debt outstanding at June 30, 2015, and did not issue or retire any short-term debt during the fiscal year.

NOTE 9 - LONG-TERM OBLIGATIONS

The following represents a summary of changes that occurred in long-term obligations during the fiscal year ended June 30, 2015:

	Balance June 30, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion
Governmental Activities:					
Bonds, notes and loans payable.....	\$ 19,046,507	\$ -	\$ (3,499,460)	\$ 15,547,047	\$ 2,986,860
Workers' compensation claims.....	354,809	192,481	(275,765)	271,525	112,144
Net pension liability.....	67,845,429	7,504,443	(9,264,201)	66,085,671	-
Net OPEB obligation.....	108,449,695	15,849,266	(4,649,828)	119,649,133	-
Compensated absences.....	6,310,000	419,999	(10,000)	6,719,999	1,143,000
Total.....	<u>\$ 202,006,440</u>	<u>\$ 23,966,189</u>	<u>\$ (17,699,254)</u>	<u>\$ 208,273,375</u>	<u>\$ 4,242,004</u>
Business-type Activities:					
Bonds and notes payable.....	\$ 14,203,699	\$ 700,000	\$ (2,567,541)	\$ 12,336,158	\$ 2,430,355
Net pension liability.....	450,755	49,858	(61,550)	439,063	-
Net OPEB obligation.....	1,150,428	100,483	(29,479)	1,221,432	-
Total.....	<u>\$ 15,804,882</u>	<u>\$ 850,341</u>	<u>\$ (2,658,570)</u>	<u>\$ 13,996,653</u>	<u>\$ 2,430,355</u>

Internal service funds predominantly serve the governmental funds. Accordingly, the internal service fund's long-term obligations are included as part of the governmental activities totals above. At fiscal year-end, \$271,525 of internal service funds accrued liabilities (workers' compensation claims) is included above. Except for the amounts related to the internal service funds, the governmental activities long-term obligations are generally liquidated by the general fund.

NOTE 10 - LONG-TERM DEBT

During prior fiscal years, certain general obligation bonds were defeased by placing the proceeds of bonds in an irrevocable trust to provide for all future debt service payments on the refunded bonds. Accordingly, the trust account's assets and liabilities for the defeased bonds are not included in the basic financial statements. At June 30, 2015, \$2,695,000 of bonds outstanding from the advance refundings are considered defeased.

Details related to the outstanding indebtedness at June 30, 2015, and the debt service requirements are as follows:

Bonds, Notes and Loans Payable - Governmental Funds

Project	Original Issue	Maturity Date	Interest Rate	Outstanding at June 30, 2014	Additions	Reductions	Outstanding at June 30, 2015
Municipal purpose.....	2,577,000	05/01/15	3.00 - 4.00%	\$ 62,600	\$ -	\$ (62,600)	\$ -
Municipal purpose refunding.....	1,007,664	04/01/18	3.00 - 4.50%	303,817	-	(91,145)	212,672
Renovations.....	263,000	09/15/15	3.75 - 4.00%	52,600	-	(26,300)	26,300
Sidewalks.....	50,000	09/15/15	3.75 - 4.00%	10,000	-	(5,000)	5,000
Municipal purpose.....	653,000	09/15/16	3.50 - 4.00%	115,500	-	(38,500)	77,000
Municipal purpose.....	1,452,000	09/15/17	3.50 - 5.25%	165,200	-	(41,300)	123,900
Municipal purpose.....	3,940,352	01/15/19	3.50 - 5.00%	1,628,358	-	(330,086)	1,298,272
Municipal purpose refunding, series B.....	130,625	01/15/19	3.00 - 5.00%	62,500	-	(12,500)	50,000
Municipal purpose, series C.....	8,888,000	01/15/25	5.125 - 6.060%	6,505,000	-	(595,000)	5,910,000
Municipal purpose refunding, series C.....	4,280,000	03/01/19	3.00 - 5.00%	2,035,000	-	(415,000)	1,620,000
Municipal purpose, series A.....	1,625,950	01/15/20	3.00 - 4.00%	827,000	-	(174,500)	652,500
Urban renewal.....	1,580,000	09/01/24	3.00 - 4.00%	1,225,000	-	(115,000)	1,110,000
Municipal purpose.....	3,136,656	09/01/24	3.00 - 4.00%	2,102,625	-	(345,375)	1,757,250
Permanent state house loan notes.....	420,000	09/01/15	4.25%	165,000	-	(85,000)	80,000
Municipal purpose refunding.....	99,500	09/01/24	3.00 - 4.00%	68,000	-	(10,000)	58,000
Dump Trucks.....	136,000	03/01/17	2.00 - 2.25%	81,200	-	(27,400)	53,800
Rack Truck.....	68,000	03/01/17	2.00 - 2.25%	40,800	-	(13,600)	27,200
Senior Center Roof.....	15,000	03/01/23	2.00 - 3.00%	12,272	-	(1,364)	10,908
City Yard Roof.....	105,000	03/01/23	2.00 - 3.00%	85,908	-	(9,546)	76,362
Library Carpet.....	35,000	03/01/22	2.00 - 3.00%	28,000	-	(3,500)	24,500
City Hall Door.....	35,000	03/01/17	2.00-2.25%	21,000	-	(7,000)	14,000
Public Way/Outdoor Recreational Facility.....	590,300	05/15/23	2.00-2.25%	531,270	-	(59,030)	472,240
ESCO.....	761,328	05/15/28	2.00-2.75%	715,000	-	(45,000)	670,000
Everett Avenue.....	1,400,000	12/31/15	0.00%	1,400,000	-	(900,000)	500,000
Building refunding - school refunding.....	802,857	04/01/24	2.00-2.50%	802,857	-	(85,714)	717,143
Total.....				\$ 19,046,507	\$ -	\$ (3,499,460)	\$ 15,547,047

Debt service requirements for principal and interest in future fiscal years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016.....	\$ 2,986,860	\$ 671,297	\$ 3,658,157
2017.....	2,298,185	566,148	2,864,333
2018.....	2,145,314	461,280	2,606,594
2019.....	2,048,185	358,655	2,406,840
2020.....	1,324,813	279,403	1,604,216
2021.....	1,192,456	222,124	1,414,580
2022.....	900,581	169,869	1,070,450
2023.....	894,224	127,829	1,022,053
2024.....	826,429	7,477	833,906
2025.....	755,000	4,676	759,676
2026.....	55,000	3,576	58,576
2027.....	60,000	2,476	62,476
2028.....	60,000	1,261	61,261
Total.....	\$ <u>15,547,047</u>	\$ <u>2,876,071</u>	\$ <u>18,423,118</u>

Bonds and Notes Payable – Enterprise Funds

Project	Original Issue	Maturity Date	Interest Rate	Outstanding at June 30, 2014	Additions	Reductions	Outstanding at June 30, 2015
Water notes (MWRA).....	99,760	05/15/16	0.00%	\$ 19,952	\$ -	\$ (9,976)	\$ 9,976
Water notes (MWRA).....	190,000	05/15/18	0.00%	76,000	-	(19,000)	57,000
Water and sewer bonds.....	2,577,000	05/01/15	3.00 - 4.00%	192,400	-	(192,400)	-
Water and sewer refunding.....	1,977,337	04/01/18	3.00 - 4.50%	596,183	-	(178,855)	417,328
Water - meters.....	448,000	09/15/15	3.75 - 4.00%	89,600	-	(44,800)	44,800
Sewer - Crescent Street.....	956,000	09/15/15	3.75 - 4.00%	187,800	-	(96,400)	91,400
Water - Crescent Street.....	23,000	09/15/15	3.75 - 4.00%	4,600	-	(2,300)	2,300
Sewer - meters.....	752,000	09/15/15	3.75 - 4.00%	150,400	-	(75,200)	75,200
Water and sewer bonds.....	2,497,000	09/15/16	3.50 - 4.00%	754,500	-	(251,500)	503,000
Water and sewer bonds.....	1,452,000	09/05/17	3.50 - 5.25%	259,800	-	(68,700)	191,100
Water and sewer bonds.....	707,139	01/15/19	3.50 - 5.00%	176,642	-	(34,914)	141,728
Water notes (MWRA).....	1,160,074	11/15/18	0.00%	580,039	-	(116,007)	464,032
Municipal purpose refunding, series B.....	914,375	07/15/18	3.00%	437,500	-	(87,500)	350,000
Water notes (MWRA).....	100,000	05/15/20	0.00%	60,000	-	(10,000)	50,000
Water notes (MWRA).....	225,000	02/15/20	0.00%	135,000	-	(22,500)	112,500
Municipal purpose refunding, series A.....	555,000	01/15/20	3.00 - 4.00%	333,000	-	(55,500)	277,500
Sewer.....	2,061,252	09/01/20	3.00 - 4.00%	1,447,375	-	(204,625)	1,242,750
Water notes (MWRA).....	1,205,365	05/15/21	0.00%	843,754	-	(120,537)	723,217
Refunded bonds.....	895,500	09/1/20	3.00 - 4.00%	612,000	-	(90,000)	522,000
Sewer notes (MWRA).....	399,850	05/15/16	0.00%	159,940	-	(79,970)	79,970
Water (MWPAT).....	245,000	07/15/30	2.00%	214,196	-	(10,686)	203,510
Broadway sewer.....	150,000	03/01/23	2.00 - 3.00%	113,365	-	(13,637)	99,728
Broadway water line.....	125,000	03/01/23	2.00 - 3.00%	96,772	-	(11,364)	85,408
Storm water management plan.....	50,000	03/01/17	2.00 - 2.25%	30,000	-	(10,000)	20,000
Everett avenue redirect.....	250,000	03/01/23	2.00 - 3.00%	195,683	-	(22,589)	173,094
Water (MWRA).....	468,390	05/13/22	0.00%	374,712	-	(46,839)	327,873
Water and sewer refunding bonds.....	575,000	03/01/22	2.00 - 3.00%	440,000	-	(65,000)	375,000
Water (MWRA).....	1,183,959	08/15/22	0.00%	1,065,563	-	(118,396)	947,167
Sewer.....	948,372	05/15/28	2.00-2.75%	868,730	-	(75,970)	792,760
Water notes (MWRA).....	350,000	08/15/23	0.00%	350,000	-	(35,000)	315,000
Sewer notes (MWRA).....	344,850	02/15/19	0.00%	344,850	-	(68,970)	275,880
Water notes (MWRA).....	391,200	02/15/24	0.00%	391,200	-	(39,120)	352,080
Water/Sewer general obligation bonds.....	2,000,000	04/01/24	2.00-2.50%	2,000,000	-	(225,000)	1,775,000
Sewer refunding.....	451,607	04/01/24	2.00-2.50%	451,607	-	(48,214)	403,393
Water refunding.....	150,536	04/01/24	2.00-2.50%	150,536	-	(16,072)	134,464
Water bond (MWRA).....	700,000	05/15/25	0.00%	-	700,000	-	700,000
Total.....				\$ 14,203,699	\$ 700,000	\$ (2,567,541)	\$ 12,336,158

The Massachusetts Water Resource Authority (MWRA) operates financial assistance programs for community owned collection systems. Financial assistance received from the MWRA consists of non-interest bearing loans (payable in five equal annual installments) and, in some instances, grants. During fiscal year 2015, \$700,000 was received from the program, all of which was a loan. At June 30, 2015, the outstanding principal amount of MWRA loans totaled \$4,414,695.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016.....	\$ 2,430,355	\$ 224,545	\$ 2,654,900
2017.....	2,114,306	172,028	2,286,334
2018.....	1,727,400	127,953	1,855,353
2019.....	1,550,763	95,356	1,646,119
2020.....	1,194,388	68,602	1,262,990
2021.....	1,104,479	46,467	1,150,946
2022.....	706,065	31,592	737,657
2023.....	660,832	22,014	682,846
2024.....	455,485	13,904	469,389
2025.....	143,051	6,571	149,622
2026.....	73,315	5,107	78,422
2027.....	68,584	3,638	72,222
2028.....	63,858	2,153	66,011
2029.....	14,138	724	14,862
2030.....	14,424	438	14,862
2031.....	14,715	147	14,862
Total.....	\$ <u>12,336,158</u>	\$ <u>821,239</u>	\$ <u>13,157,397</u>

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, 2015, the City had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
Clark Middle School.....	\$ 57,332,407
Pension obligation bonds.....	47,000,000
Capital Improvement Plans.....	2,895,180
Corcoran Park construction.....	1,482,865
Chelsea High School extension.....	1,150,000
Highland Park improvement.....	1,000,000
Washington Park renovation.....	500,000
Park renovation - Washington Avenue.....	587,087
Highland Greenway Project.....	400,000
Refunding.....	265,000
Quigley Park renovation.....	254,000
Energy conservation improvements.....	28,672
Total.....	\$ <u>112,895,211</u>

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS

Plan Description – The City provides health, dental and life insurance coverage for its retirees and their survivors (hereinafter referred to as the “Plan”) as a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions. Changes to plan design and contribution rates must be accomplished through the collective bargaining process. The Plan does not issue a stand alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

The number of participants as of July 1, 2013, the latest actuarial valuation, is as follows:

Active employees.....	1,229
Retired employees and spouses.....	<u>451</u>
Total.....	<u><u>1,680</u></u>

Funding Policy - The contribution requirements of Plan members and the City are established and may be amended by the City. The required health insurance (including Medicare Part B) contribution rates of Plan members and the City are 17.5 – 25.0% and 75.0 – 82.5%, respectively. The required dental insurance (including Medicare Part B) contribution rates of Plan members is 100%. The Plan members and the City each contribute 50% towards a \$5,000 term life insurance premium. The City currently contributes enough money to the Plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the Plan are paid by the City.

