

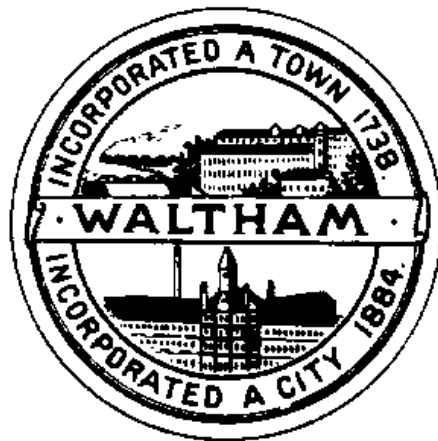
CITY OF WALTHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Waltham Watch Factory

For the fiscal year ended June 30, 2007



**Prepared by:
City Auditor's Office**

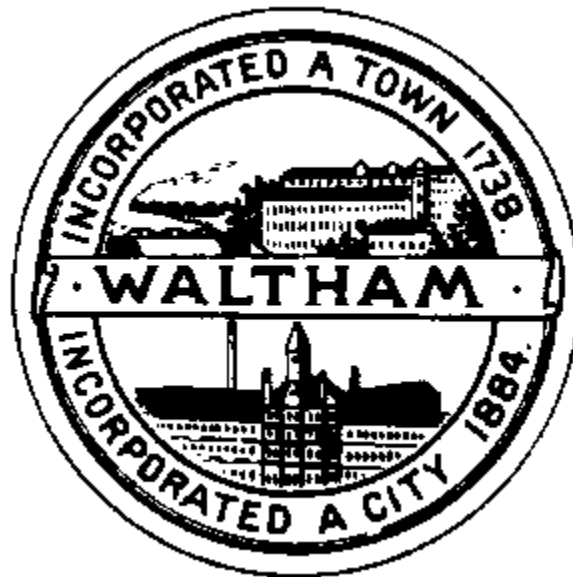


Lyman Estate

CITY OF WALTHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2007



Prepared by:

City Auditor's Office

CITY OF WALTHAM, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2007

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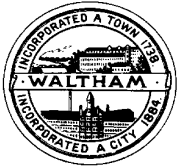
Introductory Section



Veterans Memorial

Introductory Section

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City Auditor
Dennis P. Quinn

CITY OF WALTHAM

Commonwealth of Massachusetts

610 Main Street
Waltham, Massachusetts 02452-5580
(781) 314-3220
Email: dquinn@city.waltham.ma.us

Letter of Transmittal

December 14, 2007

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

At the close of each fiscal year, state law requires the City of Waltham to publish a complete set of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP), and that are audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the City of Waltham, Massachusetts, for the fiscal year ended June 30, 2007 for your review.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements for the fiscal year ended June 30, 2007, are fairly presented in conformity with GAAP.

The City of Waltham's financial statements have been audited by Powers & Sullivan, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2007 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Waltham's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement that analysis and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

Settled in 1630 and incorporated as a Town in 1738, Waltham was chartered as a City in 1884. Located in Middlesex County, 9 miles west of Boston, the City is bordered by the Towns of Belmont, Lexington, Lincoln, Newton, Watertown and Weston. The City encompasses approximately 12.7 square miles and, according to the 2000 Federal census, had a population of 59,226.

Subject to local legislative decisions made by a 15 member City Council elected for two-year terms, the affairs of the City are generally administered by a mayor who is elected for a four-year term on an at-large basis. As chief executive officer, the Mayor appoints, subject to approval by the City Council, all the other principal executive officers of the City and is responsible for the administration of the fiscal and other affairs of the City with the exception of local school affairs which are administered by the School Committee.

The City Council annually elects its own President, who presides over all Council meetings and appoints all standing committees of the Council. Actions of the Council are generally subject to veto by the Mayor, but such action may be overridden by a two-thirds vote of the Council members.

The School Committee, whose members are elected for four-year terms, has exclusive jurisdiction over the City's public school system and appoints a Superintendent to administer the day-to-day affairs of the system.

The City provides general governmental services for the territory within its boundaries, including police and fire protection, disposal of garbage and rubbish, public education in grades kindergarten through twelve, water and sewer services, streets, parks and recreation. The Massachusetts Bay Transportation Authority provides bus coverage throughout the City with connections to the metropolitan Boston area as well as commuter rail service between the City and Boston. The Massachusetts Water Resources Authority provides water and sewerage disposal services to the City. The Waltham Housing Authority, a separate legal entity, provides public housing for eligible low income families, the elderly and the handicapped.

Within 170 days after the annual organization of the City government (which is ordinarily in early January), the Mayor is required to submit a budget of proposed expenditures for the fiscal year beginning on the next July 1. The City Council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the Mayor, the Council may not make any appropriation for a purpose not included in the proposed budget, except by a two-thirds vote in the case of the failure of the Mayor to recommend an appropriation for such a purpose within 7 days after a request from the Council. The Council may not increase any item without the recommendation of the Mayor (except as provided by legislation, recommendation of the school committee or regional district school committee and by two-thirds vote of the Council, provided that such increase does not cause the total annual budget to exceed the property tax limitations). If the Council fails to act on any item of the proposed budget within 45 days, that item takes effect.

If the Mayor does not make a timely budget submission, provision is made for preparation of a budget by the Council. Provision is also made for supplementary appropriations upon recommendation of the Mayor. Water and sewer department expenditures are included in the budgets adopted by City Council.

Under recent legislation, the City Council on the recommendation of the Mayor may transfer within the last 2 months of fiscal year 2007 any amount appropriated for the use of any department to the appropriation for any other department, provided that no such transfer may be made from any appropriation for a school department, regional school district, or municipal light department.

The City manages its risk through a combination of self-insured programs and premium based coverage with commercial insurance carriers. Health care and workers compensation are a combination of self-insured and premium based plans. The City is exposed to various risks of loss related to general liability, property and casualty, workers' compensation and unemployment compensation claims. Buildings and property are insured against fire, theft and natural disaster to the extent that losses exceed the City's deductible per incident. These deductibles vary by type of incident, none of which exceed \$25,000.

Factors Affecting Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Waltham operates.

The City is a mature industrial-residential community with the industrial activity, a good part of which is in the electronics/high-technology field, concentrated along Interstate 95. Retail trade is concentrated in the City's central business district. Several nationally known companies have chosen to locate in the City. In addition to its commercial base, the City is home to both Bentley College and Brandeis University.

The City continues to manage its financial affairs in a prudent manner as is demonstrated by its excellent Moody's bond rating of Aa1 and Standard & Poor's bond rating of AA+, even with the constraints of the Commonwealth of Massachusetts cutbacks and the general downturn in the economy. The City's financial actions are generally guided by long range planning tools such as a five-year Capital Improvement Program; prioritizing spending plans and identifying discretionary spending; pay-as-you go financing strategies; long-term planning for all liabilities including pension and insurance reserves, and municipal best practices, which are reviewed annually at the beginning of each budget development cycle. Additionally the City has enhanced its revenue flexibility by establishing enterprise funds and many other user supported programs. This has allowed the City to shift the operating costs of certain services to the users so that little or no tax support subsidizes these services.

The City maintains a strong industrial and commercial tax base. In FY2007, the combined assessed value of these properties represented 30.3% of the total City value. The residential values demonstrate the desirability of the City. The City's proximity to Boston and major highways, its quality of life, and dedication to public education underlies the community's popular reputation.

Quarterly tax billings and excellent collection rates have eliminated the need to borrow on a short term basis to maintain cash flow. The City's investment options are governed by Massachusetts General Laws and focus on safety, liquidity and yield.

At the State level the economic outlook for the Commonwealth has brightened, with reports of revenue surpluses. However, it is anticipated that state aid will be level funded and at best, minimal increases in the following years. This will leave the City in a position of having to rely primarily on property taxes to cover the increasing cost of providing services.

The City is currently managing approximately \$77.3 million in long and short term debt. This indebtedness consists of \$68.8 million of general obligation bonds; of which \$10.7 million is self-supporting through enterprise fund revenues and \$8.5 million of bond anticipation notes mostly related to the last two schools of the City's estimated \$180 million school construction project. Under the school building assistance program, the City is eligible for a state grant representing 90% reimbursement of approved costs incurred in the building of the eight new school facilities. Under the State's revised financing method the City received three lump sum payments totaling \$98.9 million for the first six schools - \$24.7 million in FY2005, \$44.4 million in FY2006 and \$29.8 million in FY2007. The City has issued bonds to provide for the remainder of the cost. Under a new financing method, for the last two schools, the State will reimburse 90% of approved costs on an as incurred basis. The City is expected to borrow the remainder of the cost.

The City has authorized and unissued debt for the new school facilities, water/sewer infrastructure improvements, departmental equipment, land acquisition/development and other various projects totaling \$75.4 million as of June 30, 2007. The authorized and unissued debt includes \$50.5 million to complete the school projects.

The City of Waltham contributes to the Waltham Contributory Retirement System (the System), a cost sharing, defined benefit pension plan administered by the Waltham Contributory Retirement Board (Board). Each year, an independent actuary engaged by the Board calculates the amount of the annual contribution that the City of Waltham must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As required by law, the City of Waltham fully funds each year's annual required contribution to the pension plan as determined by the actuary. The System has succeeded in funding 51% of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over 21 years as part of the annual required contribution as calculated by the actuary.

The City of Waltham also provides post retirement health care benefits for certain retirees and their dependents. There are approximately 1,200 retired employees receiving these benefits, which are financed on a pay-as-you-go basis. GAAP now requires the City to conduct an actuarial valuation to determine the unfunded liability and to recognize the annual cost of reducing this liability in addition to the current year benefits. The City completed this actuarial valuation in August 2007. If the City is unable to fund the minimum annual contribution as determined by the actuarial valuation, the unpaid amount will be required to be recorded as a liability on the financial statements of the City.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2006. This was the third consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the City Auditor's department staff. We would like to express our appreciation to all the members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the City Council and Mayor for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Waltham's finances.

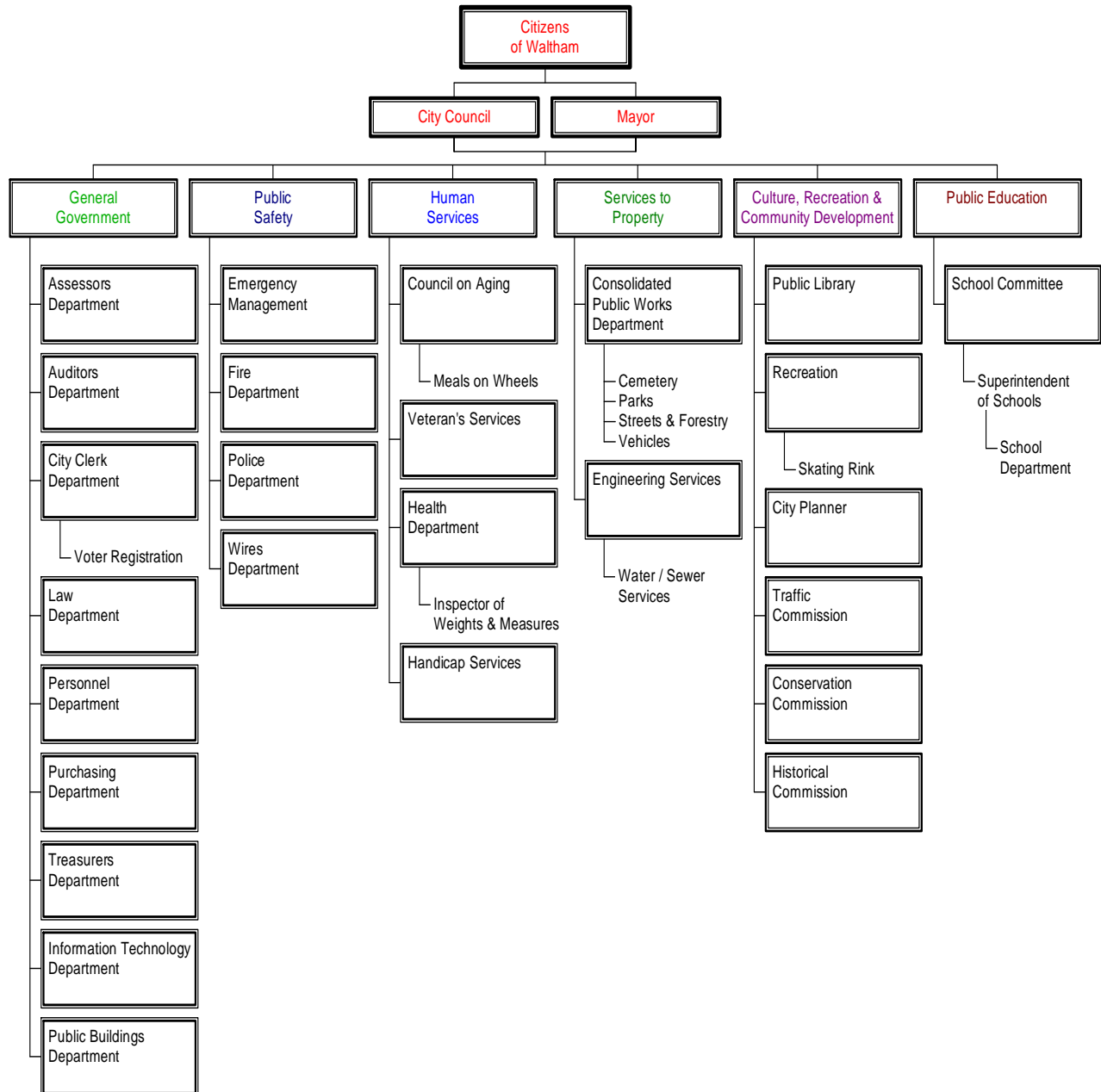
Respectfully submitted,

A handwritten signature in black ink, reading "Dennis P. Quinn". The signature is fluid and cursive, with the first name "Dennis" and last name "Quinn" clearly legible.

Dennis P. Quinn
City Auditor

City of Waltham, Massachusetts

Organizational Chart



Principal City Officials

Elected Officials

Mayor

Jeannette A. McCarthy

City Council

Councilors-at-Large

Paul J. Brasco, Council Vice President

Sarafina Collura

David H. Marcou Jr.

Kathleen B. McMenimen

Patrick J. O'Brien

Thomas M. Stanley

Ward Councilors

Robert S. Kelly,

Edmund P. Tarallo

George A. Darcy III

Thomas J. Curtin, Council President

Gary J. Marchese

Kenneth B. Doucette

Joseph M. Giordano Jr.

Stephen F. Rourke

Robert G. Logan

School Committee

Jeannette A. McCarthy, Mayor, Chairperson

Susan R. Burstein, Vice Chairperson

Robert Cincotta

Susanne M. McIvor

Michael O'Halloran

Stephen Rando

Harold Walker

Principal Executive Offices

City Auditor

City Treasurer/Collector

City Clerk

Dennis P. Quinn

Thomas J. Magno

Rosario C. Malone

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Waltham
Massachusetts

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

Financial Section



Mount Feake Cemetery

Financial Section

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Independent Auditors' Report

To the Honorable Mayor Jeannette A. McCarthy
and Members of the City Council
City of Waltham, Massachusetts

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 Waltham, Massachusetts, as of and for the fiscal year ended June 30, 2007 (except for the Waltham Contributory Retirement System which is as of and for the year ended December 31, 2006), which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Waltham, Massachusetts' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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 Waltham, Massachusetts, as of June 30, 2007 (except for the Waltham Contributory Retirement System which is as of December 31, 2006), and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

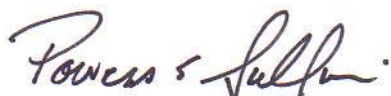
In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2007, on our consideration of the City of Waltham, Massachusetts' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The combining fund statements, as listed in the table of contents, are presented for the purpose of supplementary analysis and are not a required part of the financial statements of the City of Waltham, Massachusetts. Such supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Management's discussion and analysis, located on the following pages, and schedule of revenues, expenditures and changes in fund balance – general fund – budgetary basis, located after the notes to the basic financial statements, are not a required part of the basic financial statements but is supplementary information required by

accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The introductory and statistical sections, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

A handwritten signature in dark ink, appearing to read "Powers & Sullivan", with a stylized flourish at the end.

