

**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE
CITY OF FALL RIVER, MASSACHUSETTS)**

**INDEPENDENT AUDITORS' REPORT ON
FINANCIAL STATEMENTS AND REQUIRED
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2017



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**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF FALL RIVER, MASSACHUSETTS)
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2017**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	3
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6
REQUIRED SUPPLEMENTARY INFORMATION	
PENSION PLAN SCHEDULES	17



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Fall River Redevelopment Authority
Fall River, Massachusetts

Report on the Financial Statements

We have audited the accompanying financial statements of the Fall River Redevelopment Authority (Authority) as of and for the year ended December 31, 2017, and the related notes to the 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 an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2017, and the change in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that certain pension information (located on page 17) 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.

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2019, on our consideration of the Authority's 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Authority's 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 Authority's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Boston, Massachusetts
October 15, 2019

**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF FALL RIVER, MASSACHUSETTS)
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 3,354,672
Receivables, Net	
Capital Grants	452,741
Due from City of Fall River (Primary Government)	<u>721,411</u>
Total Current Assets	<u>4,528,824</u>

Noncurrent Assets:

Capital Assets Not Being Depreciated	8,755,253
Capital Assets, Net of Accumulated Depreciation	<u>1,319,514</u>
Total Noncurrent Assets	<u>10,074,767</u>

Total Assets	<u>14,603,591</u>
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DEFERRED OUTLOWS OF RESOURCES

Related to Pension	<u>8,002</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	807,801
Retainage Payable	177,388
Unearned Revenue	<u>73,034</u>
Total Current Liabilities	1,058,223

Noncurrent Liabilities:

Net Pension Liability	<u>137,416</u>
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Total Liabilities	<u>1,195,639</u>
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DEFERRED INFLOWS OF RESOURCES

Related to Pension	<u>6,423</u>
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NET POSITION

Net Investment in Capital Assets	9,248,459
Unrestricted	<u>4,161,072</u>
Total Net Position	<u><u>\$ 13,409,531</u></u>

See accompanying Notes to Financial Statements.

**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF FALL RIVER, MASSACHUSETTS)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2017**

OPERATING REVENUES

Parking Management Fees	\$ 52,200
Other Parking Garage Revenue	8,000
Total Operating Revenues	60,200

OPERATING EXPENSES

Downtown Urban Renewal Plan	104,423
Waterfront Urban Renewal Plan	112,863
Management Fees	128,000
Consulting and Other Contracted Services	100,431
Office Expenses	2,946
General Insurance	18,221
Other	68,893
Depreciation	63,337
Total Operating Expenses	599,114
Operating Loss	(538,914)

NONOPERATING REVENUES (EXPENSES)

Investment Income	11,746
Loss on Sale of Capital Assets	(1,908,500)
Total Nonoperating Revenue, Net	(1,896,754)

(Loss) before Capital Contributions (2,435,668)

Capital Contributions 2,731,870

CHANGE IN NET POSITION 296,202

Net Position - Beginning of Year 13,113,329

NET POSITION - END OF YEAR \$ 13,409,531

**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF FALL RIVER, MASSACHUSETTS)
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from Parking Garage	\$ 60,200
Payments to Vendors	(465,992)
Net Cash Used by Operating Activities	<u>(405,792)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Contributions	2,279,129
Purchases of Construction in Progress	(2,072,695)
Payments made on behalf of the City of Fall River	(721,411)
Advance Deposits on Land Disposition Agreement	24,000
Proceeds from Sale of Capital Assets	737,500
Net Cash Provided by Capital and Related Financing Activities	<u>246,523</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment Income	11,746
Net Cash Provided by Investing Activities	<u>11,746</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS

(147,523)

Cash and Cash Equivalents - Beginning of Year

3,502,195

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 3,354,672

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (538,914)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Adjustments Not Requiring Current Cash flows:	
Depreciation	63,337
Change in Net Pension Liability	(4,040)
Change in Deferred Outflows - Pension	1,565
Change in Deferred Inflows - Pension	5,547
Changes in assets and liabilities:	
Accounts Payable	66,713
Total Adjustments	<u>133,122</u>

NET CASH USED BY OPERATING ACTIVITIES

\$ (405,792)

See accompanying Notes to Financial Statements.