Annual OPEB Cost and Net OPEB Obligation - The City’s annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an actuarially determined amount that is calculated in accordance with the parameters set forth in GASB Statement #45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City’s annual OPEB cost for the year, the actual amount contributed to the plan, and changes in the City’s net OPEB obligation:

Annual required contribution.....	\$	19,646,714
Interest on net OPEB obligation.....		4,378,004
Adjustment to annual required contribution.....		<u>(8,074,969)</u>
Annual OPEB cost.....		15,949,749
Contributions made.....		<u>(4,679,307)</u>
Increase in net OPEB obligation.....		11,270,442
Net OPEB obligation at beginning of year.....		<u>109,600,123</u>
Net OPEB obligation at end of year.....	\$	<u><u>120,870,565</u></u>

Trend information regarding annual OPEB cost, the percentage of the annual OPEB cost contributed and the net OPEB obligation is as follows:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost (AOPEBC)</u>	<u>Percentage of AOPEBC Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013.....	18,371,991	22.4%	98,971,491
June 30, 2014.....	15,001,773	29.2%	109,600,123
June 30, 2015.....	15,949,749	29.3%	120,870,565

Funded Status and Funding Progress - The funded status of the Plan at July 1, 2013, the most recent actuarial valuation, was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (A)</u>	<u>Actuarial Accrued Liability (AAL) Projected Unit Credit (B)</u>	<u>Unfunded AAL (UAAL) (B-A)</u>	<u>Funded Ratio (A/B)</u>	<u>Covered Payroll (C)</u>	<u>UAAL as a Percentage of Covered Payroll ((B-A)/C)</u>
07/01/13	\$ -	\$ 164,767,775	\$ 164,767,775	-	\$ 66,431,592	248%

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

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

The significant methods and assumptions as of the latest actuarial valuation are as follows:

Valuation date:	July 1, 2013
Actuarial cost method:	Projected Unit Credit
Amortization method:	Level dollar
Remaining amortization period:	26 years
Interest discount rate:	4.0%
Inflation rate:	2.5%
Healthcare/Medical cost trend rate:	Medical -5.0% per year Dental -5.0% per year
Projected salary increases:	3.0%

Allocation of AOPEBC - AOPEBC costs were allocated to the City's functions as follows:

Governmental Activities:

General government.....	\$ 1,014,404
Public safety.....	4,800,874
Education.....	9,171,107
Public works.....	433,833
Health and human services.....	186,612
Culture and recreation.....	126,003
Community development.....	<u>116,433</u>
Total AOPEBC - governmental activities.....	<u>15,849,266</u>

Business-Type Activities:

Water/Sewer.....	<u>100,483</u>
Total AOPEBC.....	<u><u>\$ 15,949,749</u></u>

NOTE 12 - 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.

A. Health Insurance

Prior to May 1, 2012, the City was self-insured for a portion of its retirees' health insurance activities, which were accounted for in the internal service fund. Since that date, the retirees' health insurance internal service fund has been accounting for the activities (i.e., run-off claims) related to when the City was self-insured. As of June 30, 2015, there are no material outstanding health insurance claims payable.

The City participates in premium-based health care plans for its active and retired employees. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

B. Workers' Compensation

The City is self-insured for its workers' compensation activities. These activities are accounted for in the internal service fund where revenues are recorded when earned and expenses are recorded when incurred. Workers' compensation claims are administered by a third party administrator and are funded on a pay-as-you-go basis from annual appropriations. The estimated future liability is based on history and injury type.

The liability at June 30, 2015, totaled \$271,525. Changes in the reported liability since July 1, 2013, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-end
Fiscal year 2014.....	\$ 344,611	\$ 149,530	\$ (139,332)	\$ 354,809
Fiscal year 2015.....	354,809	192,481	(275,765)	271,525

NOTE 13 - FUND BALANCES

The constraints on fund balances in the Governmental Funds Balance Sheet are detailed as follows:

	General	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:			
Loans.....	\$ -	\$ 660,959	\$ 660,959
Permanent fund principal.....	-	22,392	22,392
Sub-total - Nonspendable.....	-	683,351	683,351
Restricted:			
Other postemployment benefits (OPEB).....	718,710	-	718,710
Redevelopment.....	-	3,130,552	3,130,552
Other community development.....	-	1,912,954	1,912,954
Receipts reserved.....	-	3,705,732	3,705,732
City gifts.....	-	1,065,670	1,065,670
City federal grants.....	-	895,209	895,209
School lunch.....	-	2,013,428	2,013,428
School revolving.....	-	1,251,206	1,251,206
School gifts.....	-	942,820	942,820
State school grants.....	-	1,504,314	1,504,314
Urban I & II renewal.....	-	986,108	986,108
Other capital.....	-	7,195,762	7,195,762
School capital reserve.....	-	624,306	624,306
Permanent funds - health and human services.....	-	749	749
Permanent funds - culture and recreation.....	-	101,884	101,884
Sub-total - Restricted.....	718,710	25,330,694	26,049,404
Committed:			
Subsequent year's expenditures.....	2,949,222	-	2,949,222
Capital stabilization.....	1,021,238	-	1,021,238
Redevelopment stabilization.....	169,182	-	169,182
Sub-total - Committed.....	4,139,642	-	4,139,642
Assigned:			
Encumbrances - school.....	2,705,058	-	2,705,058
Encumbrances - other.....	625,253	-	625,253
Sub-total - Assigned.....	3,330,311	-	3,330,311
Unassigned.....	34,395,684	(670,421)	33,725,263
Total fund balances.....	\$ 42,584,347	\$ 25,343,624	\$ 67,927,971

NOTE 14 - STABILIZATION FUNDS

The City maintains the following stabilization funds that were established under MGL Chapter 40, Section 5B:

- General stabilization
- Operating stabilization
- Capital stabilization
- Redevelopment stabilization

Appropriations in and out of the stabilization funds require City Council majority approval. Investment income is retained by the funds.

The balance of the general stabilization, operating stabilization, capital stabilization and redevelopment stabilization funds at June 30, 2015 total \$4,122,107, \$3,165,337, \$1,021,238 and \$169,182, respectively. The capital stabilization and redevelopment stabilization funds are reported in the general fund as committed fund balance. The general and operating stabilization funds are reported in the general fund as unassigned fund balance.

NOTE 15 - PENSION PLAN

Plan Description - The City contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Chelsea Contributory Retirement Board. Substantially all employees of the City are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System.

At December 31, 2014, the System's membership consisted of the following:

Active members.....	664
Inactive members.....	214
Retirees and beneficiaries currently receiving benefits....	<u>370</u>
Total members.....	<u><u>1,248</u></u>
Number of participating employers.....	<u><u>2</u></u>

Benefits Provided - The System provides retirement, disability and death benefits to plan members and beneficiaries, pursuant to Massachusetts General Law Chapter 32, up to a maximum of 80% of the average of a member's three or five highest consecutive years' regular compensation. In addition to regular compensation, benefits are based upon a member's age, length of creditable service and group classification. Members become vested after ten years of creditable service. A normal retirement allowance may be received after the completion of 20 years of service or upon reaching age 55 or 60, with 10 years of service. Normal retirement for most employees occurs at age 65 or 67, except for certain hazardous duty and public safety employees who attain normal retirement at age 55 or 57.

Contributions – Chapter 32 of MGL governs the contributions of plan members and the City. Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The City is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on annual covered payroll.

For the year ended December 31, 2014, active member contributions totaled \$3,028,000 and employer contributions totaled \$9,626,072. Contributions to the System from the Town were \$9,325,751 for the year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The components of the net pension liability of the System at December 31, 2014, were as follows:

Total pension liability.....	\$	192,946,000
Plan fiduciary net position.....		<u>(122,609,153)</u>
Net pension liability.....	\$	<u><u>70,336,847</u></u>
Plan fiduciary net position as a percentage of the total pension liability.....		63.55%

At June 30, 2015, the City reported a liability of \$66,524,734 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2013 that was updated to December 31, 2014. The City's proportion of the net pension liability is the proportionate share of employer contributions to the System as of December 31, 2014, actuarially determined. At December 31, 2014, the City's proportion was 94.58 percent, which was the same proportion measured as of December 31, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$7,179,568. At June 30, 2015, the City reported deferred outflows of resources related to pensions of \$179,702 for the net difference between projected and actual investment earnings.

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

<u>Year Ended June 30:</u>	<u>Amount</u>
2016.....	\$ 44,926
2017.....	44,926
2018.....	44,926
2019.....	44,924

Actuarial Assumptions - The total pension liability in the January 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement that was updated to December 31, 2014:

Actuarial cost method:	Entry Age Normal Cost Method
Amortization method:	Increasing payments 4.6% per year
Remaining amortization period:	25 years
Investment rate of return:	7.75% net of pension plan investment expense, including inflation
Inflation rate:	Not explicitly assumed
Salary increases:	4.25% per year for Group 1, and 4.75% per year for Group 5
Cost of living adjustment:	3.0% on the first \$12,000 of benefits
Mortality rates:	Pre-Retirement – RP-2000 Employee Mortality Table projected 20 years with Scale AA (gender distinct)
	Healthy Retiree – RP-2000 Healthy Annuitant Mortality Table projected 15 years with Scale AA (gender distinct)
	Disabled Retiree – RP-2000 Healthy Annuitant Mortality Table projected 15 years with Scale AA (gender distinct), set forward 2 years

Investment Policies and Rates of Return - Deposits and investments made by the System are governed by Chapter 32 of the MGL.

Deposits and investments made by the System are governed by Chapter 32 of the MGL.

For the year ended December 31, 2014, the annual money-weighted rate of return on System investments, net of investment expense, was 7.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation (%)	Long-Term Expected Real Rate of Return (%)
Global Equity.....	43.00	8.23
Fixed Income.....	23.00	5.05
Private Equity.....	10.00	9.75
Real Estate.....	10.00	6.5
Timber/Natural Resources.....	4.00	6.88
Hedge Funds.....	10.00	7.00

Discount Rate - The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions from employers will be made at rates equal to the actuarially determined contribution rates and the member rates. 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 of the System calculated using the discount rate of 7.75 percent, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
System's net pension liability..... \$	91,811,000	\$ 70,336,847	\$ 51,835,000

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability.... \$	86,834,844	\$ 66,524,734	\$ 49,025,543

Legally Required Reserve Accounts - The balance in the System's legally required reserves as of December 31, 2014 are as follows:

Description	Amount	Purpose
Annuity Savings Fund..... \$	35,782,163	Active members' contribution balance
Annuity Reserve Fund.....	5,975,048	Retired members' contribution account
Military Service Fund.....	2,409	Military leave of absence contribution balance
Pension Reserve Fund.....	62,728,489	Amounts appropriated to fund future retiremer
Pension Fund.....	18,121,044	Remaining net assets
Total..... \$	<u>122,609,153</u>	

NOTE 16 - MASSACHUSETTS TEACHERS RETIREMENT SYSTEM

Plan description - Public school teachers and certain administrators are provided with pensions through the Massachusetts Teachers' Retirement System (MTRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Massachusetts Teachers' Retirement Board. The MTRS is part of the Commonwealth of Massachusetts' (Commonwealth) reporting entity and does not issue a stand-alone audited financial report. The MTRS is reported as a Pension Trust Fund in the Commonwealth's audited financial statements that can be found at <http://www.mass.gov/osc/publications-and-reports/financial-reports/cafr-reports.html>.

Benefits provided - MTRS provides retirement, disability, survivor and death benefits to members and their beneficiaries. Massachusetts General Laws (MGL) establishes uniform benefit requirements. These requirements provide for superannuation retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation. For employees hired after April 1, 2012, retirement allowances are calculated on the basis of the last five years or any five consecutive years, whichever is greater in terms of compensation. Benefit payments are based upon a member's age, length of creditable service, and group creditable service, and group classification. The authority for amending these provisions rests with the Legislature.

Members become vested after ten years of creditable service. A superannuation retirement allowance may be received upon the completion of twenty years of creditable service or upon reaching the age of 55 with ten years of service. Normal retirement for most employees occurs at age 65. Most employees who joined the system after April 1, 2012 cannot retire prior to age 60.

Contributions - The MTRS' funding policies have been established by Chapter 32 of the MGL. The Legislature has the authority to amend these policies. The annuity portion of the MTRS retirement allowance is funded by employees, who contribute a percentage of their regular compensation. Member contributions for MTRS vary depending on the most recent date of membership, ranging from 5-11% of regular compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000.

The Commonwealth is a nonemployer contributor and is required by statute to make all actuarially determined employer contributions on behalf of the member employers. 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 contributing entity in MTRS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Since the City does not contribute directly to MTRS, the City does not report a proportionate share of the net pension liability of the MTRS at June 30, 2015. The Commonwealth's net pension liability associated with the Town was \$90,427,207.

The MTRS' net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2014 rolled forward to June 30, 2014.

For the year ended June 30, 2015, the Town recognized pension expense of \$6,282,412 associated with MTRS and revenue of the same amount for support provided by the Commonwealth.

Actuarial assumptions - The MTRS' total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of January 1, 2014 rolled forward to June 30, 2014. This valuation used the following assumptions:

Investment rate of return - 8.0%

Salary increases - Salary increases are based on analyses of past experience but range from 4.0% to 7.5% depending on length of service

Mortality Rates - Pre-retirement reflects RP-2000 Employees table adjusted for "white-collar" employment projected 22 years with Scale AA (gender distinct). Post-retirement reflects RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA (gender distinct). Disability reflects RP-2000 Healthy Annuitant table adjusted for large annuity amounts and projected 17 years with Scale AA (gender distinct) set forward 3 years for males

Other - 3.5% interest rate credited to the annuity savings fund; 3.0% cost of living increase per year

Investment assets of the MTRS are with the Pension Reserves Investment Trust (PRIT) Fund. 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 rates of return 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 rates of return by the target asset allocation percentage. Best estimates of geometric rates of return for each major asset class included in the PRIT Fund's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity.....	43%	7.2%
Core Fixed Income.....	13%	2.5%
Hedge Funds.....	10%	5.5%
Private Equity.....	10%	8.8%
Real Estate.....	10%	6.3%
Value Added Fixed Income.....	10%	6.3%
Timber/Natural Resources.....	4%	5.0%
Totals.....	100%	

Discount rate - The discount rate used to measure the MTRS' total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the Commonwealth's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rates. Based on those assumptions, the 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.