December 14, 2007

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the City of Waltham, we offer readers of these financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2007. The City complies with financial reporting requirements issued by the Governmental Accounting Standards Board (GASB). We encourage readers to consider the information presented in this report in conjunction with additional information that we have furnished in our letter of transmittal.

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

Financial Highlights

- The assets of the City of Waltham exceeded its liabilities at the close of the most recent fiscal year by \$241.7 million (net assets).
- Of this amount, 29% or \$69.2 million (unrestricted net assets) may be used to meet the government's on-going obligations to citizens and creditors.
- At the close of the current fiscal year, the City's general fund reported an ending fund balance of \$32.2 million, a decrease of \$126,000 in comparison with the prior year. Total fund balance represents 19% of total general fund expenditures.
- The City's total debt (short-term and long-term combined) decreased by \$15.9 million during the current fiscal year. This was the net effect of \$6.7 million in principal payments on long-term debt, a \$43.8 million pay down of school construction and land acquisition short-term debt and the issuance of \$33.6 million in debt for school construction, building renovations, land acquisition and development, machinery and equipment, and infrastructure improvements.
- The Commonwealth of Massachusetts has committed to provide construction assistance in the form of a capital grant equal to 90% of approved costs related to the City's on-going school construction project through its school building assistance program. During fiscal 2007, the City received \$29.8 million of school construction assistance which was used to pay down short-term debt.
- On November 8, 2005, the City adopted the Community Preservation Act, a statewide enabling legislation to allow cities and towns to exercise control over local planning decisions. The Community Preservation Act provides new funding sources which can be used to address three core community concerns; acquisition and preservation of open space, creation and support of affordable housing, acquisition and preservation of historic buildings and landscapes. As of June 30, 2007, the Community Preservation fund balance was \$5.7 million.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Waltham's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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

The *statement of net assets* presents information on all assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, cemetery, community development, health and human services, culture and recreation and interest. The business-type activities include the activities of water, sewer, and the Veteran's Memorial Rink services.

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

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund statements focus on *near-term inflows of spendable resources*, as well as on *balances of spendable 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 impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Waltham adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

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

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

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for propriety funds.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City of Waltham's assets exceeded liabilities by \$241.7 million at the close of Fiscal 2007 an increase of \$6.7 million from the prior year.

Net assets of \$165.7 million (69%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the investment in its capital assets is reported net of its related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the government's net assets, \$6.8 million (3%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$69.2 million (28%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Waltham is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true in the prior year.

The governmental activities and business-type activity components of the City are presented below.

Governmental Activities

The City of Waltham's assets exceeded liabilities for governmental activities by \$213.2 million at the close of Fiscal 2007.

	Fiscal 2007	Fiscal 2006
Assets:		
Current assets.....	\$ 87,566,728	\$ 105,947,230
Noncurrent assets (excluding capital).....	2,824,007	3,953,198
Capital assets.....	202,208,815	198,330,006
Total assets.....	292,599,550	308,230,434
Liabilities:		
Current liabilities (excluding debt).....	12,835,697	10,324,458
Noncurrent liabilities (excluding debt).....	1,407,310	1,757,234
Current debt.....	12,280,000	49,310,000
Noncurrent debt.....	52,840,000	39,640,000
Total liabilities.....	79,363,007	101,031,692
Net Assets:		
Capital assets net of related debt.....	151,715,584	152,292,512
Restricted.....	6,772,208	6,684,687
Unrestricted.....	54,748,751	48,221,543
Total net assets.....	\$ 213,236,543	\$ 207,198,742
Program revenues:		
Charges for services.....	\$ 12,053,236	\$ 12,504,954
Operating grants and contributions.....	36,115,750	34,232,895
Capital grants and contributions.....	6,498,738	10,409,121
General Revenues:		
Real estate and personal property taxes.....	114,706,884	111,785,303
Motor vehicle and other excise taxes.....	8,207,220	8,196,405
Community preservation tax.....	2,126,162	1,835,071
Nonrestricted grants.....	7,693,618	5,592,015
Unrestricted investment income.....	3,359,616	2,846,099
Other revenues.....	979,534	617,808
Total revenues.....	191,740,758	188,019,671
Expenses:		
General Government.....	12,917,933	14,520,021
Public Safety.....	51,474,647	50,909,121
Education.....	80,401,032	73,919,709
Public Works.....	20,579,714	18,652,115
Cemetery.....	1,126,336	1,474,821
Community development.....	6,759,496	5,476,630
Human Services.....	3,470,880	3,292,245
Culture and recreation.....	6,204,482	5,877,982
Interest.....	2,709,385	3,236,060
Total expenses.....	185,643,905	177,358,704
Increase in net assets before transfers.....	6,096,853	10,660,967
Transfers.....	(59,052)	(100,000)
Change in net assets.....	\$ 6,037,801	\$ 10,560,967

The governmental expenses totaled \$185.6 million of which \$54.7 million (29%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$137.1 million, primarily coming from property taxes, motor vehicle excise, non-restricted state aid and investment income.

The governmental net assets increased by \$6 million during the current fiscal year. This was primarily due to the recognition of \$3.8 million of grant revenue from the Massachusetts School Building Authority and the recognition of \$1.9 million of State Community Preservation match revenue.

Business-type Activities

For the City's business-type activities, assets exceeded liabilities by \$28.4 million at the close of Fiscal 2007.

	Fiscal 2007	Fiscal 2006
Assets:		
Current assets.....	\$ 17,632,178	\$ 11,112,365
Capital assets.....	23,623,106	22,783,399
Total assets.....	41,255,284	33,895,764
Liabilities:		
Current liabilities (excluding debt).....	428,138	1,751,736
Noncurrent liabilities (excluding debt).....	170,383	23,815
Current debt.....	2,834,487	1,212,291
Noncurrent debt.....	9,398,082	3,110,000
Total liabilities.....	12,831,090	6,097,842
Net Assets:		
Capital assets net of related debt.....	13,954,222	18,461,108
Unrestricted.....	14,469,972	9,336,814
Total net assets.....	\$ 28,424,194	\$ 27,797,922
Program revenues:		
Charges for services.....	\$ 24,565,960	\$ 21,544,591
Capital grants and contributions.....	270,000	-
General Revenues:		
Unrestricted investment income.....	73,489	75,456
Total revenues.....	24,909,449	21,620,047
Expenses:		
Water.....	10,217,450	9,393,920
Sewer.....	13,777,149	11,965,061
Veterans Memorial Rink.....	347,630	333,078
Total expenses.....	24,342,229	21,692,059
Increase in net assets before transfers.....	567,220	(72,012)
Transfers.....	59,052	100,000
Change in net assets.....	\$ 626,272	\$ 27,988

Business-type net assets of \$13.9 million (49%) represent the investment in capital assets while \$14.5 million (51%) is unrestricted. The City's business-type activities net assets increased by \$626,000 in the current fiscal year.

The sewer department experienced an increase of \$41,000 in net assets. Revenues and expenses increased by 15.2% and 14.3%, respectively which resulted in the change in net assets when compared with the prior year.

The water department experienced an increase of \$529,000 in net assets which was primarily due to a lower than anticipated MWRA assessment. Revenues and cost of services and administration increased by 12.3% and 8.9%, respectively which also had an impact on the increase in net assets.

The Veterans Memorial Rink experienced an increase of \$57,000 which was in line with anticipated operating results.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, governmental funds reported combined ending fund balance of \$55.1 million. This is comprised of \$32.2 million for the general fund, \$8.9 million for the stabilization fund, a deficit of \$117,000 in the community development fund, \$3.4 million for the City capital projects fund, a deficit of \$4.7 million in the school capital projects fund, and \$15.4 million in the nonmajor governmental funds. Cumulatively there was an increase of \$41.1 million in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$21.7 million, while total fund balance was \$32.2 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and the total fund balance to total fund expenditures. Unreserved fund balance represents 13% of the total general fund expenditures, while total fund balance represents 19% of that same amount. Fund balance reserved for encumbrances and continuing appropriations totaled \$10.5 million.

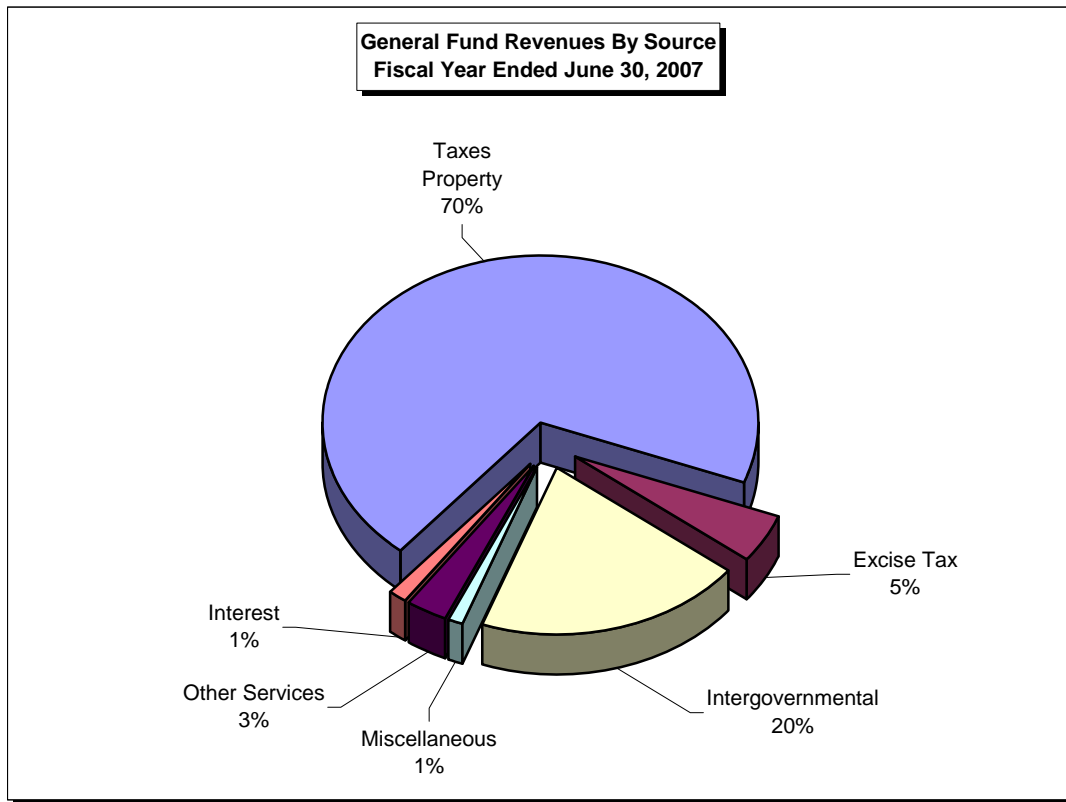
The stabilization fund is a special revenue fund used to account for the accumulation of resources to be used for general and/or capital purposes upon approval of City Council. The fund balance decreased by \$938,000 million in fiscal 2007, which was due to the net effect of transfers to the general fund and investment income.

The community development fund is a special revenue fund used to account for the community development block grant program. The fund balance decreased by \$35,000 in fiscal 2007, which was due to timing differences between the receipt of grant proceeds and expenditures being incurred.

The city projects fund is a capital project fund used to account for smaller non-school related capital acquisition and construction projects. These projects will be funded through the issuance of long-term bonds and notes and other available funds. The fund balance decreased by \$1 million in fiscal 2007, which was due to project costs that are funded by temporary debt.

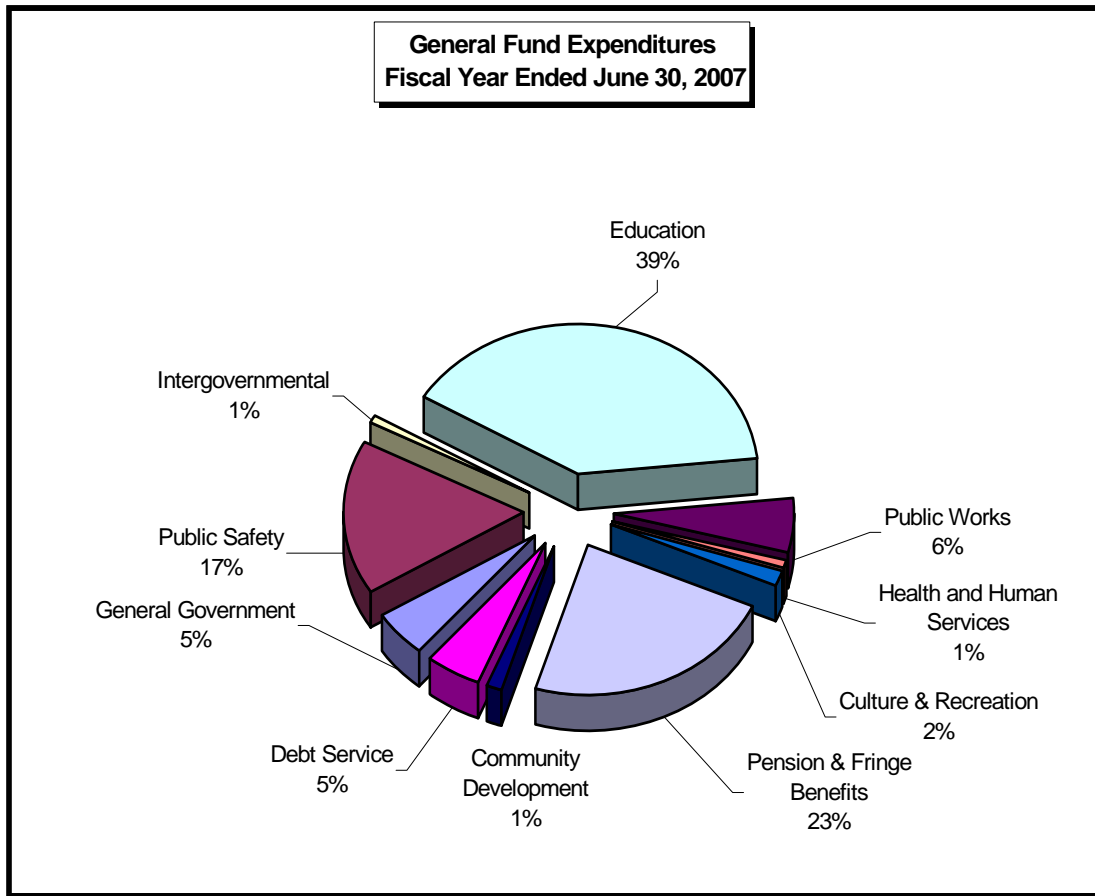
The school capital projects fund is used to account for the City's ongoing major school construction project. The fund balance increased by \$38.5 million in fiscal 2007, which was due to the receipt of school construction assistance and bond proceeds. The fund balance is in a deficit position of \$4.7 million because short-term notes have not yet been borrowed long-term or funded by State grants.