**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF FALL RIVER, MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 REPORTING ENTITY

The Fall River Redevelopment Authority (Authority), a component unit of the City of Fall River, Massachusetts (City), was established in 1965 pursuant to Chapter 121B of the Massachusetts General Laws. The purpose of the Authority is to engage in urban renewal activities within the City. By statute, the Authority is governed by a five-member Board of Directors, four of which are appointed by the Mayor (subject to confirmation by City Council) and one member is appointed by the Department of Housing and Community Development.

The Authority participates in various projects which include the following:

City Pier

This project consists of a parcel of land owned by the Authority on the City's waterfront, a portion of which is used as part of the City's waterfront boardwalk. The Authority is in the process of preparing the site design, permitting and construction bids to upgrade and repair the pier for future construction of a marina and other facilities at the parcel. During 2017, the Authority performed rehabilitation work on the pier's retaining walls and other site improvements. Construction is expected to be completed in 2019.

Parking Garages

The Authority owns and operates, through a private management contract, the parking garages and parking lots located on Third Street and Pearl Street in the City.

Subsequent Event

At the end of 2018, the Authority voted to transfer ownership of the parking garages back to the City, which occurred in 2019.

Commerce Drive Park

This project consists of land parcels owned by the Authority. Most of the park has been sold and/or leased by the Authority with a few remaining parcels for development. During 2017, the Authority continued to market the park for development.

Subsequent Event

During 2018, the Authority completed the sale of certain property for the development of a medical device processing facility.

SouthCoast Life Science and Technology Park at Fall River

This project consists of the development of 300 acres in the north end of the City. The Authority has completed the sale of several parcels for which development has been completed. During 2016, the Authority entered into a Land Disposition agreement for the sale of a parcel for the development of a hotel and other amenities in the park. During 2017, the Authority continued to market the park for development.

**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF FALL RIVER, MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 REPORTING ENTITY (CONTINUED)

Downtown and Waterfront Urban Renewal Plans

During 2017, the Authority developed two draft Urban Renewal Plans for the Downtown and Waterfront areas. It is anticipated that the plans will be finalized and approved in 2019.

Old Second Street

The Authority has several projects related to the pedestrian walkway in downtown Fall River known as Old Second Street. The Authority has cleaned, upgraded, and landscaped the area to create a more pedestrian friendly walkway and area for social activity and events for the general public. During 2017, the Authority sought proposals for additional landscaping and improvements at the site. The work is expected to be completed in 2019.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Authority accounts for its operations as an enterprise fund. The significant accounting policies are described herein.

A. Measurement Focus, Basis of Accounting and Basis of Presentation

The Authority's 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, regardless of the timing of related cash flows.

The Authority distinguishes 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 Authority's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

B. Deposits and Investments

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.

C. Accounts Receivable

Accounts receivable are recorded at the time of the underlying event. The allowance for uncollectible amounts is estimated based on historical trends and specific account analysis. At December 31, 2017, all amounts are considered 100% collectible.

**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF FALL RIVER, MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Unearned Revenue

The Authority entered into a land disposition agreement in March 2016 and has received advance payments of the purchase price and has reported these proceeds as unearned revenue. The disposition agreement, as amended, expired on July 15, 2019. The Authority is in the process of evaluating further extensions.

E. Capital Assets

The Authority's capital assets consist of land, construction in progress and buildings and structures. Capital assets are recorded at historical cost. Donated capital assets are recorded at the estimated acquisition value at the date of donation. All purchases and construction costs are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

Capital Asset Type	Estimated Useful Life (in years)
Buildings and Structures	30

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.

F. 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, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time.

Deferred outflows of resources related to pensions are reported by the Authority.

**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF FALL RIVER, MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. 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.

Deferred inflows of resources related to pensions are reported by the Authority.

H. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fall River Contributory Retirement System (System) and additions to/deductions from 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.