Pension plan fiduciary net position - Detailed information about the MTRS' fiduciary net position is available in the Commonwealth's audited financial statements.

NOTE 17 - COMMITMENTS

The City has entered into, or is planning to enter into, contracts totaling approximately \$60,600,000 for the Clark Middle School project, Highland Greenway project and various capital improvements in accordance with its five-year capital improvement plan.

Other significant commitments include the encumbrances outstanding for the general fund, which totaled approximately \$3,300,000 at June 30, 2015.

NOTE 18 - CONTINGENCIES

Various legal actions and claims are pending against the City. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2015, cannot be ascertained, management believes any resulting liability should not materially affect the financial position of the City at June 30, 2015.

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2015, 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 the City expects such amounts, if any, to be immaterial.

NOTE 19 - CHANGE IN ACCOUNTING PRINCIPLE

During the year ended June 30, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This pronouncement requires the restatement of the June 30, 2014, net position of the governmental activities, business-type activities and enterprise funds as shown as follows:

	Governmental Activities	Water/Sewer Enterprise	Total
Net Position, June 30, 2014, as Previously Reported.....	\$ 67,037,856	\$ 31,390,872	\$ 98,428,728
Cumulative Affect of Application of GASB 68, Net Pension Liability..	(67,845,429)	(450,755)	(68,296,184)
Net Position, June 30, 2014, as Restated.....	<u>\$ (807,573)</u>	<u>\$ 30,940,117</u>	<u>\$ 30,132,544</u>

NOTE 20 – FUTURE IMPLEMENTATION OF GASB PRONOUNCEMENTS

The GASB has issued the following statements:

- Statement No. 72, Fair Value Measurement and Application, which is required to be implemented during fiscal year 2016. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 73, Accounting and Financial Reporting Pensions and Related Assets That Are not within the Scope of GASB 68, and amendments to Certain Provisions of GASB Statements 67 and 68, which is required to be implemented during fiscal year 2017. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 74, Financial Reporting for Postemployment Benefits Other than Pensions, which is required to be implemented during fiscal year 2017. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions, which is required to be implemented during fiscal year 2018. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, which is required to be implemented during fiscal year 2016. Management is evaluating the Statement's future impact on the basic financial statements.
- Statement No. 77, Tax Abatement Disclosures, which is required to be implemented during fiscal year 2017. Management is evaluating the Statement's future impact on the basic financial statements.

These pronouncements will be implemented by their respective implementation dates. The City has not determined the impact that these standards will have on its financial statement.

Required Supplementary Information

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
REVENUES				
Real estate and personal property taxes.....	\$ -	\$ 44,753,031	\$ -	\$ 44,753,031
Motor vehicle and other excise taxes.....	-	6,100,000	-	6,100,000
Meals and room taxes.....	-	920,000	-	920,000
Tax and trash liens.....	-	-	-	-
Payments in lieu of taxes.....	-	1,799,293	-	1,799,293
Trash disposal.....	-	1,615,218	-	1,615,218
Intergovernmental	-	74,374,225	-	74,374,225
Penalties and interest on taxes.....	-	350,000	-	350,000
Licenses and permits.....	-	2,393,450	-	2,393,450
Fines and forfeitures.....	-	2,113,400	-	2,113,400
Departmental and other.....	-	526,000	-	526,000
Investment income.....	-	200,000	-	200,000
TOTAL REVENUES.....	-	135,144,617	-	135,144,617
EXPENDITURES				
GENERAL GOVERNMENT				
Legislative				
Personal services.....	-	201,585	3,010	204,595
Expenditures.....	-	67,300	53,897	121,197
Total.....	-	268,885	56,907	325,792
Executive Office				
Personal services.....	-	341,281	-	341,281
Expenditures.....	-	45,878	-	45,878
Total.....	-	387,159	-	387,159
Auditor's Office				
Personal services.....	-	298,317	-	298,317
Expenditures.....	64,673	72,911	(455)	137,129
Total.....	64,673	371,228	(455)	435,446
Treasurer's/Collector's Office				
Personal services.....	-	421,987	-	421,987
Expenditures.....	31,901	238,575	-	270,476
Total.....	31,901	660,562	-	692,463
Assessing				
Personal services.....	-	215,953	-	215,953
Expenditures.....	-	130,345	145,400	275,745
Total.....	-	346,298	145,400	491,698
Procurement				
Personal services.....	-	108,571	900	109,471
Expenditures.....	1,224	11,275	-	12,499
Total.....	1,224	119,846	900	121,970
Central Billing				
Personal services.....	-	94,107	18,003	112,110
Expenditures.....	-	69,200	-	69,200
Total.....	-	163,307	18,003	181,310

	Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
\$	45,306,204	\$ -	\$ 45,306,204	\$ 553,173
	12,609,955	-	12,609,955	6,509,955
	1,167,829	-	1,167,829	247,829
	603,960	-	603,960	603,960
	1,252,908	-	1,252,908	(546,385)
	1,528,620	-	1,528,620	(86,598)
	75,170,895	-	75,170,895	796,670
	466,224	-	466,224	116,224
	2,517,342	-	2,517,342	123,892
	2,353,081	-	2,353,081	239,681
	1,501,111	-	1,501,111	975,111
	313,126	-	313,126	113,126
	<u>144,791,255</u>	<u>-</u>	<u>144,791,255</u>	<u>9,646,638</u>
	204,594	-	204,594	1
	86,988	-	86,988	34,209
	<u>291,582</u>	<u>-</u>	<u>291,582</u>	<u>34,210</u>
	293,178	-	293,178	48,103
	26,622	-	26,622	19,256
	<u>319,800</u>	<u>-</u>	<u>319,800</u>	<u>67,359</u>
	206,811	-	206,811	91,506
	76,347	34,375	110,722	26,407
	<u>283,158</u>	<u>34,375</u>	<u>317,533</u>	<u>117,913</u>
	397,511	-	397,511	24,476
	213,846	4,526	218,372	52,104
	<u>611,357</u>	<u>4,526</u>	<u>615,883</u>	<u>76,580</u>
	204,447	-	204,447	11,506
	252,514	16,597	269,111	6,634
	<u>456,961</u>	<u>16,597</u>	<u>473,558</u>	<u>18,140</u>
	109,367	-	109,367	104
	9,627	995	10,622	1,877
	<u>118,994</u>	<u>995</u>	<u>119,989</u>	<u>1,981</u>
	106,417	-	106,417	5,693
	63,927	-	63,927	5,273
	<u>170,344</u>	<u>-</u>	<u>170,344</u>	<u>10,966</u>
				(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
Law Department				
Personal services.....	-	192,203	-	192,203
Expenditures.....	-	65,750	60,000	125,750
Total.....	-	257,953	60,000	317,953
Personnel Department				
Personal services.....	-	218,157	-	218,157
Expenditures.....	-	44,067	-	44,067
Total.....	-	262,224	-	262,224
Information System				
Personal services.....	-	259,402	90	259,492
Expenditures.....	7,905	460,735	25,000	493,640
Capital outlay.....	-	115,000	-	115,000
Total.....	7,905	835,137	25,090	868,132
City Clerk				
Personal services.....	-	221,526	10,723	232,249
Expenditures.....	-	41,705	-	41,705
Total.....	-	263,231	10,723	273,954
Office of Planning and Development				
Personal services.....	-	55,725	-	55,725
Expenditures.....	459	45,780	-	46,239
Total.....	459	101,505	-	101,964
Salary reserve.....	-	275,000	(272,876)	2,124
TOTAL GENERAL GOVERNMENT.....	106,162	4,312,335	43,692	4,462,189
PUBLIC SAFETY				
Police Department				
Personal services.....	-	9,349,649	-	9,349,649
Expenditures.....	5,959	1,187,781	(861)	1,192,879
Capital outlay.....	-	114,000	-	114,000
Total.....	5,959	10,651,430	(861)	10,656,528
Fire Department				
Personal services.....	-	8,124,637	992,511	9,117,148
Expenditures.....	50,824	426,850	114,535	592,209
Capital outlay.....	-	-	11,000	11,000
Total.....	50,824	8,551,487	1,118,046	9,720,357
Inspectional Services				
Personal services.....	-	727,872	-	727,872
Expenditures.....	72,242	39,117	-	111,359
Total.....	72,242	766,989	-	839,231
Traffic and Parking				
Personal services.....	-	95,852	7,281	103,133
Expenditures.....	23,000	815,400	(5,100)	833,300
Capital outlay.....	-	-	5,100	5,100
Total.....	23,000	911,252	7,281	941,533

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
181,963	-	181,963	10,240
117,806	-	117,806	7,944
299,769	-	299,769	18,184
203,351	-	203,351	14,806
21,472	11,653	33,125	10,942
224,823	11,653	236,476	25,748
259,363	-	259,363	129
441,925	8,264	450,189	43,451
97,130	368	97,498	17,502
798,418	8,632	807,050	61,082
221,384	-	221,384	10,865
33,358	-	33,358	8,347
254,742	-	254,742	19,212
52,515	-	52,515	3,210
19,898	424	20,322	25,917
72,413	424	72,837	29,127
-	-	-	2,124
3,902,361	77,202	3,979,563	482,626
9,173,076	-	9,173,076	176,573
600,760	21,684	622,444	570,435
110,652	-	110,652	3,348
9,884,488	21,684	9,906,172	750,356
9,045,791	-	9,045,791	71,357
513,361	14,672	528,033	64,176
11,000	-	11,000	-
9,570,152	14,672	9,584,824	135,533
650,853	-	650,853	77,019
62,897	28,826	91,723	19,636
713,750	28,826	742,576	96,655
99,660	-	99,660	3,473
683,204	65,395	748,599	84,701
5,047	-	5,047	53
787,911	65,395	853,306	88,227
(continued)			

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
Emergency Management				
Personal services.....	-	913,805	-	913,805
Expenditures.....	373	33,123	8,500	41,996
Total.....	373	946,928	8,500	955,801
TOTAL PUBLIC SAFETY.....	152,398	21,828,086	1,132,966	23,113,450
EDUCATION				
Operational.....	5,030,890	75,791,644	478,769	81,301,303
Northeast Regional Vocational High School Assessment.....	-	783,502	-	783,502
TOTAL EDUCATION.....	5,030,890	76,575,146	478,769	82,084,805
PUBLIC WORKS				
Administration				
Personal services.....	-	203,229	-	203,229
Expenditures.....	90	12,206	-	12,296
Total.....	90	215,435	-	215,525
Streets and Sidewalks				
Personal services.....	-	798,448	-	798,448
Expenditures.....	128,718	1,016,286	19,960	1,164,964
Capital outlay.....	146,930	170,000	193,575	510,505
Total.....	275,648	1,984,734	213,535	2,473,917
Solid Waste/Recycling				
Personal services.....	-	45,797	-	45,797
Expenditures.....	66,497	1,881,060	-	1,947,557
Total.....	66,497	1,926,857	-	1,993,354
Structure and Grounds				
Personal services.....	-	269,062	-	269,062
Expenditures.....	29,177	911,920	(1,199)	939,898
Capital outlay.....	6,848	-	-	6,848
Total.....	36,025	1,180,982	(1,199)	1,215,808
Snow and Ice Removal				
Personal services.....	-	67,283	-	67,283
Expenditures.....	1	76,260	338,508	414,769
Total.....	1	143,543	338,508	482,052
TOTAL PUBLIC WORKS.....	378,261	5,451,551	550,844	6,380,656
HEALTH AND HUMAN SERVICES				
Administration				
Personal services.....	-	60,882	-	60,882
Health Division				
Personal services.....	-	189,039	-	189,039
Expenditures.....	-	126,125	-	126,125
Total.....	-	315,164	-	315,164

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
885,568	-	885,568	28,237
40,129	-	40,129	1,867
925,697	-	925,697	30,104
21,881,998	130,577	22,012,575	1,100,875
77,037,299	2,714,921	79,752,220	1,549,083
767,673	-	767,673	15,829
77,804,972	2,714,921	80,519,893	1,564,912
203,229	-	203,229	-
10,536	-	10,536	1,760
213,765	-	213,765	1,760
607,898	-	607,898	190,550
946,888	64,144	1,011,032	153,932
338,437	-	338,437	172,068
1,893,223	64,144	1,957,367	516,550
45,767	-	45,767	30
1,722,418	75,008	1,797,426	150,131
1,768,185	75,008	1,843,193	150,161
193,672	-	193,672	75,390
736,896	49,345	786,241	153,657
6,848	-	6,848	-
937,416	49,345	986,761	229,047
67,283	-	67,283	-
397,224	9,172	406,396	8,373
464,507	9,172	473,679	8,373
5,277,096	197,669	5,474,765	905,891
60,882	-	60,882	-
189,039	-	189,039	-
103,172	-	103,172	22,953
292,211	-	292,211	22,953

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
Veteran's Services				
Personal services.....	-	61,182	-	61,182
Expenditures.....	972	704,370	-	705,342
Total.....	972	765,552	-	766,524
Elder Affairs				
Personal services.....	-	176,928	-	176,928
Expenditures.....	181	30,800	-	30,981
Total.....	181	207,728	-	207,909
TOTAL HEALTH AND HUMAN SERVICES.....	1,153	1,349,326	-	1,350,479
CULTURE AND RECREATION				
Recreation and Cultural Affairs				
Personal services.....	-	73,736	-	73,736
Expenditures.....	-	75,000	-	75,000
Total.....	-	148,736	-	148,736
Public Library				
Personal services.....	-	237,382	275	237,657
Expenditures.....	359	22,928	-	23,287
Capital outlay.....	-	7,400	-	7,400
Total.....	359	267,710	275	268,344
TOTAL CULTURE AND RECREATION.....	359	416,446	275	417,080
PENSION BENEFITS				
Contributory Retirement System				
Expenditures.....	-	6,585,632	-	6,585,632
Non-Contributory Pension Benefits				
Expenditures.....	-	17,800	-	17,800
TOTAL PENSION BENEFITS.....	-	6,603,432	-	6,603,432
EMPLOYEE BENEFITS				
Unemployment Compensation				
Expenditures.....	-	70,000	8,107	78,107
Health Insurance				
Expenditures.....	214,817	6,835,120	325,726	7,375,663
Worker's Compensation				
Expenditures.....	-	300,000	-	300,000
Payroll Taxes				
Expenditures.....	-	350,000	7,300	357,300