General Fund Revenues



- Tax revenue continues to be the most significant revenue source for the City, comprising approximately 70% of total general fund revenue. Tax revenue increased in accordance with the provisions of the Massachusetts law, which limits such increase to 2 ½ % over the preceding year plus an allowance for new growth.
- Intergovernmental revenue represents 20% of total revenues. This includes state aid as well as approximately \$11.7 million in on-behalf payments made by the State to the Massachusetts Teachers' Retirement Board for teachers' pension benefits.
- Motor vehicle revenue continued to be a strong source of revenue. Motor vehicle revenue represents approximately 5% of the total general fund revenues.
- License and permit revenue reflects strong home renovation and building activity in the City.

General Fund Expenditures



- Education continues to represent the largest category of general fund expenditures, equaling 39% in FY07. The City is committed to providing a high-quality education through its public schools.
- Public Safety and Public Works represent a combined 23% of general fund expenditures. This reflects the City's commitment to providing a safe, secure environment and essential public services.
- Debt service costs in FY07 were 5% of total general fund expenditures, reflecting principal and interest payments associated with building design, renovation and construction, land acquisition and development, equipment, and technology.
- Employee benefits were 23% of total general fund expenditures in FY07, reflecting high health insurance costs experienced throughout the State and the region.

The City's general fund undesignated fund balance that is available for appropriation is certified as "free cash" by the Massachusetts Department of Revenue's Bureau of Accounts. Waltham's certified "free cash" as of June 30, 2007 is \$14.7 million as compared to \$13.4 million as of June 30, 2006. The City remains committed to conservative budgets, tight management controls, and to maintaining reserves.

The City's general fund balance decreased by \$126,000 from the prior fiscal year, which was consistent with expectations.

General Fund Budgetary Highlights

The increase from the original budget to the final amended budget totaled \$5.2 million (3% of initial budget). Approximately 80% of the supplemental appropriations are attributable to increases in fire salaries, dispatch salaries, education salaries, public building utilities, vehicle gas and oil, recreation activities, snow and ice removal, and debt principal and interest.

The City continues to strive to achieve a balance between the need for municipal services with the costs of providing these services. Over all, the City under expended its budget by 1.1% while at the same time actual revenues exceeded estimates by 1.2%.

Capital Asset and Debt Administration

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

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to \$225.8 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, roads, highways, bridges and water and sewer infrastructure. The total increase in the City's investment in capital assets for the current year was \$4.7 million.

Major capital asset events during the current fiscal year included the substantial completion of several school construction projects, significant progress on the two remaining school construction projects and completion of various street resurfacing projects. Other capital asset additions included land and building improvements, the acquisition of machinery and equipment, and the purchase of library books.

The additions to enterprise fund capital assets are primarily attributable to sewer and water infrastructure improvements.

Debt Administration. The City maintains a Moody's bond rating of Aa1 and Standard & Poor's rating of AA+. The City continues to maintain strong market access for both note and bond sales. Outstanding long-term debt of the general government, as of June 30, 2007, totaled \$58.1 million of which \$33.1 million is related to school projects, \$16.8 million for land design and acquisition, \$4.1 million for building renovations and \$4.1 million for other CIP related projects.

The Commonwealth of Massachusetts is obligated to provide school construction assistance for approved school projects through a grant program administered by the Massachusetts School Building Authority (MSBA). The assistance is paid to support construction costs and reduce the total debt service of the City. At June 30, 2007, the City has recorded a receivable from the MSBA of \$5.5 million, which is equal to 90% of approved construction costs incurred by the City to date. During fiscal 2007, the City received \$29.8 million of school construction assistance which was used to pay down short-term debt.

During fiscal 2007, the City issued \$18.5 million in governmental long-term bonds, the majority of which was to fund land acquisition, land development and school construction projects.

At year end, the City has \$7 million of outstanding governmental short-term notes that are due on March 20, 2008, with an interest rate of 3.7% per annum.

The City issued long-term bonds totaling \$6.6 million and \$985,000 for sewer and water construction projects, respectively, in fiscal 2007. At year end, the sewer and water enterprise funds have \$8.5 million and \$2.2 million, respectively, of outstanding long-term debt, which is fully supported by rates and does not rely on a general fund subsidy.

At year end, the City has \$635,000 and \$880,000 of outstanding sewer and water short-term notes, respectively, that are due on March 20, 2008, with an interest rate of 3.7% per annum.

For further discussion please refer to Note 4 for major capital activity and Notes 6 and 7 for debt activity.

Requests for Information

This financial report is designed to provide a general overview of the City of Waltham's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Auditor, City Hall, 610 Main Street, Waltham, Massachusetts 02452.

Basic Financial Statements

STATEMENT OF NET ASSETS

JUNE 30, 2007

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents..... \$	70,893,070	\$ 8,598,522	\$ 79,491,592
Investments.....	1,214,264	-	1,214,264
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,528,430	-	1,528,430
Tax liens.....	664,932	136,586	801,518
Motor vehicle and other excise taxes.....	843,311	-	843,311
Water fees.....	-	3,496,446	3,496,446
Sewer fees.....	-	4,914,570	4,914,570
Departmental and other.....	802,498	-	802,498
Special assessments.....	76,637	-	76,637
Intergovernmental.....	11,543,586	486,054	12,029,640
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Real estate tax deferrals.....	328,202	-	328,202
Special assessments.....	527,952	-	527,952
Loans.....	1,967,853	-	1,967,853
Capital assets, nondepreciable.....	20,245,786	38,550	20,284,336
Capital assets, net of accumulated depreciation.....	181,963,029	23,584,556	205,547,585
TOTAL ASSETS.....	292,599,550	41,255,284	333,854,834
LIABILITIES			
CURRENT:			
Warrants payable.....	6,035,324	155,992	6,191,316
Health claims payable.....	3,112,000	-	3,112,000
Accrued interest.....	607,509	82,876	690,385
Other liabilities.....	-	56,207	56,207
Customer deposits payable.....	1,200	-	1,200
Compensated absences.....	2,186,707	133,063	2,319,770
Workers' compensation.....	220,000	-	220,000
Unamortized premium on bonds and notes payable....	72,240	-	72,240
Bonds and notes payable.....	12,280,000	2,834,487	15,114,487
NONCURRENT:			
Compensated absences.....	902,310	170,383	1,072,693
Workers' compensation.....	505,000	-	505,000
Unamortized premium on bonds and notes payable....	600,717	-	600,717
Bonds and notes payable.....	52,840,000	9,398,082	62,238,082
TOTAL LIABILITIES.....	79,363,007	12,831,090	92,194,097
NET ASSETS			
Invested in capital assets, net of related debt.....	151,715,584	13,954,222	165,669,806
Restricted for:			
Loans.....	1,967,853	-	1,967,853
Permanent funds:			
Expendable.....	396,817	-	396,817
Nonexpendable.....	1,697,219	-	1,697,219
Gifts and grants.....	2,710,319	-	2,710,319
Unrestricted.....	54,748,751	14,469,972	69,218,723
TOTAL NET ASSETS..... \$	213,236,543	\$ 28,424,194	\$ 241,660,737

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2007

		Program Revenues					
Functions/Programs	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	
Primary Government:							
<i>Governmental Activities:</i>							
General government.....	\$ 15,664,973	\$ (2,747,040)	\$ 4,887,671	\$ 6,121,235	\$ -	\$ (4,656,067)	
Public safety.....	50,301,388	1,173,259	2,647,054	3,188,652	-	(44,465,682)	
Education.....	80,191,646	209,386	1,127,686	24,837,226	3,844,684	(50,382,050)	
Public works.....	19,870,550	709,164	1,236,178	-	773,536	(17,860,836)	
Cemetery.....	1,043,310	83,026	453,443	-	-	(589,867)	
Community development.....	6,559,578	199,918	724,366	1,463,801	-	(4,371,411)	
Community preservation.....	-	-	-	-	1,880,518	1,880,518	
Health and human services.....	3,330,227	140,653	311,555	358,423	-	(2,660,249)	
Culture and recreation.....	5,972,848	231,634	665,283	146,413	-	(5,161,152)	
Interest.....	2,709,385	-	-	-	-	(2,709,385)	
Total Governmental Activities..	185,643,905	-	12,053,236	36,115,750	6,498,738	(130,976,181)	
<i>Business-Type Activities:</i>							
Sewer.....	13,777,149	-	13,764,259	-	-	(12,890)	
Water.....	10,217,450	-	10,456,605	-	270,000	509,155	
Veterans Memorial Rink.....	347,630	-	345,096	-	-	(2,534)	
Total Business-Type Activities.	24,342,229	-	24,565,960	-	270,000	493,731	
Total Primary Government.....	\$ 209,986,134	\$ -	\$ 36,619,196	\$ 36,115,750	\$ 6,768,738	\$ (130,482,450)	

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (130,976,181)	\$ 493,731	\$ (130,482,450)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	114,706,884	-	114,706,884
Tax liens.....	496,762	-	496,762
Motor vehicle and other excise taxes.....	6,223,714	-	6,223,714
Hotel/motel tax.....	1,983,506	-	1,983,506
Community preservation tax.....	2,126,162	-	2,126,162
Penalties and interest on taxes.....	449,572	-	449,572
Payments in lieu of taxes.....	33,200	-	33,200
Grants and contributions not restricted to specific programs.....	7,693,618	-	7,693,618
Unrestricted investment income.....	3,359,616	73,489	3,433,105
<i>Transfers, net</i>	(59,052)	59,052	-
Total general revenues and transfers.....	137,013,982	132,541	137,146,523
Change in net assets.....	6,037,801	626,272	6,664,073
<i>Net Assets:</i>			
Beginning of year.....	207,198,742	27,797,922	234,996,664
End of year.....	\$ 213,236,543	\$ 28,424,194	\$ 241,660,737

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2007

	General	Stabilization	Community Development	City Projects	School Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents.....	\$ 32,973,205	\$ 8,923,696	\$ -	\$ 5,408,138	\$ 3,687,561	\$ 14,510,190	\$ 65,502,790
Investments.....	-	-	-	-	-	1,214,264	1,214,264
Receivables, net of uncollectibles:							
Real estate and personal property taxes.....	1,528,430	-	-	-	-	-	1,528,430
Real estate tax deferrals.....	328,202	-	-	-	-	-	328,202
Tax liens.....	664,932	-	-	-	-	-	664,932
Motor vehicle and other excise taxes.....	843,311	-	-	-	-	-	843,311
Departmental and other.....	28,632	-	-	-	-	380,274	408,906
Special assessments.....	604,589	-	-	-	-	-	604,589
Intergovernmental.....	574,390	-	1,845,802	-	5,531,070	3,592,324	11,543,586
Loans.....	-	-	1,967,853	-	-	-	1,967,853
Due from other funds.....	1,177,419	-	-	-	-	-	1,177,419
TOTAL ASSETS.....	\$ 38,723,110	\$ 8,923,696	\$ 3,813,655	\$ 5,408,138	\$ 9,218,631	\$ 19,697,052	\$ 85,784,282
LIABILITIES AND FUND BALANCES							
LIABILITIES:							
Warrants payable.....	\$ 2,541,905	\$ -	\$ 30,521	\$ -	\$ 3,340,125	\$ 122,773	\$ 6,035,324
Liabilities due depositors.....	-	-	-	-	-	1,200	1,200
Deferred revenues.....	4,012,532	-	3,813,655	-	5,531,070	3,107,432	16,464,689
Due to other funds.....	-	-	86,664	-	-	1,090,755	1,177,419
Notes payable.....	-	-	-	2,010,000	5,000,000	-	7,010,000
TOTAL LIABILITIES.....	6,554,437	-	3,930,840	2,010,000	13,871,195	4,322,160	30,688,632
FUND BALANCES:							
Reserved for:							
Encumbrances and continuing appropriations...	10,491,290	-	-	-	-	-	10,491,290
Perpetual permanent funds.....	-	-	-	-	-	1,697,219	1,697,219
Unreserved:							
Undesignated, reported in:							
General fund.....	21,677,383	-	-	-	-	-	21,677,383
Special revenue funds.....	-	8,923,696	(117,185)	-	-	13,358,891	22,165,402
Capital projects funds.....	-	-	-	3,398,138	(4,652,564)	-	(1,254,426)
Permanent funds.....	-	-	-	-	-	318,782	318,782
TOTAL FUND BALANCES.....	32,168,673	8,923,696	(117,185)	3,398,138	(4,652,564)	15,374,892	55,095,650
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 38,723,110	\$ 8,923,696	\$ 3,813,655	\$ 5,408,138	\$ 9,218,631	\$ 19,697,052	\$ 85,784,282

See notes to basic financial statements.

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

JUNE 30, 2007

Total governmental fund balances.....	\$ 55,095,650
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	202,208,815
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....	16,464,689
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....	2,671,872
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(607,509)
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.....	(58,110,000)
Workers' compensation.....	(725,000)
Compensated absences.....	<u>(3,089,017)</u>
Net effect of reporting long-term liabilities.....	(61,924,017)
In the statement of activities, material premiums are amortized over the lives of the bonds and notes payable.....	<u>(672,957)</u>
Net assets of governmental activities.....	<u>\$ 213,236,543</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2007

	General	Stabilization	Community Development	City Projects	School Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES:							
Real estate and personal property taxes, net of tax refunds.....	\$ 114,743,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,743,267
Tax liens.....	271,339	-	-	-	-	-	271,339
Motor vehicle and other excise taxes.....	5,989,376	-	-	-	-	-	5,989,376
Community preservation tax.....	-	-	-	-	-	2,126,162	2,126,162
Hotel/motel tax.....	1,983,506	-	-	-	-	-	1,983,506
Charges for services.....	-	-	-	-	-	342,937	342,937
Penalties and interest on taxes.....	449,572	-	-	-	-	-	449,572
Fees and rentals.....	501,438	-	-	-	-	-	501,438
Payments in lieu of taxes.....	33,200	-	-	-	-	-	33,200
Licenses and permits.....	4,355,487	-	-	-	-	-	4,355,487
Fines and forfeitures.....	544,149	-	-	-	-	-	544,149
Intergovernmental.....	32,778,828	-	779,600	-	29,840,734	9,538,289	72,937,451
Departmental and other.....	846,703	-	-	-	-	1,311,055	2,157,758
Special assessments.....	118,998	-	-	-	-	-	118,998
Contributions.....	-	-	-	-	-	155,691	155,691
Investment income.....	2,347,823	514,854	212	-	18,638	40,188	2,921,715
Miscellaneous.....	-	-	58,844	-	-	2,389,951	2,448,795
TOTAL REVENUES.....	164,963,686	514,854	838,656	-	29,859,372	15,904,273	212,080,841
EXPENDITURES:							
Current:							
General government.....	8,374,025	-	-	362,001	-	40,290	8,776,316
Public safety.....	27,767,365	-	-	778,120	-	2,325,491	30,870,976
Education.....	66,604,277	-	-	-	8,708,570	7,040,158	82,353,005
Public works.....	9,477,040	-	-	219,369	135,143	821,652	10,653,204
Cemetery.....	19,323	-	-	-	-	75,347	94,670
Community development.....	2,040,199	-	873,909	539,847	-	537,982	3,991,937
Health and human services.....	1,502,470	-	-	3,866	-	69,161	1,575,497
Culture and recreation.....	2,753,658	-	-	68,885	-	102,873	2,925,416
Pension benefits.....	10,556,442	-	-	-	-	-	10,556,442
Employee benefits.....	28,246,033	-	-	-	-	-	28,246,033
State and county charges.....	1,419,642	-	-	-	-	-	1,419,642
Debt service:							
Principal.....	5,520,000	-	-	-	-	-	5,520,000
Interest.....	3,000,128	-	-	-	-	-	3,000,128
TOTAL EXPENDITURES.....	167,280,602	-	873,909	1,972,088	8,843,713	11,012,954	189,983,266
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(2,316,916)	514,854	(35,253)	(1,972,088)	21,015,659	4,891,319	22,097,575
OTHER FINANCING SOURCES (USES):							
Issuance of bonds and notes.....	-	-	-	970,000	17,500,000	-	18,470,000
Premium from issuance of bonds and notes.....	619,952	-	-	-	-	-	619,952
Transfers in.....	1,654,597	-	-	-	-	46,000	1,700,597
Transfers out.....	(84,052)	(1,452,408)	-	-	-	(223,189)	(1,759,649)
TOTAL OTHER FINANCING SOURCES (USES).....	2,190,497	(1,452,408)	-	970,000	17,500,000	(177,189)	19,030,900
NET CHANGE IN FUND BALANCES.....	(126,419)	(937,554)	(35,253)	(1,002,088)	38,515,659	4,714,130	41,128,475
FUND BALANCES AT BEGINNING OF YEAR.....	32,295,092	9,861,250	(81,932)	4,400,226	(43,168,223)	10,660,762	13,967,175
FUND BALANCES AT END OF YEAR.....	\$ 32,168,673	\$ 8,923,696	\$ (117,185)	\$ 3,398,138	\$ (4,652,564)	\$ 15,374,892	\$ 55,095,650

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2007

Net change in fund balances - total governmental funds.....	\$ 41,128,475
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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.