I. Other Postemployment Benefits

In previous years, the Authority employed staff that were eligible to receive other postemployment (OPEB) benefits. At December 31, 2017, only one surviving spouse continues to receive this benefit. As a result, the net OPEB liability is considered immaterial and not included in these financial statements.

J. Net Position

Net position represents the residual difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is reported in the following categories:

Net investment in capital assets represents capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to asset acquisitions, construction, and improvements.

Restricted represents amounts that have been restricted by outside parties for a specific future use. The Authority does not have any amounts to report in this category.

Unrestricted represents the remaining net position not considered invested in capital assets or restricted.

K. Use of Estimates

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.

**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF FALL RIVER, MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits – Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the Authority's deposits may not be recovered. The Authority does not have a policy for custodial credit risk of deposits. As of December 31, 2017, the Authority's bank balance of \$3,367,665 was fully insured.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Capital Assets Not Being Depreciated:</u>				
Land	\$ 9,552,250	\$ -	\$ (3,696,000)	\$ 5,856,250
Construction in Progress	-	2,899,003	-	2,899,003
Total Capital Assets Not Being Depreciated	<u>9,552,250</u>	<u>2,899,003</u>	<u>(3,696,000)</u>	<u>8,755,253</u>
<u>Capital Assets Being Depreciated:</u>				
Buildings and Structures	<u>1,900,100</u>	<u>-</u>	<u>-</u>	<u>1,900,100</u>
<u>Less Accumulated Depreciation for:</u>				
Buildings and Structures	<u>(517,249)</u>	<u>(63,337)</u>	<u>-</u>	<u>(580,586)</u>
Total Capital Assets Being Depreciated, Net	<u>1,382,851</u>	<u>(63,337)</u>	<u>-</u>	<u>1,319,514</u>
Total Capital Assets, Net	<u>\$ 10,935,101</u>	<u>\$ 2,835,666</u>	<u>\$ (3,696,000)</u>	<u>\$ 10,074,767</u>

NOTE 5 PENSION PLAN

General Information about the Pension Plan

Plan Description – The Authority contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Fall River Contributory Retirement System (FRCRS or System). As of December 31, 2017, there are no active employees of the Authority. The System also issues a separate financial statement audit in accordance with GAAP. That report may be obtained by contacting the System located at 30 Third Street, Suite 301, Fall River, Massachusetts 02720.

Benefits Provided – Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. The plan provides for retirement allowance benefits up to a maximum of 80% of a member's highest three-year average annual rate of regular compensation for those hired prior to April 2, 2012. For persons who became members on or after April 2, 2012, average salary is the average annual rate of regular compensation received during the five consecutive years that produce the highest average, or, if greater, during the last five years (whether or not consecutive) preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF FALL RIVER, MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 PENSION PLAN (CONTINUED)

There are three classes of membership in the plan; Group 1, Group 2, and Group 4. Group 1 consists of general employees which includes clerical and administrative positions. Group 2 consists of positions that have been specified as hazardous. Lastly, Group 4 consists of police officers, firefighters, and other hazardous positions.

Members become vested after 10 years of creditable service. A superannuation retirement allowance may be received upon the completion of 20 years of service or upon reaching the age of 55 with 10 years of service if hired after 1978 and if classified in Groups 1 or 2. A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance upon reaching the age of 60 with 10 years of service if in Group 1, 50 years of age with 10 years of service if in Group 2, and 55 years of age if hired prior to 1978 or if classified in Group 4. Normal retirement for most employees occurs at age 65 (except for certain hazardous duty and public safety positions, whose normal retirement is at age 55).

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and the interest they generate constitute the annuity. The differential between the total retirement benefit and the annuity is the pension. The average retirement benefit is approximately 80% to 85% pension and 15% to 20% annuity.

When a member's retirement becomes effective, their deductions and related interest are transferred to the Annuity Reserve Fund. Any cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth of Massachusetts' state law during those years are borne by the Commonwealth and are deposited into the Pension Fund. Cost-of-living adjustments granted after 1997 must be approved by the System and all costs are borne by the System.