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
61,182	-	61,182	-
655,029	-	655,029	50,313
716,211	-	716,211	50,313
147,724	-	147,724	29,204
29,782	-	29,782	1,199
177,506	-	177,506	30,403
1,246,810	-	1,246,810	103,669
58,401	-	58,401	15,335
75,000	-	75,000	-
133,401	-	133,401	15,335
235,422	-	235,422	2,235
23,174	-	23,174	113
7,363	-	7,363	37
265,959	-	265,959	2,385
399,360	-	399,360	17,721
6,525,462	-	6,525,462	60,170
12,158	-	12,158	5,642
6,537,620	-	6,537,620	65,812
9,994	-	9,994	68,113
6,514,797	207,567	6,722,364	653,299
168,176	-	168,176	131,824
357,542	-	357,542	(242)

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Prior Year Encumbrances and Continuing Appropriations	Original Budget	Supplemental Appropriations and Transfers	Final Budget
Life Insurance				
Expenditures.....	-	18,250	-	18,250
TOTAL EMPLOYEE BENEFITS.....	214,817	7,573,370	341,133	8,129,320
PROPERTY AND LIABILITY INSURANCE				
Expenditures.....	-	660,000	-	660,000
CLAIMS AND JUDGMENTS				
Expenditures.....	-	50,000	-	50,000
STATE AND COUNTY CHARGES				
Expenditures.....	-	9,283,834	-	9,283,834
DEBT SERVICE PRINCIPAL				
Expenditures.....	-	2,593,747	5,715	2,599,462
DEBT SERVICE INTEREST				
Expenditures.....	-	807,598	(5,715)	801,883
TOTAL EXPENDITURES.....	5,884,040	137,504,871	2,547,679	145,936,590
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(5,884,040)	(2,360,254)	(2,547,679)	(10,791,973)
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	2,055,678	-	2,055,678
Transfers out.....	-	(850,000)	(4,761,272)	(5,611,272)
Total other financing sources (uses).....	-	1,205,678	(4,761,272)	(3,555,594)
NET CHANGE IN FUND BALANCE.....	(5,884,040)	(1,154,576)	(7,308,951)	(14,347,567)
FUND BALANCE AT BEGINNING OF YEAR.....	34,564,604	34,564,604	34,564,604	34,564,604
FUND BALANCE AT END OF YEAR.....	\$ 28,680,564	\$ 33,410,028	\$ 27,255,653	\$ 20,217,037

See notes to required supplementary information.

Actual	Current Year Encumbrances and Continuing Appropriations	Actual and Encumbrances and Continuing Appropriations	Variance Positive/ (Negative)
11,588	2,395	13,983	4,267
7,062,097	209,962	7,272,059	857,261
651,504	-	651,504	8,496
31,097	-	31,097	18,903
9,378,341	-	9,378,341	(94,507)
2,599,461	-	2,599,461	1
792,407	-	792,407	9,476
137,565,124	3,330,331	140,895,455	5,041,135
7,226,131	(3,330,331)	3,895,800	14,687,773
2,021,678	-	2,021,678	(34,000)
(6,675,902)	-	(6,675,902)	(1,064,630)
(4,654,224)	-	(4,654,224)	(1,098,630)
2,571,907	(3,330,331)	(758,424)	13,589,143
34,564,604	34,564,604	34,564,604	-
\$ 37,136,511	\$ 31,234,273	\$ 33,806,180	\$ 13,589,143 (concluded)

PENSION PLAN SCHEDULES

SCHEDULE OF CHANGES IN EMPLOYERS' NET PENSION LIABILITY AND RELATED RATIOS (SYSTEM)

	<u>2014</u>
<u>Total pension liability</u>	
Service cost.....	\$ 4,822,000
Interest.....	14,245,000
Benefit payments, including refunds of member contributions.....	<u>(10,211,000)</u>
Net change in total pension liability.....	8,856,000
Total pension liability - beginning.....	<u>184,090,000</u>
Total pension liability - ending (a).....	<u><u>\$ 192,946,000</u></u>
<u>Plan fiduciary net position</u>	
Contributions - employer.....	\$ 9,626,072
Contributions - member.....	3,028,000
Net investment income.....	8,519,000
Benefit payments, including refunds of member contributions.....	(10,211,000)
Administrative expense.....	(260,643)
Other.....	<u>27,688</u>
Net change in plan fiduciary net position.....	10,729,117
Plan fiduciary net position - beginning.....	<u>111,880,036</u>
Plan fiduciary net position - ending (b).....	<u><u>\$ 122,609,153</u></u>
Net pension liability - ending (a) - (b).....	<u><u>\$ 70,336,847</u></u>
Plan fiduciary net position as a percentage of the total pension liability.....	63.55%
Covered-employee payroll.....	\$ 31,121,488
Net pension liability as a percentage of covered-employee payroll.....	226.01%

SCHEDULE OF EMPLOYER CONTRIBUTIONS (SYSTEM)

	2014	2013	2012	2011	2010
Actuarially determined contribution.....	\$ 9,626,072	9,655,593	9,380,817	9,339,362	8,168,182
Contributions in relation to the actuarially determined contribution.....	<u>9,626,072</u>	<u>9,655,593</u>	<u>9,380,817</u>	<u>9,339,362</u>	<u>8,168,182</u>
Contribution deficiency (excess).....	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll.....	\$ 31,121,488	31,121,488	29,750,417	29,750,417	29,412,382
Contributions as a percentage of covered-employee payroll.....	30.93%	31.03%	31.53%	31.39%	27.77%
(continued)					
	2009	2008	2007	2006	2005
Actuarially determined contribution.....	\$ 8,260,223	7,329,618	7,650,765	7,230,596	6,674,108
Contributions in relation to the actuarially determined contribution.....	<u>8,260,223</u>	<u>7,329,618</u>	<u>7,650,765</u>	<u>7,230,596</u>	<u>6,674,108</u>
Contribution deficiency (excess).....	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered-employee payroll.....	\$ 29,412,382	26,951,807	26,951,807	24,442,724	24,442,724
Contributions as a percentage of covered-employee payroll.....	28.08%	27.20%	28.39%	29.58%	27.31%

SCHEDULE OF INVESTMENT RETURNS (SYSTEM)

	<u>2014</u>
Annual money-weighted rate of return, net of investment expense.....	7.59%

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (SYSTEM)

	<u>2015*</u>
Town's proportion of the net pension liability.....	94.58%
Town's proportionate share of the net pension liability.....	66,524,734
Town's covered-employee payroll.....	29,434,703
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll.....	226.01%
Plan fiduciary net position as a percentage of the total pension liability.....	63.55%

*The amounts presented were determined as of 12/31/14

SCHEDULE OF CITY CONTRIBUTIONS (SYSTEM)

	2015
Actuarially Required Contribution.....	\$ 9,325,751
Contributions in Relation to the Actuarially Required Contribution.....	9,325,751
Contribution Deficiency (Excess).....	\$ -
Town's Covered-Employee Payroll.....	\$ 29,434,703
Contributions as a Percentage of Covered Employee Payroll.....	31.68%

SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (MTRS)

	2015
City's proportion of the net pension liability.....	0.00%
City's proportionate share of the net pension liability.....	\$ -
Commonwealth's proportionate share of the net pension liability associated with the City.....	90,427,207
Total.....	\$ 90,427,207
City's covered-employee payroll.....	\$ 34,879,310
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll.....	N/A
Plan fiduciary net position as a percentage of the total pension liability.....	61.64%

SCHEDULE OF CITY CONTRIBUTIONS (MTRS)

	2015
Contractually required contribution.....	\$ -
Contributions in relation to the contractually required contribution.....	-
Contribution deficiency (excess).....	\$ -
City's covered-employee payroll.....	\$ 34,879,310
Contributions as a percentage of covered-employee payroll.....	N/A

OTHER POSTEMPLOYMENT BENEFITS SCHEDULES

The following schedules provide information related to the City's other postemployment benefits plan:

SCHEDULES OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
07/01/13	\$ -	\$ 164,767,775	\$ 164,767,775	-	\$ 66,431,592	248%
07/01/11	-	169,212,224	169,212,224	-	60,733,942	279%
07/01/09	-	227,913,505	227,913,505	-	60,870,320	374%
07/01/07	-	184,805,511	184,805,511	-	26,951,807	686%

The significant changes to the methods and assumptions used in the actuarial valuations identified above that impacted trends in the schedules of funding progress are as follows:

- For the period 07/01/11 to 07/01/13, plan experience was more favorable than expected. This was mainly due to post 65 premiums increasing by 8% vs. an expected 11% increase and changes in cost sharing. This was somewhat offset by the introduction of a more conservative mortality table and the inclusion of the ACA excise tax. The actuarial experience gain is amortized into the annual OPEB costs over a 30-year period. The net impact of plan experience is a decrease in the annual OPEB cost.
- The 07/01/13 valuation recognized medical premiums as of the 2015 fiscal year. For years beyond the 2015 fiscal year, medical care costs are assumed to increase by 5.0% per year. If costs increase at rates higher than assumed, plan liabilities will escalate while costs less than those assumed will yield lower liabilities in the future.

NOTE A - BUDGETARY - GAAP RECONCILIATION

For budgetary financial reporting purposes, the Uniform Massachusetts 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 fiscal year ended June 30, 2015, is presented below:

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Financing Sources (Uses)</u>
Budgetary basis as reported on the schedule of revenues, expenditures and changes in fund balance - budget and actual.....	\$ 144,791,255	\$ 140,895,455	\$ (4,654,224)
<u>Adjustments</u>			
Activity of general stabilization fund recorded in the general fund for GAAP purposes.....	(315,716)	-	-
Activity of operating stabilization fund recorded in the general fund for GAAP purposes.....	48,851	-	-
Activity of capital stabilization fund recorded in the general fund for GAAP purposes.....	12,607	-	-
Activity of redevelopment stabilization fund recorded in the general fund for GAAP purposes.....	1,576	-	-
Activity of other postemployment benefits fund recorded in the general fund for GAAP purposes.....	13,856	-	200,000
Net change in recording 60-day receipts.....	(23,049)	-	-
Net change in recording tax refunds payable.....	(2,592,911)	-	-
Net change in investment market value.....	(13,311)	-	-
To record debt service activity for GAAP purposes.....	-	900,000	900,000
To record additional accrued payroll.....	-	446,397	-
To record encumbrances and continuing appropriations.....	-	(3,330,331)	-
GAAP basis as reported on the statement of revenues, expenditures and changes in fund balances.....	\$ <u>141,923,158</u>	\$ <u>138,911,521</u>	\$ <u>(3,554,224)</u>

Combining and Individual Fund Statements and Schedules

Nonmajor Governmental Funds

Narrative

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue funds are grouped into the following categories:

Redevelopment – accounts for all federal, state and locally funded redevelopment activities.

Other Community Development – accounts for all federal, state and locally funded community development activities other than redevelopment activities.

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

Receipts Reserved – accounts for receipts that are designated to fund and supplement specific operating budgets of various departments.

City Gifts – accounts for revenues received from various residents and organizations that are to be used to provide a specific benefit to governmental programs.

City State Grants – accounts for grant funds received from the Commonwealth that are designated for specific programs, excluding school education grants which are accounted for in the School State Grants Special Revenue Fund.

City Federal Grants – accounts for grant funds received from the federal government that are designated for specific programs, excluding school education grants which are accounted for in the School Federal Grants Special Revenue Fund.

School Lunch – accounts for the activity of the school lunch program, which includes charges for services and state and federal reimbursements for meals served.

School Revolving – accounts for the activity of the school department's revolving funds

School Gifts - accounts for revenues received from various residents and organizations that are to be used to provide a specific benefit to the Chelsea schools.

School State Grants – accounts for grant funds received from the Commonwealth that are designated for specific education programs.

School Federal Grants – accounts for grant funds received from the federal government that is designated for specific education programs.

Capital Projects Funds

Capital projects funds are 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. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The capital projects funds are grouped into the following categories:

Urban I & II Renewal – accounts for the proceeds of bonds sold, intergovernmental grants and transfers in used to finance the cost of the Everett Avenue Urban Revitalization Project.

Other Capital – accounts for the proceeds of bonds sold, intergovernmental grants and operating transfers in used to finance the City’s capital projects (other than the Everett Avenue Urban Revitalization Project).

School Capital Reserve – accounts for funds restricted for long-term capital needs of school buildings.

Permanent Funds

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the government’s programs and benefit the government or its citizenry. The permanent funds are grouped into the following categories:

Health and Human Services – accounts for various gifts, bequests and contributions held for which only earnings may be expended for purposes specified by the donor in relation to health and human service activities.

Culture and Recreation - accounts for various gifts, bequests and contributions held for which only earnings may be expended for purposes specified by the donor in relation to culture and recreational activities.