Capital outlay.....	11,089,157
Depreciation expense.....	<u>(7,210,348)</u>
Net effect of reporting capital assets.....	3,878,809

Revenues in the Statement of Activities that do not provide current financial resources are fully deferred in the Statement of Revenues, Expenditures and Changes in Fund Balances. 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 revenue..... (24,641,836)

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 effect on net assets. 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.

Proceeds from bonds and notes.....	(18,470,000)
Debt service principal payments.....	5,520,000
Amortization of premium from issuance of bonds and notes payable.....	<u>(309,394)</u>
Net effect of reporting long-term debt.....	(13,259,394)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Net change in compensated absences accrual.....	(74,994)
Net change in workers' compensation.....	311,000
Net change in accrued interest on long-term debt.....	<u>(19,815)</u>
Net effect of recording long-term liabilities and amortizing deferred losses.....	216,191

Internal service funds are used by management to account for health insurance and workers' compensation activities.

The net activity of internal service funds is reported with Governmental Activities.....	<u>(1,284,444)</u>
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Change in net assets of governmental activities.....	\$ <u><u>6,037,801</u></u>
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See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Veterans Memorial Rink	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 4,291,527	\$ 4,304,085	\$ 2,910	\$ 8,598,522	\$ 5,390,280
Receivables, net of allowance for uncollectibles:					
Water and sewer liens.....	82,027	54,559	-	136,586	-
Water fees.....	-	3,496,446	-	3,496,446	-
Sewer fees.....	4,914,570	-	-	4,914,570	-
Departmental and other.....	-	-	-	-	393,592
Intergovernmental.....	486,054	-	-	486,054	-
Total current assets.....	9,774,178	7,855,090	2,910	17,632,178	5,783,872
NONCURRENT:					
Capital assets, nondepreciable.....	38,550	-	-	38,550	-
Capital assets, net of accumulated depreciation....	15,279,706	8,205,062	99,788	23,584,556	-
Total noncurrent assets.....	15,318,256	8,205,062	99,788	23,623,106	-
TOTAL ASSETS.....	25,092,434	16,060,152	102,698	41,255,284	5,783,872
LIABILITIES					
CURRENT:					
Warrants payable.....	25,802	128,693	1,497	155,992	-
Health claims payable.....	-	-	-	-	3,112,000
Accrued interest.....	65,615	17,261	-	82,876	-
Other liabilities.....	56,207	-	-	56,207	-
Compensated absences.....	41,771	91,292	-	133,063	-
Bonds and notes payable.....	1,459,487	1,375,000	-	2,834,487	-
Total current liabilities.....	1,648,882	1,612,246	1,497	3,262,625	3,112,000
NONCURRENT:					
Compensated absences.....	71,286	99,097	-	170,383	-
Bonds and notes payable.....	7,698,082	1,700,000	-	9,398,082	-
Total noncurrent liabilities.....	7,769,368	1,799,097	-	9,568,465	-
TOTAL LIABILITIES.....	9,418,250	3,411,343	1,497	12,831,090	3,112,000
NET ASSETS					
Invested in capital assets, net of related debt.....	8,724,372	5,130,062	99,788	13,954,222	-
Unrestricted.....	6,949,812	7,518,747	1,413	14,469,972	2,671,872
TOTAL NET ASSETS.....	\$ 15,674,184	\$ 12,648,809	\$ 101,201	\$ 28,424,194	\$ 2,671,872

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Veterans Memorial Rink	Total	
OPERATING REVENUES:					
Employee contributions	\$ -	\$ -	\$ -	\$ -	\$ 3,864,291
Employer contributions	-	-	-	-	25,395,000
Charges for services	13,764,259	10,456,605	345,096	24,565,960	-
TOTAL OPERATING REVENUES	13,764,259	10,456,605	345,096	24,565,960	29,259,291
OPERATING EXPENSES:					
Cost of services and administration	1,935,138	2,029,107	118,382	4,082,627	-
MWRA Assessment.....	9,947,281	6,481,420	-	16,428,701	-
Depreciation.....	863,152	463,576	9,334	1,336,062	-
Employee benefits	778,545	1,157,248	219,914	2,155,707	30,981,197
TOTAL OPERATING EXPENSES	13,524,116	10,131,351	347,630	24,003,097	30,981,197
OPERATING INCOME (LOSS).....	240,143	325,254	(2,534)	562,863	(1,721,906)
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	53,684	19,805	-	73,489	437,462
Interest expense.....	(253,033)	(86,099)	-	(339,132)	-
Intergovernmental.....	-	270,000	-	270,000	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(199,349)	203,706	-	4,357	437,462
INCOME (LOSS) BEFORE TRANSFERS.....	40,794	528,960	(2,534)	567,220	(1,284,444)
TRANSFERS:					
Transfers in.....	-	-	59,052	59,052	-
CHANGE IN NET ASSETS.....	40,794	528,960	56,518	626,272	(1,284,444)
NET ASSETS AT BEGINNING OF YEAR.....	15,633,390	12,119,849	44,683	27,797,922	3,956,316
NET ASSETS AT END OF YEAR..... \$	\$ 15,674,184	\$ 12,648,809	\$ 101,201	\$ 28,424,194	\$ 2,671,872

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2007

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Veterans Memorial Rink	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 13,041,750	\$ 10,021,867	\$ 345,096	\$ 23,408,713	\$ -
Receipts from interfund services provided.....	-	-	-	-	29,259,291
Receipts from other governments.....	-	17,481	-	17,481	-
Payments to vendors.....	(12,669,221)	(7,085,609)	(33,122)	(19,787,952)	-
Payments to employees.....	(541,948)	(1,315,523)	(85,929)	(1,943,400)	-
Payments for interfund services used.....	(778,545)	(1,157,248)	(219,914)	(2,155,707)	(31,119,789)
NET CASH FROM OPERATING ACTIVITIES.....	(947,964)	480,968	6,131	(460,865)	(1,860,498)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in.....	-	-	59,052	59,052	-
Advances from other funds.....	-	-	(41,823)	(41,823)	-
Advances to other funds.....	-	41,823	-	41,823	-
Intergovernmental.....	-	270,000	-	270,000	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	-	311,823	17,229	329,052	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Issuance of bonds and notes.....	6,771,515	1,865,000	-	8,636,515	-
Acquisition and construction of capital assets.....	(1,175,256)	(980,063)	(20,450)	(2,175,769)	-
Principal payments on bonds and notes.....	(842,291)	(370,000)	-	(1,212,291)	-
Interest expense.....	(210,081)	(86,057)	-	(296,138)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	4,543,887	428,880	(20,450)	4,952,317	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income.....	53,684	19,805	-	73,489	437,462
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	3,649,607	1,241,476	2,910	4,893,993	(1,423,036)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	641,920	3,062,609	-	3,704,529	6,813,316
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 4,291,527	\$ 4,304,085	\$ 2,910	\$ 8,598,522	\$ 5,390,280
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ 240,143	\$ 325,254	\$ (2,534)	\$ 562,863	\$ (1,721,906)
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation.....	863,152	463,576	9,334	1,336,062	-
Changes in assets and liabilities:					
Water and sewer liens.....	10,557	12,447	-	23,004	-
Water fees.....	-	(447,185)	-	(447,185)	-
Sewer fees.....	(733,066)	-	-	(733,066)	-
Departmental and other.....	-	-	-	-	(393,592)
Intergovernmental.....	-	17,481	-	17,481	-
Warrants payable.....	(1,311,960)	103,074	(669)	(1,209,555)	-
Health claims payable.....	-	-	-	-	255,000
Other liabilities.....	(13,094)	-	-	(13,094)	-
Accrued compensated absences.....	(3,696)	6,321	-	2,625	-
Total adjustments.....	(1,188,107)	155,714	8,665	(1,023,728)	(138,592)
NET CASH FROM OPERATING ACTIVITIES.....	\$ (947,964)	\$ 480,968	\$ 6,131	\$ (460,865)	\$ (1,860,498)

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2007

	Pension Trust Fund (as of December 31, 2006)	Private Purpose Trust Funds	Agency Fund
ASSETS			
Cash and cash equivalents.....	\$ 2,168,797	\$ 2,845,098	\$ 735,303
Investments:			
Government agencies.....	-	201,923	-
Government sponsored enterprises.....	-	1,643,067	-
Corporate bonds.....	-	668,729	-
Bond mutual funds.....	37,525,548	-	-
Equity securities.....	35,158,828	-	-
Equity mutual funds.....	52,161,847	-	-
Pooled real estate funds.....	19,865,837	-	-
Pooled alternative investments.....	8,837,550	-	-
Interest and dividends.....	8,492	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	94,557	-	-
TOTAL ASSETS.....	155,821,456	5,358,817	735,303
LIABILITIES			
Warrants payable.....	275,528	-	42,793
Liabilities due depositors.....	-	-	692,510
TOTAL LIABILITIES.....	275,528	-	735,303
NET ASSETS			
Held in trust for pension benefits and other purposes.....	\$ 155,545,928	\$ 5,358,817	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2007

	Pension Trust Fund (as of December 31, 2006)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer.....	\$ 11,408,000	\$ -
Employee.....	4,229,102	-
Private donations.....	-	629,989
Total contributions.....	15,637,102	629,989
Net investment income (loss):		
Net change in fair value of investments.....	14,951,420	-
Interest.....	1,125,524	202,422
Dividends.....	3,369,156	-
Total investment income (loss).....	19,446,100	202,422
Less: investment expense.....	(796,864)	-
Net investment income (loss).....	18,649,236	202,422
Intergovernmental.....	316,983	-
Transfers from other systems.....	308,592	-
TOTAL ADDITIONS.....	34,911,913	832,411
DEDUCTIONS:		
Administration.....	294,237	-
Transfers to other systems.....	327,412	-
Retirement benefits and refunds.....	18,130,242	-
Educational scholarships.....	-	92,444
TOTAL DEDUCTIONS.....	18,751,891	92,444
CHANGE IN NET ASSETS.....	16,160,022	739,967
NET ASSETS AT BEGINNING OF YEAR.....	139,385,906	4,618,850
NET ASSETS AT END OF YEAR.....	\$ 155,545,928	\$ 5,358,817

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City is a Massachusetts municipal corporation with a Mayor-Council form of government. The Mayor is elected at large for a four-year term. The City Council is comprised of fifteen members elected for two-year terms from nine election districts and six at large.

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

Blended Component Units – Blended 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. The following component unit is blended within the fiduciary funds of the primary government:

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

Availability of Financial Information for Component Units

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 610 Main Street, Waltham, Massachusetts 02452.

B. Government-Wide and Fund Financial Statements***Government-Wide Financial Statements***

The government-wide financial statements (i.e., statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government and its component units. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which are supported primarily by user fees and charges.

Fund Financial Statements

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

Major Fund Criteria

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

- If the total assets, liabilities, revenues, or expenditures/expenses of an individual governmental or enterprise fund are at least 10 percent of the corresponding element (assets, liabilities, etc.) for all funds of that category or type (total governmental or total enterprise funds), *and*
- If the total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding element for all governmental and enterprise funds combined.

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

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

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation*Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liabilities are incurred. Real estate and personal property taxes are recognized as revenues in the 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 particular function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include the following:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.
- Grants and contributions that are restricted to meeting the capital requirements of a particular function or segment.

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

For the most part, the effect of interfund activity has been removed from the government-wide financial statements. However, the effect of interfund services provided and used between functions is not eliminated as the elimination of these charges would distort the direct costs and program revenues reported for the functions affected.

Fund Financial Statements

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

Real estate and personal property tax revenues are considered available if they are collected within 60 days after fiscal year-end. Investment income is susceptible to accrual. Other receipts and tax revenues become measurable and available when the cash is received and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria is met. Expenditure driven grants recognize revenue when the qualifying expenditures are incurred and all other grant requirements are met.

The following major governmental funds are reported:

The *general fund* is the primary operating fund. It is used to account for all financial resources, except those that are required to be accounted for in another fund.

The *stabilization fund* is a special revenue fund used to account for the accumulation of resources to be used for general and/or capital purposes upon approval of City Council.

The *community development fund* is a special revenue fund used to account for the community development block grant program.

The *city projects fund* is a capital project fund used to account for smaller non-school related capital acquisition and construction projects. These projects will be funded through the issuance of long-term bonds and notes and other available funds.

The *school capital project fund* is a capital project fund used to account for the construction and renovation to the City's schools.

The nonmajor governmental funds consist of other special revenue, capital projects and permanent funds that are aggregated and presented in the *nonmajor governmental funds* column on the governmental funds financial statements. The following describes the general use of these fund types:

The *special revenue fund* is used to account for the proceeds of specific revenue sources (other than permanent funds or capital projects funds) that are restricted by law or administrative action to expenditures for specified purposes.

The *capital projects fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds).

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

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

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

The following major proprietary funds are reported:

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

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

The *Veteran's Memorial Rink enterprise fund* is used to account for the rink 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 active employees' and retirees' health insurance.

Fiduciary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting, except for agency funds which have no measurement focus. Fiduciary funds are used to account for assets held in a trustee capacity for others that cannot be used to support the governmental programs.

The following fiduciary fund types are reported:

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

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

The *agency fund* is used to account for assets held in a purely custodial capacity, such as confiscated police property and security deposits.

Government-Wide and Fund Financial Statements

For the government-wide financial statements, and proprietary and fiduciary fund accounting, all applicable Financial Accounting Standards Board (FASB) pronouncements issued on or prior to November 30, 1989, are applied, unless those pronouncements conflict with or contradict GASB pronouncements.

D. Cash and Investments*Government-Wide and Fund Financial Statements*

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

E. Accounts Receivable*Government-Wide and Fund Financial Statements*

The recognition of revenue related to accounts receivable reported in the government-wide financial statements and the proprietary funds and fiduciary funds financial statements are reported under the accrual basis of accounting. The recognition of revenue related to accounts receivable reported in the governmental funds financial statements are reported under the modified accrual basis of accounting.

Real Estate, Personal Property Taxes, Tax Liens and Tax Foreclosures

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 and personal property taxes levied are recorded as receivables in the fiscal year of the levy.

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.

Tax liens may be subject to foreclosure if the tax liens are not paid in accordance with the period required by the law (M.G.L. Ch.60, §50). Foreclosure proceedings are processed by the Treasurer or other tax lien custodian. Foreclosed properties can then be sold through advertised public auction or held for use by the City.