Members who become permanently and totally disabled for further duty may be eligible to receive a disability retirement allowance. The amount of benefits to be received in such cases is dependent on several factors, including whether or not the disability is work related, the member's age, years of creditable service, level of compensation, veterans' status, and group classification.

Survivor benefits are extended to eligible beneficiaries of members whose death occurs prior to or following retirement.

Contributions – Chapter 32 of MGL governs the contributions of plan members and the participating employers. Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. Members hired in 1979 or subsequent contribute an additional 2% of regular compensation in excess of \$30,000. The Authority 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.

Cost-of-living adjustments (COLA) must be granted by the Board and are the responsibility of the System. COLA cannot exceed 3% of the first \$12,000 in benefits, unless the System elects to increase the maximum base retirement allowance in multiples of \$1,000.

**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF FALL RIVER, MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 PENSION PLAN (CONTINUED)

Contributions to the System from the Authority were \$11,187 for the year ended December 31, 2017.

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

At December 31, 2017, the Authority reported a liability of \$137,416 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017 for which update procedures were used to roll forward the total pension liability to the measurement date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2017, the City's proportion was .0399%, which was an increase of 0.0001% from its proportion measured as of December 31, 2016.

For the year ended December 31, 2017, the Authority recognized pension expense of \$14,265. At December 31, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ -	\$ 3,290
Changes in Assumptions	7,206	-
Differences Between Expected and Actual Experience	729	2,570
Changes in Proportion	67	563
Total	<u>\$ 8,002</u>	<u>\$ 6,423</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	\$ 1,835
2019	1,795
2020	(873)
2021	<u>(1,178)</u>
Total	<u>\$ 1,579</u>

**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF FALL RIVER, MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions

The total pension liability was determined by performing update procedures to roll the liability forward from the January 1, 2017, actuarial valuation to the December 31, 2017 measurement date. The following actuarial methods and assumptions apply to all periods included in the measurement:

Methods:

Actuarial Cost Method: Entry Age Normal Cost

Asset Valuation Method: Fair Value

Assumptions:

Salary Increases: Select and Ultimate by job group, ultimate rate
4.25% for Group 1 and 4.75% for Group 4

Investment Rate of Return: 7.50%

Cost of Living Adjustment: 3.0% of the first \$12,000, Annually

Mortality: Preretirement - The RP-2000 Employees table
projected generationally with Scale BB and a base
year of 2009 (gender distinct)

Postretirement - The RP-2000 Healthy Annuitant
table projected generationally with Scale BB and a
base year of 2009 (gender distinct)

Disabled Retiree - The RP-2000 Healthy Annuitant
table projected generationally with Scale BB and a
base year of 2012 (gender distinct)

Retirement Rates: General Employees - 1.0% and 1.5% for males and
females, respectively, beginning at age 50 ranging
to 30.0% and 20.0% for males and females,
respectively, ending at age 69

Police and Fire - 1.0% beginning at age 45 ranging
to 100.0% at age 65

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 1998 through December 31, 2000.

**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF FALL RIVER, MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equities	40.00 %	5.00 %
Core Fixed Income	12.00	1.10
Value-Added Fixed Income	10.00	3.80
Private Equity	11.00	6.60
Real Estate	10.00	3.60
Timber/Natural Resources	4.00	3.20
Portfolio Completion Strategies	13.00	3.60
Totals	<u>100.00 %</u>	

Discount rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Authority's Proportionate Share of the Net Pension Liability	\$ 164,367	\$ 137,416	\$ 114,744

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued FRCRS report.

**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF FALL RIVER, MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 6 RELATED PARTY TRANSACTIONS

As part of the Pier construction project, the City (Primary Government) was responsible for a portion of the costs related to its sewer system. At December 31, 2017, the Authority had paid \$721,411 on behalf of the City. As a result, this amount is recorded as an accounts receivable at December 31, 2017.

Subsequent Event:

On June 20, 2019, the Authority entered into an inter-municipal agreement with the City of Fall River to provide administrative support services, including payroll processing, employee benefit programs, communication services, office space, and other services, as needed. The agreement expires on June 30, 2023.