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2015

<i>Special Revenue Funds</i>						
	Redevelopment	Other Community Development	City Revolving	Receipts Reserved	City Gifts	City State Grants
ASSETS						
Investments.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents.....	1,495,891	2,623,724	-	3,794,524	1,074,096	125,134
Restricted investments.....	1,650,359	705,849	-	-	-	-
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	328,353	-	-	-
Intergovernmental.....	-	-	-	-	-	-
Loans.....	-	660,959	-	-	-	-
TOTAL ASSETS.....	\$ 3,146,250	\$ 3,990,532	\$ 328,353	\$ 3,794,524	\$ 1,074,096	\$ 125,134
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Warrants payable.....	\$ 6,799	\$ 1,412,332	\$ 3,950	\$ 23,161	\$ 8,033	\$ 434,991
Accrued payroll.....	8,899	4,287	74,066	65,631	393	1,085
Due to other funds.....	-	-	364,058	-	-	-
TOTAL LIABILITIES.....	15,698	1,416,619	442,074	88,792	8,426	436,076
FUND BALANCES:						
Nonspendable.....	-	660,959	-	-	-	-
Restricted.....	3,130,552	1,912,954	-	3,705,732	1,065,670	-
Unassigned.....	-	-	(113,721)	-	-	(310,942)
TOTAL FUND BALANCES.....	3,130,552	2,573,913	(113,721)	3,705,732	1,065,670	(310,942)
TOTAL LIABILITIES AND FUND BALANCES....	\$ 3,146,250	\$ 3,990,532	\$ 328,353	\$ 3,794,524	\$ 1,074,096	\$ 125,134

<i>Special Revenue Funds</i>							<i>Capital Projects Funds</i>	
City Federal Grants	School Lunch	School Revolving	School Gifts	School State Grants	School Federal Grants	Sub-total	Urban I & II Renewal	Other Capital
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
993,792	2,457,999	1,260,380	956,076	1,171,803	-	15,953,419	986,108	9,175,173
-	-	-	-	-	-	2,356,208	-	-
-	-	-	-	-	-	328,353	-	-
-	-	-	-	345,909	-	345,909	-	-
-	-	-	-	-	-	660,959	-	-
<u>\$ 993,792</u>	<u>\$ 2,457,999</u>	<u>\$ 1,260,380</u>	<u>\$ 956,076</u>	<u>\$ 1,517,712</u>	<u>\$ -</u>	<u>\$ 19,644,848</u>	<u>\$ 986,108</u>	<u>\$ 9,175,173</u>
\$ 88,317	\$ 419,510	\$ 4,458	\$ 7,473	\$ 634	\$ 141,438	\$ 2,551,096	\$ -	\$ 1,979,411
10,266	25,061	4,716	5,783	12,764	51,259	264,210	-	-
-	-	-	-	-	53,061	417,119	-	-
<u>98,583</u>	<u>444,571</u>	<u>9,174</u>	<u>13,256</u>	<u>13,398</u>	<u>245,758</u>	<u>3,232,425</u>	<u>-</u>	<u>1,979,411</u>
-	-	-	-	-	-	660,959	-	-
895,209	2,013,428	1,251,206	942,820	1,504,314	-	16,421,885	986,108	7,195,762
-	-	-	-	-	(245,758)	(670,421)	-	-
<u>895,209</u>	<u>2,013,428</u>	<u>1,251,206</u>	<u>942,820</u>	<u>1,504,314</u>	<u>(245,758)</u>	<u>16,412,423</u>	<u>986,108</u>	<u>7,195,762</u>
<u>\$ 993,792</u>	<u>\$ 2,457,999</u>	<u>\$ 1,260,380</u>	<u>\$ 956,076</u>	<u>\$ 1,517,712</u>	<u>\$ -</u>	<u>\$ 19,644,848</u>	<u>\$ 986,108</u>	<u>\$ 9,175,173</u>

(continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2015

	<i>Capital Projects Funds</i>		<i>Permanent Funds</i>			Total
	School Capital Reserve	Sub-total	Health and Human Services	Culture and Recreation	Sub-total	Nonmajor Governmental Funds
ASSETS						
Investments.....	\$ -	\$ -	\$ -	\$ 86,705	\$ 86,705	\$ 86,705
Restricted cash and cash equivalents.....	624,306	10,785,587	12,745	25,732	38,477	26,777,483
Restricted investments.....	-	-	-	-	-	2,356,208
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	-	-	-	328,353
Intergovernmental.....	-	-	-	-	-	345,909
Loans.....	-	-	-	-	-	660,959
TOTAL ASSETS.....	\$ 624,306	\$ 10,785,587	\$ 12,745	\$ 112,437	\$ 125,182	\$ 30,555,617
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Warrants payable.....	\$ -	\$ 1,979,411	\$ -	\$ 157	\$ 157	\$ 4,530,664
Accrued payroll.....	-	-	-	-	-	264,210
Due to other funds.....	-	-	-	-	-	417,119
TOTAL LIABILITIES.....	-	1,979,411	-	157	157	5,211,993
FUND BALANCES:						
Nonspendable.....	-	-	11,996	10,396	22,392	683,351
Restricted.....	624,306	8,806,176	749	101,884	102,633	25,330,694
Unassigned.....	-	-	-	-	-	(670,421)
TOTAL FUND BALANCES.....	624,306	8,806,176	12,745	112,280	125,025	25,343,624
TOTAL LIABILITIES AND FUND BALANCES....	\$ 624,306	\$ 10,785,587	\$ 12,745	\$ 112,437	\$ 125,182	\$ 30,555,617

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NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<i>Special Revenue Funds</i>					
	Redevelopment	Other Community Development	City Revolving	Receipts Reserved	City Gifts	City State Grants
REVENUES						
Charges for services.....	\$ -	\$ -	\$ 1,967,428	\$ 344,651	\$ -	\$ -
Intergovernmental	-	4,078,525	-	-	-	1,940,504
Departmental and other.....	22,048	49,787	73,089	77,787	2,700	-
Contributions.....	-	-	-	-	636,122	86,163
Investment income.....	43,660	38,100	-	-	-	-
TOTAL REVENUES.....	65,708	4,166,412	2,040,517	422,438	638,822	2,026,667
EXPENDITURES						
Current:						
General government.....	-	-	-	40,294	218,275	-
Public safety.....	-	-	1,972,746	224,706	20,198	907,407
Education.....	-	-	-	-	119,689	27,313
Public works.....	-	-	-	-	12,025	1,769,572
Health and human services.....	-	-	76,432	-	282,753	43,947
Culture and recreation.....	-	-	32,569	-	175	57,369
Community development.....	118,352	3,975,934	-	-	-	-
TOTAL EXPENDITURES.....	118,352	3,975,934	2,081,747	265,000	653,115	2,805,608
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(52,644)	190,478	(41,230)	157,438	(14,293)	(778,941)
OTHER FINANCING SOURCES (USES)						
Transfers in.....	-	600,000	-	-	-	-
Transfers out.....	-	-	-	(225,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	-	600,000	-	(225,000)	-	-
NET CHANGE IN FUND BALANCES.....	(52,644)	790,478	(41,230)	(67,562)	(14,293)	(778,941)
FUND BALANCES AT BEGINNING OF YEAR.....	3,183,196	1,783,435	(72,491)	3,773,294	1,079,963	467,999
FUND BALANCES AT END OF YEAR.....	\$ 3,130,552	\$ 2,573,913	\$ (113,721)	\$ 3,705,732	\$ 1,065,670	\$ (310,942)

<i>Special Revenue Funds</i>							<i>Capital Projects Funds</i>	
City Federal Grants	School Lunch	School Revolving	School Gifts	School State Grants	School Federal Grants	Sub-total	Urban I & II Renewal	Other Capital
\$ 23,572	\$ 441,365	\$ 334,699	\$ -	\$ -	\$ -	\$ 3,111,715	\$ -	\$ -
638,525	2,858,397	6,475	-	1,949,709	6,167,970	17,640,105	-	2,716,502
-	-	-	-	-	-	225,411	-	193
-	-	-	532,375	-	-	1,254,660	-	-
4,634	-	-	-	-	-	86,394	-	-
<u>666,731</u>	<u>3,299,762</u>	<u>341,174</u>	<u>532,375</u>	<u>1,949,709</u>	<u>6,167,970</u>	<u>22,318,285</u>	<u>-</u>	<u>2,716,695</u>
-	-	-	-	-	-	258,569	-	485,089
749,427	-	-	-	-	-	3,874,484	-	75,399
-	3,626,758	467,041	356,505	1,512,845	6,296,047	12,406,198	-	4,418,050
-	-	-	-	-	-	1,781,597	-	1,336,625
9,090	-	-	-	-	-	412,222	-	-
-	-	-	-	-	-	90,113	-	-
-	-	-	-	-	-	4,094,286	318,137	808,095
<u>758,517</u>	<u>3,626,758</u>	<u>467,041</u>	<u>356,505</u>	<u>1,512,845</u>	<u>6,296,047</u>	<u>22,917,469</u>	<u>318,137</u>	<u>7,123,258</u>
<u>(91,786)</u>	<u>(326,996)</u>	<u>(125,867)</u>	<u>175,870</u>	<u>436,864</u>	<u>(128,077)</u>	<u>(599,184)</u>	<u>(318,137)</u>	<u>(4,406,563)</u>
-	-	-	-	-	-	600,000	-	7,404,527
-	-	-	-	-	-	(225,000)	-	(55,809)
-	-	-	-	-	-	375,000	-	7,348,718
(91,786)	(326,996)	(125,867)	175,870	436,864	(128,077)	(224,184)	(318,137)	2,942,155
986,995	2,340,424	1,377,073	766,950	1,067,450	(117,681)	16,636,607	1,304,245	4,253,607
<u>\$ 895,209</u>	<u>\$ 2,013,428</u>	<u>\$ 1,251,206</u>	<u>\$ 942,820</u>	<u>\$ 1,504,314</u>	<u>\$ (245,758)</u>	<u>\$ 16,412,423</u>	<u>\$ 986,108</u>	<u>\$ 7,195,762</u>

(continued)

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	<i>Capital Projects Funds</i>		<i>Permanent Funds</i>			Total
	School Capital Reserve	Sub-total	Health and Human Services	Culture and Recreation	Sub-total	Nonmajor Governmental Funds
REVENUES						
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,111,715
Intergovernmental	-	2,716,502	-	-	-	20,356,607
Departmental and other.....	-	193	-	-	-	225,604
Contributions.....	-	-	-	-	-	1,254,660
Investment income.....	36,244	36,244	-	1,528	1,528	124,166
TOTAL REVENUES.....	36,244	2,752,939	-	1,528	1,528	25,072,752
EXPENDITURES						
Current:						
General government.....	-	485,089	-	-	-	743,658
Public safety.....	-	75,399	-	-	-	3,949,883
Education.....	-	4,418,050	-	-	-	16,824,248
Public works.....	-	1,336,625	-	-	-	3,118,222
Health and human services.....	-	-	-	-	-	412,222
Culture and recreation.....	-	-	-	977	977	91,090
Community development.....	-	1,126,232	-	-	-	5,220,518
TOTAL EXPENDITURES.....	-	7,441,395	-	977	977	30,359,841
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	36,244	(4,688,456)	-	551	551	(5,287,089)
OTHER FINANCING SOURCES (USES)						
Transfers in.....	1,055,809	8,460,336	-	-	-	9,060,336
Transfers out.....	(2,528,625)	(2,584,434)	-	-	-	(2,809,434)
TOTAL OTHER FINANCING SOURCES (USES)....	(1,472,816)	5,875,902	-	-	-	6,250,902
NET CHANGE IN FUND BALANCES.....	(1,436,572)	1,187,446	-	551	551	963,813
FUND BALANCES AT BEGINNING OF YEAR.....	2,060,878	7,618,730	12,745	111,729	124,474	24,379,811
FUND BALANCES AT END OF YEAR.....	\$ 624,306	\$ 8,806,176	\$ 12,745	\$ 112,280	\$ 125,025	\$ 25,343,624

(concluded)

Internal Service Funds

Narrative

Internal service funds are used to account for the financing of services provided by one department to other departments or governmental units. The risk financing activities related to a portion of retirees' health insurance (through April 30, 2012) and all of the City's workers' compensation are accounted for in the internal service fund and are categorized as follows:

Retirees' Health Insurance – accounts for the health insurance activities of retirees' who were eligible to participate in the Blue Cross Blue Shield MEDEX plan through April 30, 2012.

Workers' Compensation – accounts for the activities of employees who are eligible to receive workers' compensation benefits.