Real estate receivables are secured via the tax lien process and are considered 100% collectible. Accordingly, an allowance for uncollectibles is not reported.

Personal property taxes cannot be secured through the lien process. The allowance for uncollectibles is estimated based on historical trends and specific account analysis.

Motor Vehicle Excise

Motor vehicle excise taxes are assessed annually for each vehicle registered 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. The tax calculation is the fair value of the vehicle multiplied by \$25 per \$1,000 of value.

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

Water and Sewer User Fees

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

Since the receivables are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

Departmental and Other

Departmental and other receivables consist primarily of public safety details and traffic impact fees that are recorded as receivables in the fiscal year accrued. The allowance of uncollectibles is estimated based on historical trends and specific account analysis.

Special Assessments

The costs incurred on completed special projects that have been assessed to the benefited taxpayers which have not been paid.

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

Intergovernmental

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

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

Loans

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

Since the loans are secured via the lien process, these accounts are considered 100% collectible and therefore do not report an allowance for uncollectibles.

F. 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.

G. Capital Assets*Government-Wide and Proprietary Fund Financial Statements*

Capital assets, which include land, land improvements, 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 activity column of the government-wide financial statements, and the proprietary fund financial statements. Capital assets are recorded at historical cost, or at estimated historical cost, if actual historical cost is not available. Donated capital assets are recorded at the estimated fair market value at the date of donation. Except for the capital assets of the governmental activities column in the government-wide financial statements, construction period interest is capitalized on constructed capital assets.

All purchases and construction costs in excess of \$10,000 are capitalized at the date of acquisition or construction, respectively, with expected useful lives of greater than one year.

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

<u>Capital Asset Type</u>	<u>Estimated Useful Life (in years)</u>
Land improvements.....	10-50
Buildings and improvements.....	10-40
Equipment.....	3-20
Infrastructure.....	10-50
Library Books.....	5

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.

H. Interfund Receivables and Payables

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

Government-Wide Financial Statements

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

I. Interfund Transfers

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

Government-Wide Financial Statements

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

Fund Financial Statements

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

J. Deferred Revenue

Deferred revenue at the governmental fund financial statement level represents billed receivables that do not meet the available criterion in accordance with the current financial resources measurement focus and the modified accrual basis of accounting. Deferred revenue is recognized as revenue in the conversion to the government-wide (full accrual) financial statements.

K. Net Assets and Fund Equity

Government-Wide Financial Statements (Net Assets)

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

Net assets have been "restricted for" the following:

"Loans" represents community development outstanding loans receivable balances.

"Permanent funds - expendable" represents the amount of realized and unrealized investment earnings of donor restricted trusts. The donor restrictions and trustee policies only allows the trustees to approve spending of the realized investment earnings that support governmental programs.

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

"Gifts and grants" represents restrictions placed on assets from outside parties and primarily represents school federal and state grants whose use is limited to specific grant activities.

Fund Financial Statements (Fund Balances)

Fund balances are reserved for amounts that are not available for appropriation or are legally restricted by outside parties for a specific future use. Designations of fund balance represent tentative management plans that are subject to change.

Fund balances have been “reserved for” the following:

“Encumbrances and continuing appropriations” represents amounts obligated under purchase orders, contracts and other commitments for expenditures that are being carried over to the ensuing fiscal year.

“Perpetual permanent funds” represents amounts held in trust for which only investment earnings may be expended.

L. Long-term debt

Government-Wide and Proprietary Fund Financial Statements

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

Governmental Fund Financial Statements

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

M. Investment Income

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

Investment income from proprietary funds is retained within the respective fund.

N. Compensated Absences

Employees are granted vacation and sick leave in varying amounts based on collective bargaining agreements, state laws and executive policies. Compensated absence liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures.

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 maturity of the liability.

O. Post Retirement Benefits

Government-Wide and Fund Financial Statements

In addition to providing pension benefits, health insurance coverage is provided for retired employees and their survivors in accordance with MGL, Chapter 32, on a pay-as-you-go basis. The cost of providing health insurance

is recognized by recording its share of insurance premiums in the general fund in the fiscal year paid. For the fiscal year ended June 30, 2007, this expenditure totaled approximately \$12,040,000. There were approximately 1,200 participants eligible to receive benefits on June 30, 2007.

The Commonwealth of Massachusetts administers a health insurance plan for all retired teachers of the Commonwealth. The cost of providing that benefit is assessed to each community annually. For the fiscal year ended June 30, 2007 this expense/expenditure amounted to approximately \$11,500. The number of participants covered is not provided by the Commonwealth.

P. Fund Deficits and Appropriation Deficits

The following funds had deficit fund balances at June 30, 2007. These deficits will be funded by grants, departmental revenues, bond proceeds and available fund balance.

<u>Fund Name</u>	<u>Amount</u>
School state grants.....	\$ (2,870)
Vocational school reserve.....	(25,576)
Community development.....	(117,185)
School projects.....	(4,652,564)
Police detail.....	(267,624)
Fire detail.....	<u>(21,004)</u>
Total.....	\$ <u>(5,086,823)</u>

Actual expenditures exceeded appropriations for state and county charges and Paine Estate functions. These over-expenditures will be funded through available funds during fiscal year 2007.

Q. Use of Estimates

Government-Wide and Fund Financial Statements

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions. These assumptions 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.

R. Total Column

Government-Wide Financial Statements

The total column presented on the government-wide financial statements represents consolidated financial information.

Fund Financial Statements

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

NOTE 2 – CASH AND INVESTMENTS

A cash and investment pool is maintained that is available for use by all funds. Each fund type's portion of this pool is displayed on the balance sheet as "cash and cash equivalents". The deposits and investments of the trust funds are held separately from those of other funds.

Statutes authorize the investment in obligations of the U.S. Treasury, agencies, and instrumentalities, certificates of deposit, repurchase agreements, money market accounts, bank deposits and the State Treasurer's Investment Pool (the Pool). The Treasurer may also invest trust funds in securities, other than mortgages or collateral loans, which are legal for the investment of funds of savings banks under the laws of the Commonwealth.

The Pool meets the criteria of an external investment pool. The Pool is administered by the Massachusetts Municipal Depository Trust (MMDT), which was established by the Treasurer of the Commonwealth who serves as Trustee. The fair value of the position in the Pool is the same as the value of the Pool shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. At fiscal year-end, the carrying amount of deposits totaled \$76,233,956 and the bank balance totaled \$78,569,293. Of the bank balance, \$800,000 was covered by Federal Depository Insurance, \$6,398,177 was covered by the Depositors Insurance Fund, \$38,821,469 was collateralized and \$32,549,647 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2006, the System's bank balance totaled \$194,096. All of the bank balance was covered by Federal Depository Insurance. The System does not have a deposit policy for custodial credit risk.

Investments - City

As of June 30, 2007, the City had the following investments:

		Maturity	
Investment Type	Fair Value	Under 1 Year	1-5 Years
Debt Securities:			
Government Agencies.....	\$ 299,462	\$ 299,462	\$ -
Government Sponsored Enterprises.....	2,436,759	1,538,350	898,409
Corporate Bonds.....	991,762	746,382	245,380
Total Debt Securities.....	3,727,983	\$ 2,584,194	\$ 1,143,789
Other Investments:			
Money Market Mutual Funds.....	777,405		
MMDT.....	6,060,632		
Total Investments.....	\$ 10,566,020		

Investments – Retirement System

As of December 31, 2006, the System had the following investments:

Investment Type	Fair Value	Maturity
		6-10 Years
<u>Debt Securities:</u>		
Bond Mutual Funds.....	\$ 37,525,548	\$ <u>37,525,548</u>
<u>Other Investments:</u>		
Equity Securities.....	35,158,828	
Equity Mutual Funds.....	52,161,847	
Money Market Mutual Funds.....	2,168,797	
Pooled Real Estate Funds.....	19,865,837	
Pooled Alternative Investments.....	<u>8,837,550</u>	
Total Investments.....	\$ <u>155,718,407</u>	

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of a failure by the counterparty, the City will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. Investments in external investment pools and in open-end mutual funds are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. The City's \$3,727,983 in debt securities are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty. The City does not have an investment policy for custodial credit risk.

The System has custodial credit risk exposure of \$35,158,828 because the related equity securities are uninsured, unregistered and held by the counterparty. The system does not have an investment policy for custodial credit risk.

Interest Rate Risk

The City and the Retirement System do not have formal investment policies that limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The City has not adopted a formal policy related to credit risk. As of June 30, 2007, the City had the following quality ratings for their investments:

	<u>Investment Type</u>			
	<u>Government Agencies</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>	<u>Total</u>
Fair Value.....	\$ 299,462	\$ 2,436,759	\$ 991,762	\$ 3,727,983
<u>Quality Ratings:</u>				
AAA.....	\$ 299,462	\$ 2,436,759	\$ -	\$ 2,736,221
AA.....	-	-	991,762	991,762
Total.....	\$ 299,462	\$ 2,436,759	\$ 991,762	\$ 3,727,983

As of December 31, 2006, the System had the following quality ratings for its investments:

	<u>Investment Type</u>
	<u>Bond Mutual Funds</u>
Fair Value.....	\$ 37,525,548
<u>Quality Ratings:</u>	
AA.....	\$ 30,460,048
B.....	7,065,500
Total.....	\$ 37,525,548

Concentration of Credit Risk

The City places no limit on the amount the government may invest in any one issuer. The City did not have any securities exceeding 5 percent of their total investments.

The System places no limit on the amount the government may invest in any one issuer. The System did not have any securities exceeding 5 percent of their total investments.

NOTE 3 – RECEIVABLES

At June 30, 2007, receivables for the individual major, non-major governmental funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,528,430	\$ -	\$ 1,528,430
Real estate tax deferrals.....	328,202	-	328,202
Tax liens.....	664,932	-	664,932
Motor vehicle and other excise taxes.....	2,194,311	(1,351,000)	843,311
Departmental and other.....	802,498	-	802,498
Special assessments.....	604,589	-	604,589
Intergovernmental.....	11,543,586	-	11,543,586
Loans.....	1,967,853	-	1,967,853
Total.....	<u>\$ 19,634,401</u>	<u>\$ (1,351,000)</u>	<u>\$ 18,283,401</u>

At June 30, 2007, receivables for the water and sewer enterprise funds consist of the following:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Water and sewer liens.....	\$ 136,586	\$ -	\$ 136,586
Water fees.....	3,496,446	-	3,496,446
Sewer fees.....	4,914,570	-	4,914,570
Intergovernmental.....	486,054	-	486,054
Total.....	<u>\$ 9,033,656</u>	<u>\$ -</u>	<u>\$ 9,033,656</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	General Fund	Other Governmental Funds	Total
<u>Receivable type:</u>			
Real estate and personal property taxes.....	\$ 968,474	\$ -	\$ 968,474
Real estate tax deferrals.....	328,202	-	328,202
Tax liens.....	664,932	-	664,932
Motor vehicle and other excise taxes.....	843,311	-	843,311
Departmental and other.....	28,634	101,491	130,125
Police details.....	-	266,684	266,684
Fire details.....	-	12,097	12,097
Special assessments.....	604,589	-	604,589
Intergovernmental.....	574,390	10,104,032	10,678,422
Loans.....	-	1,967,853	1,967,853
Total.....	<u>\$ 4,012,532</u>	<u>\$ 12,452,157</u>	<u>\$ 16,464,689</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 12,439,786	\$ -	\$ -	\$ 12,439,786
Construction in progress.....	52,429,170	8,520,725	(53,143,895)	7,806,000
Total capital assets not being depreciated.....	64,868,956	8,520,725	(53,143,895)	20,245,786
<u>Capital assets being depreciated:</u>				
Land improvements.....	14,115,102	234,807	-	14,349,909
Buildings and improvements.....	126,494,819	53,437,905	-	179,932,724
Equipment.....	18,731,161	841,770	(27,500)	19,545,431
Infrastructure.....	39,703,184	925,809	(533,030)	40,095,963
Library books.....	1,324,200	272,036	(220,000)	1,376,236
Total capital assets being depreciated.....	200,368,466	55,712,327	(780,530)	255,300,263
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(2,770,288)	(684,352)	-	(3,454,640)
Buildings and improvements.....	(35,146,189)	(2,982,399)	-	(38,128,588)
Equipment.....	(11,984,386)	(1,808,156)	27,500	(13,765,042)
Infrastructure.....	(15,713,273)	(1,677,317)	533,030	(16,857,560)
Library books.....	(1,293,280)	(58,124)	220,000	(1,131,404)
Total accumulated depreciation.....	(66,907,416)	(7,210,348)	780,530	(73,337,234)
Total capital assets being depreciated, net.....	133,461,050	48,501,979	-	181,963,029
Total governmental activities capital assets.....	\$ 198,330,006	\$ 57,022,704	\$ (53,143,895)	\$ 202,208,815

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 38,550	\$ -	\$ -	\$ 38,550
Construction in progress.....	1,229,189	-	(1,229,189)	-
Total capital assets not being depreciated.....	1,267,739	-	(1,229,189)	38,550
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	1,606,812	-	-	1,606,812
Equipment.....	698,966	-	-	698,966
Infrastructure.....	28,653,708	2,404,445	-	31,058,153
Total capital assets being depreciated.....	30,959,486	2,404,445	-	33,363,931
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(1,065,858)	(38,228)	-	(1,104,086)
Equipment.....	(503,928)	(78,526)	-	(582,454)
Infrastructure.....	(15,651,287)	(746,398)	-	(16,397,685)
Total accumulated depreciation.....	(17,221,073)	(863,152)	-	(18,084,225)
Total capital assets being depreciated, net.....	13,738,413	1,541,293	-	15,279,706
Total sewer activities capital assets.....	\$ 15,006,152	\$ 1,541,293	\$ (1,229,189)	\$ 15,318,256

	Beginning Balance	Increases	Decreases	Ending Balance
Water Activities:				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 5,400,198	\$ 100,900	\$ -	\$ 5,501,098
Equipment.....	955,084	38,448	-	993,532
Infrastructure.....	11,956,133	840,715	-	12,796,848
Total capital assets being depreciated.....	18,311,415	980,063	-	19,291,478
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(2,876,825)	(134,570)	-	(3,011,395)
Equipment.....	(902,470)	(20,355)	-	(922,825)
Infrastructure.....	(6,843,545)	(308,651)	-	(7,152,196)
Total accumulated depreciation.....	(10,622,840)	(463,576)	-	(11,086,416)
Total water activities capital assets.....	\$ 7,688,575	\$ 516,487	\$ -	\$ 8,205,062

	Beginning Balance	Increases	Decreases	Ending Balance
Veterans Memorial Rink Activities:				
<u>Capital assets being depreciated:</u>				
Equipment.....	\$ 93,339	\$ 20,450	\$ -	\$ 113,789
<u>Less accumulated depreciation for:</u>				
Equipment.....	(4,667)	(9,334)	-	(14,001)
Total Veterans Memorial Rink activities capital assets.....	\$ 88,672	\$ 11,116	\$ -	\$ 99,788

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

Governmental Activities:

General government.....	\$ 662,421
Public safety.....	775,017
Education.....	2,889,971
Public works.....	1,706,761
Cemetery.....	12,070
Community development.....	456,627
Health and human services.....	31,305
Culture and recreation.....	676,176

Total depreciation expense - governmental activities..... \$ 7,210,348

Business-Type Activities:

Sewer.....	\$ 863,152
Water.....	463,576
Veterans Memorial Rink.....	9,334

Total depreciation expense - business-type activities..... \$ 1,336,062

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2007, is as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
General	Community Development.....	\$ 86,664
General	Nonmajor governmental fund.....	1,090,755
	Total.....	\$ 1,177,419

As of June 30, 2007, the City has interfund receivables and payables totaling \$1,177,419. The purpose of these balances is to cover short-term cash needs that will be funded by future grant and bond proceeds.