NOTE 7 COMMITMENTS

Administrative Services Agreement

On September 1, 2016, the Authority entered into an administrative services agreement with Jobs for Fall River, Inc. for bookkeeping, reporting, land management and development, marketing, liaison and special projects services. The term of the agreement was for three years expiring on August 31, 2019. The fee for services was \$126,000 per annum, payable in monthly installments of \$10,500 through August 31, 2017, and increased to \$132,000 per annum, payable in monthly installments of \$11,000 through August 31, 2019. These fees are reported as management fees in the statement of revenues, expenses, and changes in net position and totaled \$128,000 for the year ended December 31, 2017.

This agreement was terminated by the Authority on November 16, 2018.

Construction Contracts

The Authority has entered into a construction contract for the City Pier project of approximately \$6,000,000, of which approximately \$2,700,000 had been incurred through December 31, 2017.

NOTE 8 CONTINGENCIES

On June 19, 2002, the Massachusetts Department of Environmental Protection ("MassDEP") issued a Notice of Responsibility (NOR) to the Authority that identified contaminated soil at 600 Davol Street. From this time through 2017 the Authority performed various remediation activities in response to the NOR.

However, on July 12, 2019, the MassDEP issued a Notice of Noncompliance with the regulations known as the Massachusetts Contingency Plan (310 CMR 40.0000 et seq.– the MCP). The following violations were cited:

**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF FALL RIVER, MASSACHUSETTS)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 CONTINGENCIES (CONTINUED)

- Release Abatement Measure (RAM) Status Reports are required to be submitted to the MassDEP every six months until a RAM Completion Report has been submitted to the MassDEP. A RAM status report has not been submitted since September 14, 2017.
- Post Temporary Solution Status Reports are required to be submitted to the MassDEP six months from the receipt of the original Temporary Solutions Status Report, which identifies the type and frequency of operation, maintenance, and monitoring activities conducted. A Post Temporary Solutions Report has not been submitted since October 8, 2011.
- A Periodic Review of Temporary Solutions Statement is due five years after the filing of the Temporary Solution Statement, which was filed July 2, 2010. This statement was due June 2, 2015, and has not yet been submitted to the MassDEP.
- The Tier Classification for the site expired on April 17, 2018. To date, a Tier Classification Extension has not been filed.

To avoid further noncompliance and potential penalties, the Authority must take the following actions:

1. Submit a Tier Classification Extension, prepared in accordance with the regulations, to the MassDEP by August 30, 2019. This extension was prepared and submitted to the MassDEP August 28, 2019.
2. Submit a RAM Status or RAM Completion Report, prepared in accordance with the regulations, to the MassDEP by September 30, 2019.
3. Submit a Periodic Evaluation of the Temporary Solution Statement, prepared in accordance with the regulations, to the MassDEP by December 30, 2019.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at December 31, 2017, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at December 31, 2017.

**FALL RIVER REDEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE CITY OF FALL RIVER, MASSACHUSETTS)
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2017**

PENSION PLAN SCHEDULES

**SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (1)(2)**

	2017	2016	2015	2014
Authority's Proportion of the Net Pension Liability	0.0399%	0.0398%	0.0397%	0.0400%
Authority's Proportionate Share of the Net Pension Liability	\$ 137,416	\$ 141,456	\$ 138,551	\$ 123,923
Authority's Covered Payroll	\$ -	\$ -	\$ -	\$ -
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	45.0%	41.3%	40.7%	44.2%

(1) Data is being accumulated annually to present 10 years of the reported information

(2) Measurement date is December 31 of the current year

SCHEDULE OF AUTHORITY CONTRIBUTIONS (1)

	2017	2016	2015	2014	2013
Actuarially Required Contribution	\$ 11,187	\$ 10,505	\$ 9,863	\$ 9,287	\$ 8,909
Contributions in Relation to the Actuarially Required Contribution	11,187	10,505	9,863	9,287	8,909
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

(1) Data is being accumulated annually to present 10 years of the reported information

See accompanying independent auditors' report.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