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION

JUNE 30, 2015

			<u>Total</u>
	Retirees' Health Insurance	Workers' Compensation	Internal Service Funds
ASSETS			
Current assets:			
Restricted cash and cash equivalents.....	\$ 235,643	\$ 439,744	\$ 675,387
LIABILITIES			
Current liabilities:			
Accrued payroll.....	\$ -	\$ 3,210	\$ 3,210
Other liabilities.....	-	2,348	2,348
Workers' compensation claims.....	-	112,144	112,144
Total current liabilities.....	-	117,702	117,702
Noncurrent liabilities:			
Workers' compensation claims.....	-	159,381	159,381
Total liabilities.....	-	277,083	277,083
NET POSITION			
Unrestricted.....	\$ 235,643	\$ 162,661	\$ 398,304

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

			<u>Total</u>
	Retirees' Health Insurance	Workers' Compensation	Internal Service Funds
OPERATING REVENUES			
Employer contributions.....	\$ -	\$ 125,328	\$ 125,328
OPERATING EXPENSES			
Employee benefits.....	-	186,741	186,741
OPERATING INCOME (LOSS).....	-	(61,413)	(61,413)
NONOPERATING REVENUES (EXPENSES)			
Investment income.....	-	173	173
CHANGE IN NET POSITION.....	-	(61,240)	(61,240)
NET POSITION AT BEGINNING OF YEAR.....	235,643	223,901	459,544
NET POSITION AT END OF YEAR.....	\$ <u>235,643</u>	\$ <u>162,661</u>	\$ <u>398,304</u>

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

			Total
	Retirees' Health Insurance	Workers' Compensation	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided.....	\$ -	\$ 125,328	\$ 125,328
Payments for interfund services used.....	-	(285,090)	(285,090)
NET CASH FROM OPERATING ACTIVITIES.....	-	(159,762)	(159,762)
CASH FLOWS FROM INVESTING ACTIVITIES			
Investment income.....	-	173	173
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	-	(159,589)	(159,589)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
(Includes \$245,943 and \$599,333 reported as restricted in the retirees' health insurance and workers' compensation fund, respectively).....	235,643	599,333	834,976
CASH AND CASH EQUIVALENTS AT END OF YEAR			
(Includes \$235,643 and \$439,744 reported as restricted in the retirees' health insurance and workers' compensation fund, respectively).....	\$ 235,643	\$ 439,744	\$ 675,387
RECONCILIATION OF OPERATING INCOME (LOSS)			
TO NET CASH FROM OPERATING ACTIVITIES			
Operating income (loss).....	\$ -	\$ (61,413)	\$ (61,413)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Adjustments requiring current cash flows:			
Changes in assets and liabilities:			
Warrants payable.....	-	(9,325)	(9,325)
Accrued payroll.....	-	(5,740)	(5,740)
Workers' compensation claims.....	-	(83,284)	(83,284)
NET CASH FROM OPERATING ACTIVITIES.....	\$ -	\$ (159,762)	\$ (159,762)

Agency Funds

Narrative

The agency fund is a fiduciary fund used to account for assets held in a custodial capacity.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
ASSETS				
Cash and cash equivalents.....	\$ 835,287	\$ 14,278,331	\$ (14,270,192)	\$ 843,426
LIABILITIES				
Warrants payable.....	16,107	8,154,624	(8,170,731)	-
Liabilities due depositors.....	819,180	14,180,721	(14,156,475)	843,426
TOTAL LIABILITIES.....	\$ 835,287	\$ 22,335,345	\$ (22,327,206)	\$ 843,426

Statistical Section

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Statistical Section

This part of the City of Chelsea's 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 (pages 109 – 120)

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 (pages 121 – 124)

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

Debt Capacity (pages 125 – 129)

These schedules contain 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 (pages 130 - 131)

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 (pages 132 – 136)

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

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

NET POSITION BY COMPONENT (1)
(ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2006	2007	2008	2009
Governmental Activities				
Net investment in capital assets (1).....	\$ 102,535,541	\$ 103,040,202	\$ 109,699,755	\$ 113,168,275
Restricted.....	13,532,009	12,836,617	14,156,898	15,843,439
Unrestricted.....	<u>22,882,562</u>	<u>27,331,951</u>	<u>3,182,167</u>	<u>(18,524,343)</u>
Total governmental activities net position (1).....	<u>\$ 138,950,112</u>	<u>\$ 143,208,770</u>	<u>\$ 127,038,820</u>	<u>\$ 110,487,371</u>
Business-Type Activities				
Net investment in capital assets (1).....	\$ 4,197,376	\$ 3,382,731	\$ 4,293,753	\$ 5,079,857
Unrestricted.....	<u>3,966,040</u>	<u>4,994,535</u>	<u>4,377,713</u>	<u>7,437,258</u>
Total business-type activities net position (1).....	<u>\$ 8,163,416</u>	<u>\$ 8,377,266</u>	<u>\$ 8,671,466</u>	<u>\$ 12,517,115</u>
Primary Government				
Net investment in capital assets (1).....	\$ 106,732,917	\$ 106,422,933	\$ 113,993,508	\$ 118,248,132
Restricted.....	13,532,009	12,836,617	14,156,898	15,843,439
Unrestricted.....	<u>26,848,602</u>	<u>32,326,486</u>	<u>7,559,880</u>	<u>(11,087,085)</u>
Total primary government net position (1).....	<u>\$ 147,113,528</u>	<u>\$ 151,586,036</u>	<u>\$ 135,710,286</u>	<u>\$ 123,004,486</u>

(1) Net position and net investment in capital assets terminology per GASB Statement # 63 is being utilized

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 115,802,386	\$ 123,198,732	\$ 110,297,865	\$ 112,646,295	\$ 113,957,937	\$ 121,592,582
16,877,352	5,330,361	21,541,560	19,798,007	23,010,803	25,186,869
<u>(33,438,542)</u>	<u>(41,789,700)</u>	<u>(55,550,266)</u>	<u>(67,222,440)</u>	<u>(69,930,884)</u>	<u>(147,945,496)</u>
<u>\$ 99,241,196</u>	<u>\$ 86,739,393</u>	<u>\$ 76,289,159</u>	<u>\$ 65,221,862</u>	<u>\$ 67,037,856</u>	<u>\$ (1,166,045)</u>
\$ 9,731,672	\$ 13,645,212	\$ 15,188,269	\$ 16,948,277	\$ 18,376,165	\$ 20,591,676
<u>6,073,506</u>	<u>6,752,021</u>	<u>9,321,027</u>	<u>11,462,851</u>	<u>13,014,707</u>	<u>13,244,738</u>
<u>\$ 15,805,178</u>	<u>\$ 20,397,233</u>	<u>\$ 24,509,296</u>	<u>\$ 28,411,128</u>	<u>\$ 31,390,872</u>	<u>\$ 33,836,414</u>
\$ 125,534,058	\$ 136,843,944	\$ 125,486,134	\$ 129,594,572	\$ 132,334,102	\$ 142,184,258
16,877,352	5,330,361	21,541,560	19,798,007	23,010,803	25,186,869
<u>(27,365,036)</u>	<u>(35,037,679)</u>	<u>(46,229,239)</u>	<u>(55,759,589)</u>	<u>(56,916,177)</u>	<u>(134,700,758)</u>
<u>\$ 115,046,374</u>	<u>\$ 107,136,626</u>	<u>\$ 100,798,445</u>	<u>\$ 93,632,990</u>	<u>\$ 98,428,728</u>	<u>\$ 32,670,369</u>

GOVERNMENTAL ACTIVITIES
CHANGES IN NET POSITION (1)

LAST TEN FISCAL YEARS

	2006	2007	(2) 2008
Expenses			
General government.....	\$ 6,633,250	\$ 6,749,810	\$ 8,802,344
Public safety.....	25,120,329	26,964,061	33,766,246
Education.....	75,452,209	75,539,107	89,459,187
Public works.....	5,135,556	5,738,727	6,296,006
Health and human services.....	2,876,211	2,221,478	2,542,823
Culture and recreation.....	708,300	728,672	1,150,914
Community development.....	1,481,448	1,760,889	1,833,093
Debt service - interest.....	3,507,512	3,460,180	3,162,519
Total expenses.....	<u>120,914,815</u>	<u>123,162,924</u>	<u>147,013,132</u>
Program Revenues			
Charges for services:			
Public safety.....	3,831,602	4,998,734	4,514,069
Public works.....	1,223,069	1,358,377	1,210,082
Other activities.....	2,174,234	2,302,399	2,039,329
Operating grants and contributions.....	63,410,195	67,520,030	72,252,579
Capital grants and contributions.....	1,021,324	3,786,207	580,592
Total program revenues.....	<u>71,660,424</u>	<u>79,965,747</u>	<u>80,596,651</u>
Net (expense)/revenue.....	<u>(49,254,391)</u>	<u>(43,197,177)</u>	<u>(66,416,481)</u>
General Revenues and Other Changes in Net Position (1)			
Real estate and personal property taxes.....	28,161,050	30,114,992	31,523,741
Meals and room taxes.....	-	-	-
Motor vehicle and other excise taxes.....	2,829,277	2,111,357	2,846,327
Penalties and interest on taxes.....	380,239	301,942	273,865
Payments in lieu of taxes.....	1,195,899	1,185,030	1,792,342
Unrestricted grants and contributions.....	9,050,539	10,539,794	10,560,559
Unrestricted investment income.....	1,245,853	1,695,467	1,710,427
Gain on sale of capital assets.....	297,780	-	-
Sale of land.....	-	-	-
Miscellaneous.....	282,085	-	-
Transfers, net.....	1,355,722	1,507,253	1,539,270
Total general revenues and other changes in net position (1).....	<u>44,798,444</u>	<u>47,455,835</u>	<u>50,246,531</u>
Change in net position (1).....	<u><u>\$ (4,455,947)</u></u>	<u><u>\$ 4,258,658</u></u>	<u><u>\$ (16,169,950)</u></u>

(1) Net position terminology per GASB Statement # 63 is being utilized

(2) Beginning in fiscal year 2008, the City implemented GASBS 45, which accounts for a significant portion of the decrease in net position of governmental activities

	2009	2010	2011	2012	2013	2014	2015
\$	9,465,362	\$ 8,584,122	\$ 8,878,505	\$ 6,303,492	\$ 6,753,023	\$ 6,396,204	\$ 7,180,957
	35,665,589	36,002,662	38,057,558	34,245,664	37,168,245	37,333,683	38,356,624
	92,186,880	97,560,358	97,529,142	101,583,304	106,039,385	108,824,624	115,114,967
	6,336,398	6,187,990	6,888,278	6,392,827	7,054,957	7,330,891	6,847,690
	2,699,727	1,854,061	1,845,688	4,003,944	4,311,783	4,397,671	4,349,173
	1,355,992	916,324	990,915	909,974	980,683	818,969	880,766
	1,372,317	1,546,870	1,345,920	1,774,591	3,324,674	2,535,337	2,837,190
	2,527,602	2,756,957	1,918,692	742,879	977,150	832,886	757,175
	151,609,867	155,409,344	157,454,698	155,956,675	166,609,900	168,470,265	176,324,542
	4,700,260	4,276,170	4,377,770	4,335,583	5,215,386	5,601,755	6,935,440
	1,446,499	1,529,503	1,346,420	1,421,310	1,434,148	1,436,700	1,573,631
	2,563,792	2,711,537	2,872,521	3,177,176	2,781,946	2,689,908	2,719,833
	73,086,636	77,955,416	78,148,183	78,837,387	83,700,933	91,442,874	91,452,200
	1,890,029	2,389,700	408,766	(1,065,126)	310,844	243,646	3,669,318
	83,687,216	88,862,326	87,153,660	86,706,330	93,443,257	101,414,883	106,350,422
	(67,922,651)	(66,547,018)	(70,301,038)	(69,250,345)	(73,166,643)	(67,055,382)	(69,974,120)
	34,562,918	34,585,525	37,049,408	38,375,534	42,040,017	44,226,062	45,085,165
	-	83,513	556,526	602,918	871,300	1,108,668	1,167,829
	2,841,288	7,467,078	7,001,354	8,253,392	8,198,951	9,945,067	10,794,088
	312,440	576,893	457,401	553,029	375,953	472,452	466,224
	1,537,180	1,738,295	1,483,189	1,221,920	1,221,631	2,139,017	1,252,908
	10,440,670	8,629,072	7,698,509	7,718,417	7,538,595	7,837,799	8,057,101
	2,100,745	1,352,951	940,588	406,508	142,796	737,599	95,655
	-	-	2,115,000	-	-	654,000	-
	-	-	-	-	-	-	900,000
	-	-	-	-	-	-	-
	(424,039)	867,506	497,270	1,668,393	1,710,103	1,752,855	1,796,678
	51,371,202	55,300,833	57,799,245	58,800,111	62,099,346	68,873,519	69,615,648
\$	<u>(16,551,449)</u>	<u>(11,246,185)</u>	<u>(12,501,793)</u>	<u>(10,450,234)</u>	<u>(11,067,297)</u>	<u>1,818,137</u>	<u>(358,472)</u>

BUSINESS-TYPE ACTIVITIES
CHANGES IN NET POSITION (1)

LAST TEN FISCAL YEARS

	2006	2007	2008	2009
Expenses				
Water and Sewer.....	\$ 9,460,948	\$ 9,625,649	\$ 10,265,022	\$ 10,442,575
Program Revenues				
Charges for services.....	10,967,624	11,219,309	11,791,807	13,864,185
Operating grants and contributions.....	54,722	86,085	69,906	-
Capital grants and contributions.....	410,608	41,358	236,779	-
Total program revenues.....	11,432,954	11,346,752	12,098,492	13,864,185
Net (expense)/revenue.....	1,972,006	1,721,103	1,833,470	3,421,610
General Revenues and Transfers				
Transfers, net.....	(1,355,722)	(1,507,253)	(1,539,270)	424,039
Change in net position (1).....	\$ 616,284	\$ 213,850	\$ 294,200	\$ 3,845,649

(1) Net position terminology per GASB Statement # 63 is being utilized

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ <u>11,932,616</u>	\$ <u>12,619,962</u>	\$ <u>12,587,797</u>	\$ <u>13,185,746</u>	\$ <u>13,942,646</u>	\$ <u>14,621,709</u>
16,012,276	17,304,563	18,344,616	18,474,949	18,389,953	18,916,044
75,909	-	21,966	2,412	999	-
<u>-</u>	<u>404,724</u>	<u>1,671</u>	<u>320,320</u>	<u>282,150</u>	<u>398,640</u>
<u>16,088,185</u>	<u>17,709,287</u>	<u>18,368,253</u>	<u>18,797,681</u>	<u>18,673,102</u>	<u>19,314,684</u>
4,155,569	5,089,325	5,780,456	5,611,935	4,730,456	4,692,975
<u>(867,506)</u>	<u>(497,270)</u>	<u>(1,668,393)</u>	<u>(1,710,103)</u>	<u>(1,752,855)</u>	<u>(1,796,678)</u>
\$ <u><u>3,288,063</u></u>	\$ <u><u>4,592,055</u></u>	\$ <u><u>4,112,063</u></u>	\$ <u><u>3,901,832</u></u>	\$ <u><u>2,977,601</u></u>	\$ <u><u>2,896,297</u></u>

**PRIMARY GOVERNMENT
CHANGES IN NET POSITION (1)**

LAST TEN FISCAL YEARS

	2006	2007	2008
Total expenses.....	\$ 130,375,763	\$ 132,788,573	\$ 157,278,154
Total program revenues.....	<u>83,093,378</u>	<u>91,312,499</u>	<u>92,695,143</u>
Net (expense)/revenue.....	(47,282,385)	(41,476,074)	(64,583,011)
Total general revenues, transfers and other changes in net position (1).....	<u>43,442,722</u>	<u>45,948,582</u>	<u>48,707,261</u>
Change in net position (1).....	<u><u>\$ (3,839,663)</u></u>	<u><u>\$ 4,472,508</u></u>	<u><u>\$ (15,875,750)</u></u>