Interfund transfers

Transfers Out:	Transfers In:			
	General Fund	Nonmajor Governmental Funds	Veterans Memorial Rink Enterprise Fund	Total
General Fund.....	\$ -	\$ 46,000	\$ 38,052	\$ 84,052 (1)
Stabilization Fund.....	1,431,408	-	21,000	1,452,408 (2)
Nonmajor Governmental Funds.....	223,189	-	-	223,189 (3)
Total.....	\$ <u>1,654,597</u>	\$ <u>46,000</u>	\$ <u>59,052</u>	\$ <u>1,759,649</u>

- (1) Represents budgeted transfers from the general fund to the nonmajor school revenue reserve fund and the Veteran's Memorial Rink enterprise fund.
- (2) Represents budgeted transfers from the stabilization fund to the general fund and the Veteran's Memorial Rink enterprise fund.
- (3) Represents budgeted transfers to the general fund from library state aid and recreation receipts.

NOTE 6 – SHORT-TERM FINANCING

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

- Current operating costs prior to the collection of revenues through issuance of revenue or tax anticipation notes (RANS or TANS).
- Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuance of bond anticipation notes (BANS) or grant anticipation notes (GANS).

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 funds, respectively.

Details related to the short-term debt activity for the fiscal year ended June 30, 2007, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2006	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2007
<i>Governmental Funds</i>							
BAN	School Construction...	4.50	11/15/06	\$ 43,050,000	\$ -	\$ 43,050,000	\$ -
BAN	Land Acquisition.....	4.50	11/15/06	740,000	-	740,000	-
BAN	Equipment.....	3.70	03/20/08	-	1,670,000	-	1,670,000
BAN	Infrastructure.....	3.70	03/20/08	-	340,000	-	340,000
BAN	School Construction...	3.70	03/20/08	-	5,000,000	-	5,000,000
Total.....				<u>43,790,000</u>	<u>7,010,000</u>	<u>43,790,000</u>	<u>7,010,000</u>
<i>Sewer Enterprise Fund</i>							
BAN	Infrastructure.....	3.70	03/20/08	\$ -	\$ 635,000	\$ -	\$ 635,000
<i>Water Enterprise Fund</i>							
BAN	Infrastructure.....	3.70	03/20/08	\$ -	\$ 880,000	\$ -	\$ 880,000

NOTE 7 – LONG-TERM DEBT

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

The Commonwealth enacted new legislation in FY2004 that will provide a grant to the City equal to 90% of the approved school construction costs. The City expects to receive the grant payment timed with the BANS eventual maturity date and use the proceeds to pay-down the BANS. The remaining amount of the BANS is expected to be converted into long-term bonds. Accordingly, the City has recorded a receivable totaling \$5,531,070, which is equal to 90% of eligible costs incurred by the City through June 30, 2007 that have been approved for reimbursement by the Commonwealth.

Details related to the outstanding indebtedness at June 30, 2007, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2006	Issued	Redeemed	Outstanding at June 30, 2007
Building renovations.....	2.00-5.00	\$ 4,930,000	\$ -	\$ 865,000	\$ 4,065,000
School construction.....	2.00-5.00	16,600,000	17,500,000	1,045,000	33,055,000
Land development.....	2.00-5.00	8,265,000	180,000	860,000	7,585,000
Land acquisition.....	2.00-5.00	9,005,000	740,000	565,000	9,180,000
City equipment.....	2.00-5.00	2,130,000	-	870,000	1,260,000
Computer hardware/software....	2.00-5.00	505,000	-	505,000	-
City technology.....	2.00-5.00	800,000	-	190,000	610,000
Signals and communications.....	2.00-5.00	1,265,000	-	180,000	1,085,000
Design/engineering.....	2.00-5.00	865,000	-	300,000	565,000
Pond preservation.....	2.00-4.00	295,000	-	40,000	255,000
Sidewalk improvements.....	3.10-4.25	500,000	-	100,000	400,000
Streets.....	3.00-5.00	-	50,000	-	50,000
Total Governmental bonds payable.....		\$ 45,160,000	\$ 18,470,000	\$ 5,520,000	\$ 58,110,000

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008.....	\$ 5,270,000	\$ 2,288,626	\$ 7,558,626
2009.....	5,115,000	2,092,887	7,207,887
2010.....	4,985,000	1,904,164	6,889,164
2011.....	4,595,000	1,721,224	6,316,224
2012.....	4,115,000	1,542,073	5,657,073
2013.....	4,040,000	1,368,845	5,408,845
2014.....	3,235,000	1,210,218	4,445,218
2015.....	2,725,000	1,078,843	3,803,843
2016.....	2,675,000	961,842	3,636,842
2017.....	2,675,000	842,631	3,517,631
2018.....	2,670,000	729,848	3,399,848
2019.....	2,670,000	621,557	3,291,557
2020.....	2,645,000	513,267	3,158,267
2021.....	2,445,000	405,477	2,850,477
2022.....	2,375,000	306,239	2,681,239
2023.....	1,730,000	219,801	1,949,801
2024.....	1,725,000	149,900	1,874,900
2025.....	1,715,000	80,100	1,795,100
2026.....	705,000	14,100	719,100
Totals.....	\$ <u>58,110,000</u>	\$ <u>18,051,642</u>	\$ <u>76,161,642</u>

Bonds and Notes Payable Schedule – Sewer Enterprise Fund

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2006</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2007</u>
Sewer projects.....	2.00-5.00	\$ 1,350,000	\$ 4,100,000	\$ 270,000	\$ 5,180,000
Sewer improvements.....	4.00	865,000	-	175,000	690,000
Sewer equipment.....	2.00-5.00	90,000	-	50,000	40,000
Sewer MWRA.....	0.00	317,291	-	317,291	-
Sewer surface drains.....	4.00	120,000	-	30,000	90,000
Sewer MWPAT.....	2.00	-	2,522,569	-	2,522,569
Total Sewer Enterprise bonds payable.....		\$ <u>2,742,291</u>	\$ <u>6,622,569</u>	\$ <u>842,291</u>	\$ <u>8,522,569</u>

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

Fiscal Year	Principal	Interest	Total
2008.....	\$ 824,487	\$ 288,298	\$ 1,112,785
2009.....	705,885	254,174	960,059
2010.....	673,025	229,016	902,041
2011.....	640,207	205,260	845,467
2012.....	452,433	183,183	635,616
2013.....	454,705	167,710	622,415
2014.....	452,022	151,867	603,889
2015.....	329,386	136,702	466,088
2016.....	331,798	124,640	456,438
2017.....	334,258	111,680	445,938
2018.....	341,769	99,620	441,389
2019.....	344,330	88,459	432,789
2020.....	346,942	77,246	424,188
2021.....	349,608	65,980	415,588
2022.....	357,327	54,561	411,888
2023.....	360,101	42,987	403,088
2024.....	367,932	31,257	399,189
2025.....	380,819	19,169	399,988
2026.....	323,765	8,023	331,788
2027.....	151,770	1,518	153,288
Totals.....	\$ 8,522,569	\$ 2,341,350	\$ 10,863,919

Bonds and Notes Payable Schedule – Water Enterprise Fund

Project	Interest Rate (%)	Outstanding at June 30, 2006	Issued	Redeemed	Outstanding at June 30, 2007
Water mains.....	4.10-5.00	\$ 190,000	\$ -	\$ 95,000	\$ 95,000
Water improvements.....	4.00	680,000	-	150,000	530,000
Water equipment.....	2.00-5.00	50,000	-	40,000	10,000
Water tower.....	2.00-4.00	325,000	-	45,000	280,000
Water projects.....	3.00-5.00	335,000	985,000	40,000	1,280,000
Total Water Enterprise bonds payable.....		\$ 1,580,000	\$ 985,000	\$ 370,000	\$ 2,195,000

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

Fiscal Year	Principal	Interest	Total
2008.....	\$ 495,000	\$ 82,465	\$ 577,465
2009.....	385,000	62,900	447,900
2010.....	385,000	48,100	433,100
2011.....	325,000	33,501	358,501
2012.....	235,000	20,751	255,751
2013.....	235,000	11,400	246,400
2014.....	100,000	4,900	104,900
2015.....	35,000	1,400	36,400
Totals.....	\$ 2,195,000	\$ 265,417	\$ 2,460,417

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, 2007, the City had the following authorized and unissued debt:

Purpose	Amount
School design/construction.....	\$ 46,450,575
Water improvements.....	2,960,000
Sewer improvements.....	10,913,985
Water mains.....	700,000
Street construction.....	1,130,991
Traffic signals.....	200,000
Departmental equipment.....	1,382,000
Planning.....	1,450,000
Land acquisition and development.....	801,000
Technology.....	395,000
Solid waste disposal facility.....	535,000
Total.....	<u>\$ 66,918,551</u>

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2007, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Long-term bonds and notes.....	\$ 45,160,000	\$ 18,470,000	\$ (5,520,000)	\$ 58,110,000	\$ 5,270,000
Workers' compensation.....	1,093,000	(182,000)	(186,000)	725,000	220,000
Compensated absences.....	3,014,023	2,181,783	(2,106,789)	3,089,017	2,186,707
Unamortized premium.....	363,563	366,502	(57,108)	672,957	72,240
Total governmental activity long-term liabilities.....	<u>\$ 49,630,586</u>	<u>\$ 20,836,285</u>	<u>\$ (7,869,897)</u>	<u>\$ 62,596,974</u>	<u>\$ 7,748,947</u>
Business-Type Activities:					
Long-term bonds and notes.....	\$ 4,322,291	\$ 7,607,569	\$ (1,212,291)	\$ 10,717,569	\$ 1,319,487
Compensated absences.....	300,821	279,631	(277,006)	303,446	133,063
Total business-type activity long-term liabilities.....	<u>\$ 4,623,112</u>	<u>\$ 7,887,200</u>	<u>\$ (1,489,297)</u>	<u>\$ 11,021,015</u>	<u>\$ 1,452,550</u>

Compensated absence and workers' compensation liabilities related to both governmental and business-type activities are normally paid from the funds reporting payroll and related expenditures. Except for the amounts related to compensated absences and workers' compensation, the governmental long-term liabilities are generally liquidated by the general fund.

NOTE 8 – RISK FINANCING

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. In addition, the City is self-insured for damages not covered by commercial insurance. The amount of claim settlements has not exceeded insurance coverage in any of the previous three fiscal years.

The City participates in premium-based health care plans for its active employees and retirees, as well as being self-insured. The City is also self-insured for its workers' compensation and unemployment compensation activities which are accounted for in the funds incurring the expenditures. The self-insured health insurance activities are accounted for in the City's internal service fund where revenues are recorded when earned and expenses are recorded when the liability is incurred.

Health Insurance

Health insurance claims are administered by a third party administrator and are funded on an as needed basis from the City's internal service fund. The estimate of Incurred But Not Reported (IBNR) claims is based on a two month claims paid average. The City purchases individual stop loss insurance for claims in excess of the coverage provided by the City in the amount of \$200,000 per claim. At June 30, 2007, the amount of the liability for health insurance claims totaled \$3,112,000. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2005, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End	Due Within One Year
Fiscal Year 2006.....	\$ 3,403,000	\$ (29,837,000)	\$ 29,291,000	\$ 2,857,000	\$ 2,857,000
Fiscal Year 2007.....	2,857,000	(30,865,000)	31,120,000	3,112,000	3,112,000

Workers' Compensation

Workers' compensation claims are administered by the City and are funded on a pay-as-you-go basis from annual appropriations. The estimated future workers' compensation liability is based on history and injury type. At June 30, 2007, the amount of the liability for workers' compensation claims totaled \$725,000. Changes in the reported liability since July 1, 2005, are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims and Changes in Estimate	Claims Payments	Balance at Fiscal Year-End	Due Within One Year
Fiscal Year 2006.....	\$ 1,093,000	\$ (365,000)	\$ 365,000	\$ 1,093,000	\$ 186,000
Fiscal Year 2007.....	1,093,000	(658,000)	290,000	725,000	220,000

NOTE 9 – PENSION PLAN

Plan Description - The City contributes to the System, a cost-sharing multiple-employer defined benefit pension plan administered by the Waltham Contributory Retirement Board. Substantially all employees are members of the System, except for public school teachers and certain administrators who are members of the Massachusetts Teachers Retirement System, to which the City does not contribute. Pension benefits and administrative expenses paid by the Teachers Retirement Board are the legal responsibility of the Commonwealth. The amount of these on-behalf payments totaled approximately \$11,740,000 for the fiscal year ended June 30, 2007, and, accordingly, are reported in the general fund as intergovernmental revenues and education expenditures.

The System provides retirement, disability and death benefits to plan members and beneficiaries. Chapter 32 of the MGL assigns authority to establish and amend benefit provisions of the plan. Cost-of-living adjustments granted between 1981 and 1997 and any increase in other benefits imposed by the Commonwealth's state law during those years are borne by the Commonwealth and are deposited into the pension fund. Cost-of-living adjustments granted after 1997 must be approved by the Waltham Contributory Retirement Board and are borne by the System. The System issues a publicly available unaudited financial report in accordance with guidelines established by the Commonwealth's PERAC. That report may be obtained by contacting the System located at 610 Main Street, Waltham, Massachusetts 02452.

At December 31, 2006, the System's membership consists of the following:

Active members.....	936
Inactive members.....	106
Retirees and beneficiaries currently receiving benefits.....	<u>782</u>
Total.....	<u><u>1,824</u></u>

Funding Policy - 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 active current payroll. Administrative expenses are funded through investment earnings. The current and two preceding fiscal years apportionment of the annual pension cost between the two employers required the City to contribute 97% of the total. Chapter 32 of the MGL governs the contributions of plan members and the City.

Annual Pension Cost - The City's contributions to the System for the fiscal years ended June 30, 2007, 2006, and 2005 were \$11,408,000, \$10,986,000, and \$10,186,601, respectively, which equaled its required contribution for each fiscal year. At June 30, 2007, the City did not have a net pension obligation. The required contribution was determined as part of the January 1, 2006, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included an 8.0% investment rate of return and projected salary increases of 5.0% per year. The actuarial value of the System's assets was determined using the fair value of the assets. The System's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at January 1, 2007, was 20 years.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/06	\$ 136,645,912	\$ 267,164,850	\$ 130,518,938	51.1%	\$ 43,804,722	298.0%
01/01/05	132,657,305	252,142,463	119,485,158	52.6%	42,282,485	282.6%
01/01/04	132,381,882	241,741,616	109,359,734	54.8%	40,324,076	271.2%
01/01/03	123,352,105	232,487,351	109,135,246	53.1%	38,317,908	284.8%
01/01/01	123,997,853	196,626,146	72,628,293	63.1%	38,264,636	189.8%
01/01/00	127,180,392	183,662,873	56,482,481	69.2%	35,476,982	159.2%

Funding progress is reported based on the biennial actuarial valuation performed by the System, and is being accumulated on a biennial basis. The City is responsible for approximately 97% of the unfunded liability.

Noncontributory Retirement Allowance – The City pays the entire retirement allowance for certain retirees who are eligible for noncontributory benefits and are not members of the System. The general fund expenditure for fiscal year 2007 totaled approximately \$70,000.

NOTE 10 – COMMITMENTS

The City's school construction project includes two new middle schools and six elementary schools. The two middle schools and four of the six elementary schools have been completed at a cost of \$132.3 million of which \$98.9 million was reimbursed through a state grant. The remaining two elementary schools have contractual commitments totaling approximately \$46.4 million and approximately \$6.1 million has been spent on these projects at June 30, 2007.

The City has various other commitments totaling approximately \$12.3 million for projects related to street/water/sewer infrastructure, building renovations, equipment and land development. Approximately \$8.3 million has been spent on these projects at June 30, 2007.

NOTE 11 – CONTINGENCIES

The City participates in a number of federal award programs. Although the grant programs have been audited in accordance with the provisions of the Single Audit Act Amendments of 1996 through June 30, 2007, these programs are still subject to financial and compliance audits. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although it is expected such amounts, if any, to be immaterial.

Various legal actions and claims are pending. Litigation is subject to many uncertainties, and the outcome of individual litigated matters is not always predictable. Although the amount of liability, if any, at June 30, 2007, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2007.

NOTE 12 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2007, the following GASB pronouncements were implemented:

- The GASB issued Statement #43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, which is required to be implemented in fiscal year 2007. The standards in this statement do not impact the basic financial statements.
- The GASB issued Statement #48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, which is required to be implemented in fiscal year 2008. Management has elected to implement this GASB early. The basic financial statements were not impacted by this GASB.
- The GASB issued Statement #49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, which is required to be implemented in fiscal year 2008. Management has elected to implement this GASB early. The basic financial statements were not impacted by this GASB.
- The GASB issued Statement #51, *Accounting and Financial Reporting for Intangible Assets*, which is required to be implemented in fiscal year 2010. Management has elected to implement this GASB early. The basic financial statements were not impacted by this GASB.

Future Implementation of GASB Pronouncements:

- The GASB issued Statement #45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which is required to be implemented in fiscal year 2008. Management expects that this pronouncement will require additional disclosure and impact the basic financial statements.
- The GASB issued Statement #50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*, which is required to be implemented in fiscal year 2008. This GASB will change the disclosures related to pensions.
- The GASB issued Statement #52, *Land and Other Real Estate Held as Investments by Endowments*, which is required to be implemented in fiscal year 2009. The standards in this statement require all investments in land and real estate in permanent and similar funds to be reported at fair value. Management does not expect this pronouncement to impact the basic financial statements.

Required Supplementary Information

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

FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 111,673,152	\$ 113,114,247	\$ 114,508,472	\$ -	\$ 1,394,225
Tax liens.....	-	-	271,339	-	271,339
Motor vehicle and other excise taxes.....	6,666,600	6,666,600	5,989,376	-	(677,224)
Hotel/motel tax.....	1,970,000	1,970,000	1,983,506	-	13,506
Penalties and interest on taxes.....	415,000	415,000	449,572	-	34,572
Fees and rentals.....	514,100	514,100	501,438	-	(12,662)
Payments in lieu of taxes.....	60,000	60,000	33,200	-	(26,800)
Licenses and permits.....	3,883,000	3,883,000	4,355,487	-	472,487
Fines and forfeitures.....	530,300	530,300	544,149	-	13,849
Intergovernmental.....	20,662,515	20,662,515	21,038,917	-	376,402
Departmental and other.....	919,500	919,500	846,703	-	(72,797)
Special assessments.....	123,000	123,000	118,998	-	(4,002)
Investment income.....	2,266,000	2,266,000	2,347,823	-	81,823
TOTAL REVENUES.....	149,683,167	151,124,262	152,988,980	-	1,864,718
EXPENDITURES:					
Current:					
General government					
City Council					
Salaries.....	248,053	248,053	248,053	-	-
Expenses.....	75,460	75,460	61,953	-	13,507
Equipment and unusual.....	11,638	11,638	615	10,588	435
Capital Improvement.....	6,943	6,943	5,961	982	-
Total.....	342,094	342,094	316,582	11,570	13,942
Mayor's Office					
Salaries.....	257,207	257,207	226,384	-	30,823
Expenses.....	32,988	32,988	29,795	510	2,683
Equipment and unusual.....	408,084	413,784	164,456	247,228	2,100
Capital Improvement.....	162,496	162,496	1,532	160,964	-
Total.....	860,775	866,475	422,167	408,702	35,606
Emergency Reserve					
	558,905	-	-	-	-
Director of Finance					
Salaries.....	585,922	585,922	545,976	-	39,946
Expenses.....	8,960	8,960	6,425	2,535	-
Equipment and unusual.....	7,000	7,000	1,080	5,920	-
Capital Improvement.....	7,806	7,806	7,002	804	-
Total.....	609,688	609,688	560,483	9,259	39,946
Treasurer and Collector					
Salaries.....	519,127	519,127	510,004	-	9,123
Expenses.....	259,214	271,214	249,315	12,404	9,495
Equipment and unusual.....	15,480	11,903	509	-	11,394
Capital Improvement.....	26,791	30,368	-	29,564	804
Total.....	820,612	832,612	759,828	41,968	30,816

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Paymaster					
Salaries.....	196,815	196,815	196,815	-	-
Assessments					
Salaries.....	394,410	394,410	385,860	-	8,550
Expenses.....	51,484	51,484	43,035	1,928	6,521
Capital Improvement.....	108,423	108,423	25,056	83,367	-
Total.....	554,317	554,317	453,951	85,295	15,071
Purchasing Services					
Salaries.....	199,298	199,298	199,298	-	-
Expenses.....	10,810	10,810	10,688	122	-
Miscellaneous.....	317,832	317,832	276,879	-	40,953
Total.....	527,940	527,940	486,865	122	40,953
Administration of Trust Funds					
Salaries.....	4,000	4,000	3,500	-	500
Expenses.....	15,000	15,000	14,626	-	374
Total.....	19,000	19,000	18,126	-	874
Law Department					
Salaries.....	711,922	711,922	711,922	-	-
Expenses.....	80,531	80,531	64,135	8,633	7,763
Equipment and unusual.....	128,659	197,002	77,971	108,579	10,452
Capital Improvement.....	27,697	27,697	1,927	25,770	-
Total.....	948,809	1,017,152	855,955	142,982	18,215
Building General Support					
Salaries.....	216,872	216,872	216,872	-	-
Expenses.....	3,200	3,200	2,935	-	265
Capital Improvement.....	2,500	2,500	-	2,500	-
Total.....	222,572	222,572	219,807	2,500	265
Public Buildings Maintenance					
Salaries/Wages.....	819,808	810,808	760,201	50,000	607
Expenses.....	382,260	382,260	310,896	54,509	16,855
Equipment and unusual.....	95,543	100,543	45,410	54,633	500
Capital Improvement.....	210,741	210,741	77,012	133,729	-
Total.....	1,508,352	1,504,352	1,193,519	292,871	17,962
Public Building Utilities					
Expenses.....	768,525	966,525	948,467	18,058	-
Central Telephone Service					
Salaries.....	26,631	26,631	24,651	-	1,980
Expenses.....	150,000	189,000	174,977	9,371	4,652
Total.....	176,631	215,631	199,628	9,371	6,632

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Workmen's Compensation					
Expenses.....	364,650	460,150	458,766	1,036	348
Optional Medicare Extension					
Expenses.....	855,000	855,000	855,000	-	-
Hospital and Medical Insurance					
Expenses.....	27,097,205	27,097,205	26,838,084	258,924	197
Group Life Insurance					
Expenses - City.....	86,524	86,524	83,199	3,325	-
Social Security					
Expenses.....	137,700	137,700	137,700	-	-
Personnel					
Salaries.....	338,793	338,793	295,607	-	43,186
Expenses.....	5,952	5,952	4,315	-	1,637
Equipment and unusual.....	58,500	58,500	41,303	8,725	8,472
Total.....	403,245	403,245	341,225	8,725	53,295
Work Study					
Expenses.....	11,389	11,389	3,317	-	8,072
Unemployment Compensation					
Expenses.....	22,689	22,689	11,970	1,770	8,949
City Clerk					
Salaries.....	296,957	296,957	296,943	-	14
Expenses.....	29,344	29,344	23,236	537	5,571
Capital Improvement.....	4,452	4,452	2,029	2,423	-
Total.....	330,753	330,753	322,208	2,960	5,585
Management Information Systems					
Salaries/Wages.....	836,057	836,057	831,578	-	4,479
Expenses.....	270,107	270,107	238,790	29,244	2,073
Equipment and unusual.....	13,616	13,616	-	13,616	-
Capital Improvement.....	105,401	105,401	1,346	104,055	-
Total.....	1,225,181	1,225,181	1,071,714	146,915	6,552
Voter Registration					
Salaries.....	176,192	180,200	179,846	-	354
Expenses.....	105,100	105,100	86,834	1,740	16,526
Total.....	281,292	285,300	266,680	1,740	16,880
Total General Government.....	38,930,663	38,790,309	37,022,056	1,448,093	320,160
Public safety					
Police					
Salaries.....	12,123,529	12,123,529	11,590,437	400,000	133,092

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Police General Support					
Expenses.....	156,331	156,331	144,461	10,310	1,560
Equipment and unusual.....	116,772	116,772	111,626	-	5,146
Miscellaneous.....	19,982	19,982	17,457	2,525	-
Capital Improvement.....	92,389	92,389	63,374	28,397	618
Total.....	385,474	385,474	336,918	41,232	7,324
Police Community Services					
Expenses.....	11,541	11,541	9,878	1,080	583
Equipment and unusual.....	32,171	32,171	19,801	8,635	3,735
Miscellaneous.....	32,650	32,650	28,559	4,091	-
Total.....	76,362	76,362	58,238	13,806	4,318
Police Criminal Patrol and Apprehension					
Expenses.....	69,906	69,906	47,492	6,925	15,489
Equipment and unusual.....	63,565	63,565	56,465	5,889	1,211
Miscellaneous.....	100,662	100,662	92,025	8,637	-
Total.....	234,133	234,133	195,982	21,451	16,700
Police Investigation and Prosecution					
Expenses.....	16,540	16,540	10,663	1,440	4,437
Equipment and unusual.....	7,600	7,600	2,659	3,411	1,530
Miscellaneous.....	16,250	16,250	16,000	250	-
Total.....	40,390	40,390	29,322	5,101	5,967
Dispatch					
Wages.....	1,228,067	1,508,067	1,039,869	340,000	128,198
Expenses.....	22,906	22,906	14,111	45	8,750
Equipment and unusual.....	850	850	-	-	850
Miscellaneous.....	15,025	15,025	12,411	-	2,614
Total.....	1,266,848	1,546,848	1,066,391	340,045	140,412
Fire					
Salaries/ Wages.....	11,190,854	13,190,854	12,624,324	566,203	327
Fire General Support					
Expenses.....	43,273	58,273	56,443	1,800	30
Equipment and unusual.....	10,844	65,985	29,564	6,000	30,421
Miscellaneous.....	775	775	775	-	-
Total.....	54,892	125,033	86,782	7,800	30,451
Fire Prevention and Investigation					
Expenses.....	9,433	9,433	7,052	652	1,729
Miscellaneous.....	3,875	3,875	3,875	-	-
Total.....	13,308	13,308	10,927	652	1,729
Fire Fighting and Training					
Expenses.....	166,648	166,648	147,768	3,800	15,080
Equipment and unusual.....	106,925	106,925	76,061	30,864	-
Miscellaneous.....	148,088	148,088	123,889	4,000	20,199
Total.....	421,661	421,661	347,718	38,664	35,279

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Fire Building and Grounds					
Expenses.....	15,679	15,679	14,617	-	1,062
Equipment and unusual.....	8,000	8,000	2,105	5,895	-
Total.....	23,679	23,679	16,722	5,895	1,062
Emergency Management					
Salaries.....	52,185	52,185	52,036	-	149
Expenses.....	18,525	18,525	18,525	-	-
Equipment and unusual.....	10,800	10,800	5,700	5,100	-
Miscellaneous.....	7,175	7,175	7,175	-	-
Total.....	88,685	88,685	83,436	5,100	149
Wires General Support and Inspection					
Salaries.....	284,553	284,553	284,553	-	-
Expenses.....	74,750	74,750	49,385	4,225	21,140
Capital Improvement.....	2,426	2,426	1,400	-	1,026
Total.....	361,729	361,729	335,338	4,225	22,166
Wire Electricians					
Salaries.....	220,323	220,323	206,409	10,000	3,914
Expenses.....	44,350	44,350	21,590	8,689	14,071
Total.....	264,673	264,673	227,999	18,689	17,985
Wire Signal Installation and Maintenance					
Salaries.....	122,002	122,002	110,135	10,000	1,867
Expenses.....	254,508	214,508	178,672	18,372	17,464
Equipment and unusual.....	3,000	3,000	-	-	3,000
Total.....	379,510	339,510	288,807	28,372	22,331
Wires Street Lighting	-	-	-	-	-
Expenses.....	384,756	424,756	379,274	44,340	1,142
Inspection Weight and Measures					
Salaries.....	69,704	69,704	69,704	-	-
Expenses.....	1,850	1,850	1,553	-	297
Total.....	71,554	71,554	71,257	-	297
Licensing					
Salaries.....	12,600	12,600	12,000	-	600
Expenses.....	4,180	4,180	2,783	-	1,397
Total.....	16,780	16,780	14,783	-	1,997
Animal Control					
Salaries.....	64,086	64,086	63,968	-	118
Expenses.....	1,800	1,800	858	-	942
Equipment and unusual.....	7,000	7,000	2,658	2,206	2,136
Total.....	72,886	72,886	67,484	2,206	3,196
Total Public Safety.....	27,471,703	29,821,844	27,832,139	1,543,781	445,924

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Education					
Salaries.....	42,845,254	42,935,254	40,456,982	2,478,272	-
Expenses.....	14,905,106	14,905,106	14,407,384	497,722	-
Capital Improvement.....	38,157	38,157	-	38,157	-
Total Education.....	57,788,517	57,878,517	54,864,366	3,014,151	-
Public Works					
Consolidated Public Works Administration					
Expenses.....	4,050	4,050	4,046	-	4
Equipment and unusual.....	60,000	60,000	-	56,290	3,710
Total.....	64,050	64,050	4,046	56,290	3,714
Public Works Administration					
Equipment and unusual.....	383,472	383,472	59,738	323,734	-
Capital Improvement.....	15,925	15,925	7,223	7,425	1,277
Total.....	399,397	399,397	66,961	331,159	1,277
Consolidated Public Works					
Salaries.....	4,026,270	4,042,270	3,593,622	300,000	148,648
Street Cleaning					
Expenses.....	4,400	4,400	3,859	541	-
Highway Maintenance and Repair					
Expenses.....	137,985	137,985	91,557	15,335	31,093
Equipment and unusual.....	160,710	160,710	81,225	77,551	1,934
Capital Improvement.....	175,644	175,644	98,450	77,194	-
Total.....	474,339	474,339	271,232	170,080	33,027
Snow and Ice Removal					
Expenses.....	437,430	677,430	668,845	-	8,585
Trees and Shrubs					
Expenses.....	33,028	33,028	23,770	3,227	6,031
Collection and Disposal of rubbish					
Equipment and unusual.....	5,896,895	5,896,895	4,845,455	468,974	582,466
Public Vehicles					
Expenses.....	4,557	4,557	1,603	998	1,956
Public Vehicles Maintenance and Repair					
Expenses.....	305,215	365,215	359,870	5,236	109
Capital Improvement.....	779	779	-	-	779
Total.....	305,994	365,994	359,870	5,236	888
Public Vehicles Gasoline and Oil					
Expenses.....	383,974	483,974	479,732	4,242	-
Equipment and unusual.....	4,000	4,000	4,000	-	-
Total.....	387,974	487,974	483,732	4,242	-