(1) Net position terminology per GASB Statement # 63 is being utilized

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 162,052,442	\$ 167,341,960	\$ 170,074,660	\$ 168,544,472	\$ 179,795,646	\$ 182,412,911	\$ 190,946,251
<u>97,551,401</u>	<u>104,950,511</u>	<u>104,862,947</u>	<u>105,074,583</u>	<u>112,240,938</u>	<u>120,087,985</u>	<u>125,665,106</u>
(64,501,041)	(62,391,449)	(65,211,713)	(63,469,889)	(67,554,708)	(62,324,926)	(65,281,145)
<u>51,795,241</u>	<u>54,433,327</u>	<u>57,301,975</u>	<u>57,131,718</u>	<u>60,389,243</u>	<u>67,120,664</u>	<u>67,818,970</u>
<u>\$ (12,705,800)</u>	<u>\$ (7,958,122)</u>	<u>\$ (7,909,738)</u>	<u>\$ (6,338,171)</u>	<u>\$ (7,165,465)</u>	<u>\$ 4,795,738</u>	<u>\$ 2,537,825</u>

GOVERNMENTAL FUNDS
FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Reserved.....	\$ 1,753,717	\$ 2,637,577	\$ 4,843,824	\$ 3,025,808
Unreserved.....	8,307,212	10,218,873	11,257,433	11,379,449
Nonspendable.....	-	-	-	-
Restricted.....	-	-	-	-
Committed.....	-	-	-	-
Assigned.....	-	-	-	-
Unassigned.....	-	-	-	-
Total general fund.....	<u>\$ 10,060,929</u>	<u>\$ 12,856,450</u>	<u>\$ 16,101,257</u>	<u>\$ 14,405,257</u>
All Other Governmental Funds				
Reserved.....	\$ 4,062,188	\$ 3,305,523	\$ 3,305,523	\$ 3,880,532
Unreserved, reported in:				
Special revenue funds.....	13,027,339	14,327,473	14,327,473	13,470,775
Debt service funds.....	9,370,978	9,430,547	9,430,547	9,927,538
Capital projects funds.....	(1,246,189)	(5,346,118)	(5,346,118)	(8,762,135)
Permanent funds.....	98,843	100,547	100,547	100,886
Nonspendable.....	-	-	-	-
Restricted.....	-	-	-	-
Unassigned.....	-	-	-	-
Total all other governmental funds.....	<u>\$ 25,313,159</u>	<u>\$ 21,817,972</u>	<u>\$ 21,817,972</u>	<u>\$ 18,617,596</u>

(1) Fiscal year 2011 represents the first year of implementing GASB Statement # 54

<u>2010</u>	<u>(1) 2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 2,915,917	\$ -	\$ -	\$ -	\$ -	\$ -
14,297,478	-	-	-	-	-
-	-	9,506	3,853	-	-
-	-	150,000	308,767	504,854	718,710
-	-	2,099,166	2,328,995	3,057,530	4,139,642
-	2,385,892	3,049,473	3,741,435	5,884,258	3,330,311
-	24,345,161	24,079,453	26,894,097	33,680,292	34,395,684
<u>\$ 17,213,395</u>	<u>\$ 26,731,053</u>	<u>\$ 29,387,598</u>	<u>\$ 33,277,147</u>	<u>\$ 43,126,934</u>	<u>\$ 42,584,347</u>
\$ 1,381,756	\$ -	\$ -	\$ -	\$ -	\$ -
14,542,816	-	-	-	-	-
10,648,346	-	-	-	-	-
984,799	-	-	-	-	-
101,095	-	-	-	-	-
-	22,392	1,060,180	1,060,180	739,250	683,351
-	21,683,498	20,481,622	20,481,622	23,830,733	25,330,694
-	-	-	-	(190,172)	(670,421)
<u>\$ 27,658,812</u>	<u>\$ 21,705,890</u>	<u>\$ 21,541,802</u>	<u>\$ 21,541,802</u>	<u>\$ 24,379,811</u>	<u>\$ 25,343,624</u>

GOVERNMENTAL FUNDS
CHANGES IN FUND BALANCES (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

LAST TEN FISCAL YEARS

	2006	2007	2008	2009	2010
REVENUES					
Real estate and personal property taxes.....	\$ 27,786,205	\$ 28,944,381	\$ 30,782,138	\$ 32,522,544	\$ 33,656,465
Motor vehicle and other excise taxes.....	2,737,502	2,332,484	2,557,448	2,858,058	7,241,592
Meals and room taxes.....	-	-	-	-	83,513
Tax and trash liens.....	505,964	366,997	382,714	305,512	1,058,925
Payments in lieu of taxes.....	1,195,899	1,185,030	1,792,342	1,537,180	1,738,295
Charges for services.....	2,409,626	2,491,044	2,296,533	2,522,413	2,768,668
Trash disposal.....	1,230,498	1,270,801	1,230,237	1,421,920	1,492,690
Intergovernmental	81,556,455	84,823,330	86,499,436	89,664,616	89,848,841
Penalties and interest on taxes.....	380,239	301,942	273,865	325,535	576,893
Licenses, permits and fees.....	1,634,239	2,283,402	2,146,030	2,111,520	1,661,067
Fines and forfeitures.....	1,578,152	1,534,903	1,792,603	1,807,763	1,791,144
Departmental.....	1,167,669	642,619	287,836	513,831	321,045
Contributions.....	664,958	690,561	1,083,262	1,408,736	1,805,273
Investment income.....	1,091,025	2,521,329	2,943,049	2,077,494	1,347,159
TOTAL REVENUES.....	123,938,431	129,388,823	134,067,493	139,077,122	145,391,570
EXPENDITURES					
Current:					
General government.....	3,050,989	3,428,427	3,628,137	4,456,416	3,647,141
Public safety.....	17,858,180	18,157,315	19,180,605	20,102,805	21,218,465
Education (1).....	59,939,592	67,868,326	71,149,773	75,392,603	77,835,710
Public works.....	4,535,429	5,112,018	5,374,352	8,526,985	5,142,611
Health and human services.....	1,916,395	1,643,909	1,573,840	1,637,992	1,395,638
Culture and recreation.....	480,202	460,047	541,176	476,234	449,369
Community development.....	5,348,708	6,784,769	4,631,470	3,447,654	1,869,328
Pension benefits (1).....	9,991,344	9,001,662	9,807,679	10,366,861	10,778,985
Employee benefits (1).....	10,672,888	5,839,623	6,209,239	6,877,797	6,511,415
Property and liability insurance.....	426,165	558,328	463,140	440,049	484,181
Claims and judgments.....	9,210	21,180	3,473	25,215	38,920
State and county charges.....	2,977,746	3,310,117	4,021,544	4,234,195	4,720,440
Debt service:					
Principal.....	6,970,284	6,857,391	6,797,357	6,913,970	7,439,494
Interest.....	3,549,065	3,497,188	3,181,787	2,543,985	2,483,699
TOTAL EXPENDITURES.....	127,726,197	132,540,300	136,563,572	145,442,761	144,015,396
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES.....	(3,787,766)	(3,151,477)	(2,496,079)	(6,365,639)	1,376,174
OTHER FINANCING SOURCES (USES)					
Transfers in.....	2,416,211	3,959,770	2,897,989	4,271,345	4,372,919
Issuance of bonds and notes.....	691,000	653,000	743,000	12,828,352	1,625,950
Premium from issuance of bonds and notes.....	12,185	29,287	-	61,562	-
Issuance of refunding bonds.....	-	-	-	4,410,625	-
Premium from issuance of refunding bonds.....	-	-	-	121,901	-
Sale of capital assets.....	297,780	250,000	10,663	-	-
Sale of land.....	-	-	-	-	-
Capital leases.....	-	-	232,355	-	102,809
Transfers out.....	(1,048,061)	(2,440,246)	(1,343,497)	(4,695,384)	(3,505,413)
Refunded bonds redeemed.....	-	-	-	-	-
Payments to refunding bond escrow agent.....	-	-	-	(4,451,847)	-
TOTAL OTHER FINANCING SOURCES (USES).....	2,369,115	2,451,811	2,540,510	12,546,554	2,596,265
NET CHANGE IN FUND BALANCES.....	\$ (1,418,651)	\$ (699,666)	\$ 44,431	\$ 6,180,915	\$ 3,972,439
DEBT SERVICE EXPENDITURES AS A PERCENTAGE					
OF NONCAPITAL EXPENDITURES.....	8.42%	8.17%	7.51%	6.90%	7.06%

(1) Beginning in fiscal year 2007, the City began reporting the School Department's share of pension and employee benefit costs as Education expenditures

2011	2012	2013	2014	2015
\$ 35,997,749	\$ 37,851,061	\$ 40,349,818	\$ 43,530,062	\$ 44,656,911
7,111,447	7,161,510	9,340,599	10,305,740	10,643,290
556,526	602,918	871,300	1,108,668	1,167,829
907,060	697,979	1,836,771	1,240,594	603,960
1,483,189	1,221,920	1,221,631	2,139,017	1,252,908
3,142,666	3,403,374	3,400,408	2,824,712	3,111,715
1,509,421	1,417,444	1,351,774	1,403,215	1,528,620
102,461,524	85,285,276	89,997,970	98,310,010	95,527,502
457,401	553,029	375,953	472,452	466,224
1,686,406	1,217,335	1,544,748	1,342,675	2,517,342
1,811,801	1,660,704	2,007,744	2,348,181	2,353,081
371,243	1,408,644	1,133,145	1,566,193	1,726,715
976,743	1,356,822	1,483,355	975,896	1,254,660
936,009	677,185	201,303	901,867	185,153
159,409,185	144,515,201	155,116,519	168,469,282	166,995,910
4,116,985	3,705,904	4,521,689	4,098,380	4,807,736
21,857,267	21,330,776	26,344,654	25,818,310	25,900,880
78,049,056	78,478,431	80,609,369	84,500,020	94,834,369
6,205,921	6,974,591	6,467,158	7,768,296	8,401,759
1,247,303	1,250,883	1,536,981	1,721,863	1,659,475
530,524	452,279	418,499	558,400	491,973
1,762,797	3,117,710	5,264,289	3,923,532	5,220,518
11,459,731	12,258,832	12,731,118	13,078,542	6,537,620
6,259,620	6,763,964	6,022,290	6,093,715	7,064,222
450,000	373,711	475,362	450,000	651,504
46,059	29,167	36,098	30,453	31,097
5,032,659	5,507,326	6,900,308	8,011,029	9,378,341
25,196,312	2,761,359	2,756,573	2,627,887	3,499,461
1,619,804	1,118,855	1,007,448	926,936	792,407
163,834,038	144,123,788	155,091,836	159,607,363	169,271,362
(4,424,853)	391,413	24,683	8,861,919	(2,275,452)
27,034,339	6,230,321	5,747,213	5,762,875	11,082,014
5,136,656	394,000	2,751,628	-	-
239,006	38,651	248	77,052	-
99,500	-	-	802,857	-
4,991	-	-	1,396,000	-
2,115,000	-	-	-	-
-	-	-	-	900,000
-	-	-	-	-
(26,537,069)	(4,561,928)	(4,037,110)	(4,010,020)	(9,285,336)
(102,834)	-	-	(800,000)	-
-	-	-	-	-
7,989,589	2,101,044	4,461,979	3,228,764	2,696,678
\$ 3,564,736	\$ 2,492,457	\$ 4,486,662	\$ 12,090,683	\$ 421,226
16.82%	2.79%	2.52%	2.30%	2.71%

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value (2)			Total Assessed Value	Total Direct Tax Rate	Equalized Actual Value (3)	Assessed Value as a Percentage of Actual Value
	Residential Real Property	Commercial and Industrial Real Property	Personal Property				
2006	\$ 1,625,780,262	\$ 578,648,023	\$ 56,399,900	\$ 2,260,828,185	\$ 12.90	\$ 2,642,115,600	85.57%
2007	1,747,423,205	640,162,304	58,162,900	2,445,748,409	12.53	2,642,115,600	92.57%
2008	1,734,194,631	614,984,682	70,899,900	2,420,079,213	12.25	2,856,347,100	84.73%
2009 (1)	1,532,423,197	617,642,043	79,844,500	2,229,909,740	13.01	2,856,347,100	78.07%
2010	1,284,140,289	597,622,166	85,033,150	1,966,795,605	14.92	2,344,168,400	83.90%
2011	1,266,881,856	573,416,736	92,734,520	1,933,033,112	17.96	2,344,168,400	82.46%
2012 (1)	1,232,708,179	556,636,461	95,916,000	1,885,260,640	19.01	2,237,742,500	84.25%
2013	1,264,203,453	571,459,665	111,145,390	1,946,808,508	20.75	2,237,742,500	87.00%
2014	1,275,660,981	567,198,165	117,035,520	1,959,894,666	21.85	2,234,376,700	87.72%
2015	1,487,308,702	612,872,638	117,761,940	2,217,943,280	20.13	2,234,376,700	99.26%

Source: Assessing Department

(1) Revaluation year

(2) As of January 1st

(3) Value is based on equalized valuations determined biennially by the Commissioner of Revenue

DIRECT PROPERTY TAX RATES (1) (2)

LAST TEN FISCAL YEARS

Fiscal Year	Residential Real Property	Commercial and Industrial Real Property	Personal Property	Total Direct (3)
2006	\$ 9.62	\$ 19.98	\$ 19.98	\$ 12.39
2007	9.33	19.54	19.54	12.08
2008	9.95	20.76	20.76	12.85
2009	10.80	23.96	23.96	13.69
2010	12.09	29.00	29.00	16.57
2011	12.92	30.60	30.60	17.49
2012	13.81	32.92	32.92	20.00
2013	14.13	34.20	34.20	20.75
2014	14.88	36.04	36.04	21.85
2015	14.40	33.45	33.45	20.13

Source: Assessing Department

(1) Rates are applicable to each \$1,000 of assessed value

(2) Per the initiatives of Proposition 2 1/2 adopted by the Commonwealth of Massachusetts, the City cannot levy more than 2.5 percent of the total full and fair cash value of all taxable real and personal property. The City's levy is also limited in that it cannot increase more than 2.5 percent from the prior year, with certain exceptions for new growth or through overrides and exclusions adopted by City voters.

(3) Calculated by dividing the net tax levy by total assessed value divided by 1,000

PRINCIPAL PROPERTY TAXPAYERS

CURRENT FISCAL YEAR AND NINE YEARS AGO

Taxpayer	2014			2005		
	Amount of Tax	Rank	Percentage of Total Tax Levy	Amount of Tax	Rank	Percentage of Total Tax Levy
Nstar Services.....	\$ 2,279,037	1	5.11%	\$ 592,422	3	2.11%
Urban Growth Properties.....	1,462,983	2	3.28%	-	-	-
Anthony C Simboli.....	1,251,973	3	2.80%	770,203	1	-
Demoulas Super Markets Inc.....	1,211,067	4	2.71%	362,921	5	1.30%
Griffin Way LLC.....	1,007,571	5	2.26%	578,761	4	2.07%
KeySpan.....	568,141	6	1.27%	-	-	-
One North Boston.....	494,499	7	1.11%	-	-	-
FR Chelsea Commons.....	485,580	8	1.09%	-	-	0.00%
Catamount Petroleum Limited Partnership...	461,021	9	1.03%	291,167	7	1.04%
Parkside Commons.....	448,865	10	1.01%	-	-	-
New England Produce Center.....	-	-	-	284,599	8	1.02%
Chelsea Development Associates.....	-	-	-	701,668	2	2.50%
Admiral Hill Association.....	-	-	-	326,595	6	1.17%
General Mills / Pillsbury.....	-	-	-	213,850	9	0.76%
Parkway Plaza Venture.....	-	-	-	194,483	10	0.69%
Total	\$ 9,670,737		21.66%	\$ 4,316,669		12.66%

Source: Assessing Department

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year			Collected within the Fiscal Year of the Levy				Total Collections to Date
			Current Tax Collections	Percent of Net Levy Collected	Actual Subsequent Collections	Total Tax Collections	Total Collections as a % of Net Levy
2006	\$	28,013,781	\$ 27,239,392	97.24%	\$ 178,276	\$ 27,417,668	97.87%
2007		29,542,591	28,584,863	96.76%	87,245	28,672,108	97.05%
2008		31,094,201	30,159,309	96.99%	554,283	30,713,592	98.78%
2009		32,533,065	31,721,963	97.51%	561,502	32,283,465	99.23%
2010		34,888,374	33,582,088	96.26%	656,313	34,238,401	98.14%
2011		36,340,614	35,212,941	96.90%	786,348	35,999,289	99.06%
2012		37,698,372	37,043,761	98.26%	671,510	37,715,271	100.04%
2013		40,399,463	39,627,287	98.09%	839,373	40,466,660	100.17%
2014		42,820,454	42,549,387	99.37%	577,035	43,126,422	100.71%
2015		44,639,903	44,626,213	99.97%	-	44,626,213	99.97%

Source: Assessing Department

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities			Percentage of Median Family Income (1)	Per Capita (1)
	General Obligation Bonds	State House Notes	Loans	General Obligation Bonds	MWRA and MWPAT Notes	Total Primary Government		
2006	\$ 55,906,155	\$ 220,127	\$ -	\$ 10,578,841	\$ 861,872	\$ 67,566,995	5.94%	\$ 1,926
2007	49,921,891	-	-	12,113,106	645,439	62,680,436	5.92%	1,787
2008	43,867,534	-	-	11,684,463	894,255	56,446,252	5.36%	1,615
2009	49,917,541	-	-	11,217,947	1,866,489	63,001,977	5.97%	1,801
2010	43,603,997	-	-	10,399,950	1,887,642	55,891,589	5.29%	1,592
2011	23,623,841	420,000	-	11,299,067	3,156,511	38,499,419	2.78%	1,097
2012	21,341,482	335,000	-	10,252,455	3,182,629	35,111,566	2.47%	998
2013	20,021,537	250,000	1,400,000	9,273,463	4,102,147	35,047,147	2.31%	996
2014	17,481,507	165,000	1,400,000	9,588,493	4,615,206	33,250,206	2.15%	945
2015	14,967,047	80,000	500,000	7,717,953	4,618,205	27,883,205	1.68%	793

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the "Demographic and Economic Statistics" schedule located in the Statistical Section for median family income and population data. These ratios are calculated using median family income and population for the prior calendar year in which both median family income and population data exist.

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	Net General Bonded Debt Outstanding			(1) Percentage of Assessed Value	(2) Per Capita
	Total Gross General Bonded Debt	Less: Resources Restricted for Debt Principal	Total Net General Bonded Debt		
2006	\$ 66,484,996	\$ 9,370,978	\$ 57,114,018	2.53%	\$ 1,628
2007	62,034,997	9,430,547	52,604,450	2.15%	1,500
2008	55,551,997	9,927,538	45,624,459	1.89%	1,301
2009	61,135,488	10,400,021	50,735,467	2.28%	1,446
2010	54,003,947	10,648,346	43,355,601	2.20%	1,236
2011	34,922,908	-	34,922,908	1.81%	996
2012	31,593,937	-	31,593,937	1.68%	898
2013	29,295,000	-	29,295,000	1.50%	833
2014	27,070,000	-	27,070,000	1.38%	770
2015	22,685,000	-	22,685,000	1.02%	645

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) Property value data can be found in the "Assessed Value and Estimated Actual Value of Taxable Property" schedule located in the Statistical Section

(2) Population data can be found in the "Demographic and Economic Statistics" schedule located in the Statistical Section

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

Legal Debt Margin Calculation for Fiscal Year 2015			
Fiscal year 2015 equalized valuation.....	\$	2,234,376,700	
Normal debt limit (5% of equalized valuation).....		111,718,835	
Debt applicable to limit:			
Total bonded debt.....		14,967,047	
Less: General obligation bonds exempted by authority of state legislature.....		(2,750,000)	
Total net debt applicable to limit.....		12,217,047	
Legal debt margin.....	\$	99,501,788	
		Fiscal Year	
		2006	2007
			2008
Normal debt limit.....	\$	132,105,790	\$ 132,105,791 \$ 142,817,356
Total net debt applicable to limit.....		4,656,787	4,831,891 4,942,534
Legal debt margin.....	\$	127,449,003	\$ 127,273,900 \$ 137,874,822
Total net debt applicable to the limit as a percentage of normal debt limit.....		3.53%	3.66% 3.46%

Fiscal Year						
2009	2010	2011	2012	2013	2014	2015
\$ 142,817,357	\$ 117,208,420	\$ 117,208,420	\$ 111,887,125	\$ 111,887,125	\$ 111,718,835	\$ 111,718,835
17,082,541	20,793,997	24,043,841	16,965,982	16,196,287	13,656,257	12,217,047
<u>\$ 125,734,816</u>	<u>\$ 96,414,423</u>	<u>\$ 93,164,579</u>	<u>\$ 94,921,143</u>	<u>\$ 95,690,838</u>	<u>\$ 98,062,578</u>	<u>\$ 99,501,788</u>
11.96%	17.74%	20.51%	15.16%	14.48%	12.22%	10.94%

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Massachusetts Water Resource Authority.....	\$ 5,898,352,000	1.73%	\$ 102,230,777
City direct debt.....			<u>15,547,047</u>
Total direct and overlapping debt.....			<u><u>\$ 117,777,824</u></u>

Source: Massachusetts Water Resource Authority

(1) The percentage of total overlapping debt is derived from the City's share of capital charges divided by the total MWRA debt at fiscal year end.

DEMOGRAPHIC AND ECONOMIC INDICATORS

LAST TEN CALENDAR YEARS

Year	Population (1)	Median Family Income (1) (4)	Unemployment Rate (%) (2)	Per Capita Income
2005	35,080	\$ 30,161	6.4%	\$ 14,628
2006	35,080	30,161 (3)	5.8%	14,628 (3)
2007	35,080	30,161	6.4%	14,628
2008	35,080	30,161	6.3%	14,628
2009	35,080	30,161	9.4%	14,628
2010	35,080	30,161	10.6%	14,628
2011	35,177	40,487	9.6%	14,628
2012	35,177	43,155	8.7%	20,214
2013	35,177	43,919	9.0%	19,625
2014	35,177	47,291	6.1%	20,617

Sources: (1) U.S. Department of Commerce, Bureau of Census

(2) U.S. Department of Labor, Bureau of Labor Statistics

(3) Data not available for 2006-2009 (the number reported is 2005 data)

(4) The City is presenting Median Family Income data because
Personal Income data is not available

PRINCIPAL EMPLOYERS

CURRENT YEAR AND NINE YEARS AGO

Employer	2015			2006		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
City of Chelsea.....	1,287	1	7.24%	1,217	1	9.21%
Market Basket	1,000	2	5.63%	420	4	3.18%
MITC.....	1,000	3	5.63%	1,200	2	9.08%
MWRA.....	549	4	3.09%	575	3	4.35%
State Garden.....	500	5	2.81%	N/A	N/A	N/A
Kayem Foods.....	323	6	1.82%	317	5	2.40%
Massachusetts General Hospital.....	245	7	1.38%	N/A	N/A	N/A
Metropolitan Credit Union	216	8	1.22%	205	7	1.55%
Signature Breads.....	170	9	0.96%	250	6	1.89%
Stop & Shop.....	140	10	0.79%	163	8	1.23%
Kettle Cuisine.....	N/A	N/A	N/A	125	9	0.95%
Wyndam Hotel.....	N/A	N/A	N/A	85	10	0.64%
Total	5,430		30.55%	4,557		34.48%

Source: Department of Planning and Development

EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Full-Time Equivalent Employees as of June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government.....	52	54	55	55	55	48	48	49	50	50
Public safety.....	200	212	215	216	225	218	225	227	231	240
Education.....	879	871	901	926	930	907	910	918	894	923
Public works	25	25	25	25	25	22	24	24	26	26
Health and human services....	39	37	37	37	30	30	30	30	31	31
Culture and recreation.....	8	8	8	8	8	7	7	7	7	7
Community development.....	10	10	9	8	7	7	7	7	7	7
Water and sewer.....	5	5	5	5	3	3	3	3	3	3
Total.....	<u>1,218</u>	<u>1,222</u>	<u>1,255</u>	<u>1,280</u>	<u>1,283</u>	<u>1,242</u>	<u>1,254</u>	<u>1,265</u>	<u>1,249</u>	<u>1,287</u>

Source: Various departments

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year				
	2006	2007	2008	2009	2010
Public safety					
Police					
Offenses committed.....	7,460	7,632	8,795	9,110	9,450
Crime-related incidents.....	3,552	3,543	3,878	3,744	3,626
Non-crime related incidents.....	1,676	1,707	1,636	1,611	1,846
Arrests (on view).....	1,664	1,577	1,713	1,793	1,825
Arrests (based on incident/warrants).....	343	408	388	399	429
Summons arrests.....	5	10	6	5	4
Total arrests.....	2,012	1,995	2,107	2,197	2,258
Juvenile arrests.....	162	137	124	95	70
Hearings.....	532	533	559	589	834
Summons.....	259	340	383	573	652
Restraint orders.....	393	373	367	381	352
Citations.....	4,610	3,561	6,966	7,795	8,325
Fire					
Fires extinguished (1).....	268	326	268	271	376
Education					
Public school enrollment.....	5,500	5,571	5,603	5,641	5,699
Culture and recreation					
Library volumes in collection.....	74,928	76,633	77,103	79,025	80,443
Library volumes borrowed.....	45,164	49,459	53,136	61,501	74,340
Water					
Average daily consumption (1)					
(million gallons/day).....	2.999	3.010	2.750	3.040	3.048
Peak daily consumption (1)					
(million gallons/day).....	3.634	4.400	3.700	3.940	3.700
Sewer					
Average daily sewage treatment (1)					
(million gallons/day).....	4.440	4.030	4.350	4.130	3.900

Source: Various departments

(1) Data is on a calendar year basis

(2) Data is not available

Fiscal Year				
2011	2012	2013	2014	2015
8,624	8,483	7,227	6,948	6,489
3,244	3,406	3,296	3,134	2,862
1,857	1,789	1,865	2,092	2,285
1,871	1,630	1,468	1,306	1,353
500	413	390	452	407
2	3	4	8	34
2,373	2,046	1,862	1,766	1,794
118	70	101	106	108
585	640	471	438	357
510	498	374	349	442
379	335	407	346	391
7,799	8,188	6,371	7,126	4,986
317	425	395	430	(2)
5,709	5,883	6,044	6,288	6,554
71,260	72,348	66,487	72,617	64,735
68,649	67,912	64,721	63,588	60,073
3.064	3.077	3.078	3.206	3.264
3.418	3.800	3.700	3.900	(2)
5.080	5.490	4.350	4.870	5.200

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year						
	2006	2007	2008	2009	2010	2011	2012
Public safety							
Police							
Stations.....	1	1	1	1	1	1	1
Fire							
Stations.....	3	3	3	3	3	3	3
Trucks.....	6	6	6	6	6	6	6
Education							
Public school buildings.....	4	4	4	4	4	4	4
Public works							
Streets (miles).....	44	44	44	44	44	44	44
Streetlights.....	1,683	1,708	1,805	1,805	1,771	1,771	1,771
Traffic signals.....	46	47	47	47	53	53	53
Culture and recreation							
Community centers.....	1	1	1	1	1	1	1
Water							
Water mains (miles).....	61	61	61	61	61	61	61
Sewer							
Sewers (miles).....	41	41	41	41	41	41	41

Source: Various City Departments

Fiscal Year		
2013	2014	2015
1	1	1
3	3	3
6	6	6
4	4	4
44	44	44
1,771	1,771	1,771
53	53	53
1	1	1
61	61	61
41	41	41