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Parks					
Expenses.....	-	59,000	41,840	17,157	3
Total Public Works.....	12,034,334	12,509,334	10,364,835	1,357,904	786,595
Community Development					
Office of the City Planner					
Salaries.....	239,788	318,020	272,823	-	45,197
Expenses.....	1,800	1,800	1,800	-	-
Equipment and unusual.....	107,675	107,675	30,425	77,250	-
Capital Improvement.....	513,609	513,609	442,727	70,882	-
Total.....	862,872	941,104	747,775	148,132	45,197
Housing Office					
Salaries.....	176,417	281,860	177,849	-	104,011
Expenses.....	1,255	1,255	1,255	-	-
Total.....	177,672	283,115	179,104	-	104,011
Board of Survey and Planning					
Salaries.....	20,500	20,500	13,000	-	7,500
Expenses.....	4,900	4,900	2,578	283	2,039
Total.....	25,400	25,400	15,578	283	9,539
Zoning Board of Appeals					
Salaries.....	23,000	23,000	17,400	1,300	4,300
Expenses.....	28,514	28,514	14,729	331	13,454
Equipment and unusual.....	5,000	5,000	4,829	171	-
Total.....	56,514	56,514	36,958	1,802	17,754
Traffic Commission					
Salaries.....	326,409	336,409	306,427	15,000	14,982
Expenses.....	63,470	63,470	60,417	960	2,093
Capital Improvement.....	50,593	50,593	15,880	34,713	-
Total.....	440,472	450,472	382,724	50,673	17,075
Conservation Commission					
Salaries.....	62,351	62,351	58,686	-	3,665
Expenses.....	4,825	4,825	3,459	-	1,366
Equipment and unusual.....	2,000	2,000	-	2,000	-
Capital Improvement.....	85,915	85,915	-	85,915	-
Total.....	155,091	155,091	62,145	87,915	5,031
Historical Commission					
Salaries.....	30,500	30,500	28,700	-	1,800
Expenses.....	7,601	7,601	5,565	1,768	268
Equipment and unusual.....	17,702	17,702	9,368	7,730	604
Total.....	55,803	55,803	43,633	9,498	2,672
Paine Estate Functions					
Salaries.....	84,088	84,088	91,216	-	(7,128)
Expenses.....	54,699	54,699	46,535	4,532	3,632
Equipment and unusual.....	7,500	7,500	7,500	-	-
Total.....	146,287	146,287	145,251	4,532	(3,496)

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Building Code Enforcement					
Salaries.....	435,653	444,653	444,653	-	-
Expenses.....	10,050	10,050	7,792	-	2,258
Total.....	445,703	454,703	452,445	-	2,258
Engineering Design and Surveying					
Salaries.....	469,690	469,690	407,194	20,000	42,496
Expenses.....	11,050	11,050	11,014	-	36
Equipment and unusual.....	52,893	112,093	14,984	74,559	22,550
Capital Improvement.....	8,529	8,529	307	8,222	-
Total.....	542,162	601,362	433,499	102,781	65,082
Total Community Development.....	2,907,976	3,169,851	2,499,112	405,616	265,123
Health and Human Services					
Office of Public Health					
Salaries.....	153,220	153,220	152,520	-	700
Expenses.....	3,600	3,600	3,514	-	86
Total.....	156,820	156,820	156,034	-	786
Health Inspections					
Salaries.....	413,018	413,018	412,951	-	67
Expenses.....	6,450	6,450	5,539	-	911
Total.....	419,468	419,468	418,490	-	978
Contagious Disease					
Salaries.....	59,671	59,671	59,671	-	-
Expenses.....	5,900	5,900	5,850	-	50
Equipment and unusual.....	10,000	10,000	9,543	-	457
Total.....	75,571	75,571	75,064	-	507
Mosquito Control					
Expenses.....	26,047	26,047	26,047	-	-
Veterans Benefits and Services					
Salaries.....	143,331	143,331	143,204	-	127
Expenses.....	211,875	211,875	168,044	207	43,624
Total.....	355,206	355,206	311,248	207	43,751
Council on Aging					
Salaries.....	305,488	325,388	304,018	5,000	16,370
Expenses.....	8,835	8,835	8,488	320	27
Total.....	314,323	334,223	312,506	5,320	16,397
Meals on Wheels					
Salaries.....	49,798	49,798	49,798	-	-
Expenses.....	121,734	148,234	135,549	11,772	913
Total.....	171,532	198,032	185,347	11,772	913

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Town Clock					
Expenses.....	1,000	1,000	384	-	616
Celebration of Holidays					
Expenses.....	21,100	21,100	11,050	10,000	50
Handicap Services					
Salaries.....	7,000	7,000	6,300	-	700
Expenses.....	100	100	-	-	100
Capital Improvement.....	55,000	55,000	-	55,000	-
Total.....	62,100	62,100	6,300	55,000	800
Total Health and Human Services.....	1,603,167	1,649,567	1,502,470	82,299	64,798
Culture and Recreation					
Library					
Salaries/Wages.....	1,658,940	1,658,940	1,645,711	10,000	3,229
Library General Support					
Expenses.....	246,600	326,989	326,349	640	-
Equipment and unusual.....	56,840	56,840	55,926	900	14
Capital Improvement.....	9,312	9,312	-	9,312	-
Total.....	312,752	393,141	382,275	10,852	14
Parks and Recreation General Support					
Salaries.....	358,790	358,790	349,932	-	8,858
Expenses.....	32,321	32,321	26,302	230	5,789
Equipment and unusual.....	19,522	19,522	11,246	8,276	-
Capital Improvement.....	82,050	82,050	14,250	66,492	1,308
Total.....	492,683	492,683	401,730	74,998	15,955
Playgrounds and Pools					
Salaries.....	35,120	35,120	30,345	-	4,775
Expenses.....	84,264	84,264	24,215	56,750	3,299
Equipment and unusual.....	10,000	10,000	4,927	-	5,073
Total.....	129,384	129,384	59,487	56,750	13,147
Day Camps					
Salaries.....	48,590	48,590	44,897	-	3,693
Expenses.....	15,569	15,569	11,070	1,207	3,292
Total.....	64,159	64,159	55,967	1,207	6,985
Support of Recreation Activities					
Expenses.....	82,374	82,374	82,365	-	9
Recreation Activities					
Expenses.....	118,250	261,050	98,533	162,517	-
Total Culture and Recreation	2,858,542	3,081,731	2,726,068	316,324	39,339

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Cemetery					
MT Feake, Grove Hill and Commission					
Salaries.....	3,000	3,000	2,700	300	-
Expenses.....	18,407	18,407	16,623	1,734	50
Total Cemetery	21,407	21,407	19,323	2,034	50
Pension benefits					
Contributory Retirement.....	11,301,402	11,351,402	11,132,517	218,885	-
Non-Contributory Retirement.....	81,950	81,950	69,650	12,300	-
Total.....	11,383,352	11,433,352	11,202,167	231,185	-
State and county charges.....	1,375,554	1,375,554	1,419,642	-	(44,088)
Debt service:					
Principal.....	5,520,000	6,320,000	5,520,000	800,000	-
Interest.....	4,584,650	5,522,552	4,231,722	1,289,903	927
TOTAL EXPENDITURES.....	166,479,865	171,574,018	159,203,900	10,491,290	1,878,828
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(16,796,698)	(20,449,756)	(6,214,920)	(10,491,290)	3,743,546
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bonds.....	366,500	366,500	399,579	-	33,079
Transfers in.....	2,065,365	3,719,962	3,719,962	-	-
Transfers out.....	-	(84,052)	(84,052)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	2,431,865	4,002,410	4,035,489	-	33,079
NET CHANGE IN FUND BALANCE.....	(14,364,833)	(16,447,346)	(2,179,431)	(10,491,290)	3,776,625
BUDGETARY FUND BALANCE, Beginning of year.....	34,572,703	34,572,703	34,572,703	-	-
BUDGETARY FUND BALANCE, End of year..... \$	20,207,870	18,125,357	32,393,272	(10,491,290)	3,776,625

(concluded)

See notes to required supplementary information.

NOTE A - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**1. Budgetary Information**

Within 170 days after the annual organization of the City government (which is ordinarily in early January), the Mayor is required to submit a budget of proposed expenditures for the fiscal year beginning on the next July 1. The City Council may make appropriations for the recommended purposes and may reduce or reject any item. Without a recommendation of the Mayor, the Council may not make any appropriation for a purpose not included in the proposed budget, except by a two-thirds vote in the case of the failure of the Mayor to recommend an appropriation for such a purpose within 7 days after a request from the Council. The Council may not increase any item without the recommendation of the Mayor (except as provided by legislation, recommendation of the school committee or regional district school committee and by two-thirds vote of the Council, provided that such increase does not cause the total annual budget to exceed the property tax limitations). If the Council fails to act on any item of the proposed budget within 45 days, that item takes effect.

City department heads are generally required to submit their budget requests to the Mayor by the end of February. This does not apply to the school department, which must submit its request in time for the Mayor to include them in the submission to the council.

If the Mayor does not make a timely budget submission, provision is made for preparation of a budget by the Council. Provision is also made for supplementary appropriations upon recommendation of the Mayor. Water and Sewer Department expenditures are included in the budgets adopted by City Council.

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. These carry forwards are included as part of the subsequent fiscal year's original budget.

Generally, expenditures may not exceed the legal level of spending (salaries, expenses and capital) authorized for an appropriation account. However, the payment of debt service is statutorily required, regardless of whether such amounts are appropriated. Additionally, expenditures for disasters, natural or otherwise, and final claims and judgments may exceed the level of spending authorized by two-thirds majority vote of the City Council.

An annual budget is adopted for the general fund in conformity with the guidelines described above. The initial fiscal year 2007 approved budget authorized approximately \$154.7 million in appropriations and other amounts to be raised. Also approved were carry forwards totaling \$11.8 million. During fiscal year 2007, the Council also approved supplemental appropriations totaling approximately \$5.2 million (3% of initial budget). Approximately 80% of the supplemental appropriations related to increases in fire salaries, dispatch salaries, education salaries, public building utilities, vehicle gas and oil, recreation activities, snow and ice removal, and debt principal and interest.

The City Auditor's office has the responsibility to ensure that budgetary control is maintained. Budgetary control is exercised through the accounting system.

2. Budgetary - GAAP Reconciliation

For budgetary financial reporting purposes, the Uniform Municipal Accounting System basis of accounting (established by the Commonwealth) is followed, which differs from the GAAP basis of accounting. A reconciliation of budgetary-basis to GAAP-basis results for the general fund for the fiscal year ended June 30, 2007, is presented below:

Net change in fund balance - budgetary basis.....	\$ (2,179,431)
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Basis of accounting differences:

Net change in revenues in recording 60 day receipts.....	57,795
Net change in revenues in recording tax refunds payable.....	177,000
Net difference in recognition of revenues.....	220,373
Increase in revenues due to on-behalf payments.....	11,739,911
Net difference in recognition of expenditures.....	1,597,844
Increase in expenditures due to on-behalf payments.....	<u>(11,739,911)</u>

Net change in fund balance - GAAP basis.....	\$ <u><u>(126,419)</u></u>
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3. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2007, actual expenditures exceeded appropriations for Paine Estate functions and state and county charges. These over-expenditures will be raised on the fiscal 2008 Tax Recapitulation.

Combining Statements

Nonmajor Governmental Funds

Special Revenue Funds

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

Other Special Revenue Fund – This fund is used to account for receipts reserved for appropriation.

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

Public Law Fund – This fund is used to account for federal school public law grants.

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

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

Insurance Recovery Fund – This fund is used to account for insurance reimbursements.

Gifts Fund – This fund is used to account for gifts which have been accepted by the City to be used for the purpose specified by the donor.

Sale of Lots/Graves Fund – This fund is used to account for the proceeds from the sale of cemetery lots and graves for cemetery improvements.

Revenue Reserve Fund – This fund is used to account for school receipts reserved for appropriation.

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

Parking Meters Fund – This fund is used to account for parking meter and off-street parking lot proceeds.

UDAG Nova Biomedical Fund – This fund is used to account for special programs under community development block grant guidelines.

Vocational School Reserve Fund – This fund is used to account for the proceeds from outside services provided by vocational Students.

Public Safety Trust Funds – This fund is used to account for contributions where both principal and investment earnings may be spent to support public safety.

Traffic Impact Fund – This fund is used to account for traffic improvements required by special permit.

Police Detail Fund – This fund is used to account for police detail activities.

Fire Detail Fund – This fund is used to account for fire detail activities.

Community Preservation Act Fund – This fund is used to account for activities related to community preservation activities throughout the City.

Permanent Funds

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

Paine Estate – This fund is used to account for various contributions associated with maintenance of the Paine Estate.

Cemetery Perpetual Care – This fund is used to account for various contributions and activities associated with maintenance of the City's cemeteries.

Other Permanent Funds – This fund is used to account for various contributions associated with governmental programs.

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NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2007

	Special Revenue Funds					
	Other Special Revenue	Highway Projects	Public Law Fund	City State Grants	School State Grants	Insurance Recovery
ASSETS						
Cash and cash equivalents.....	\$ 919,271	\$ -	\$ 33,356	\$ 294,186	\$ 2,521	\$ 16,307
Investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Departmental and other.....	-	-	-	-	-	-
Intergovernmental.....	-	1,697,474	-	-	-	-
TOTAL ASSETS.....	\$ 919,271	\$ 1,697,474	\$ 33,356	\$ 294,186	\$ 2,521	\$ 16,307
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Warrants payable.....	\$ 825	\$ -	\$ 14,518	\$ 2,844	\$ 5,391	\$ -
Liabilities due depositors.....	-	-	-	-	-	-
Deferred revenues.....	-	832,309	-	-	-	-
Due to other funds.....	-	826,166	-	-	-	-
TOTAL LIABILITIES.....	825	1,658,475	14,518	2,844	5,391	-
FUND BALANCES:						
Reserved for:						
Perpetual permanent funds.....	-	-	-	-	-	-
Unreserved:						
Undesignated, reported in:						
Special revenue funds.....	918,446	38,999	18,838	291,342	(2,870)	16,307
Permanent funds.....	-	-	-	-	-	-
TOTAL FUND BALANCES.....	918,446	38,999	18,838	291,342	(2,870)	16,307
TOTAL LIABILITIES AND FUND BALANCES...	\$ 919,271	\$ 1,697,474	\$ 33,356	\$ 294,186	\$ 2,521	\$ 16,307

Special Revenue Funds									
Gifts	Sale of Lots/Graves	Revenue Reserve	School Lunch	Parking Meters	UDAG Nova Biomedical	Vocational School Reserve	Public Safety Trust Funds	Traffic Impact Fund	
\$ 834,111	\$ 853,005	\$ 649,498	\$ 443,795	\$ 953,290	\$ 723,860	\$ -	\$ 398,550	\$ 1,836,908	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
<u>\$ 834,111</u>	<u>\$ 853,005</u>	<u>\$ 649,498</u>	<u>\$ 443,795</u>	<u>\$ 953,290</u>	<u>\$ 723,860</u>	<u>\$ -</u>	<u>\$ 398,550</u>	<u>\$ 1,836,908</u>	
\$ 7,432	\$ -	\$ 8,726	\$ 14,443	\$ 7,133	\$ -	\$ 45	\$ -	\$ -	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	25,531	-	-	
<u>7,432</u>	<u>-</u>	<u>8,726</u>	<u>14,443</u>	<u>7,133</u>	<u>-</u>	<u>25,576</u>	<u>-</u>	<u>-</u>	
-	-	-	-	-	-	-	-	-	
826,679	853,005	640,772	429,352	946,157	723,860	(25,576)	398,550	1,836,908	
-	-	-	-	-	-	-	-	-	
<u>826,679</u>	<u>853,005</u>	<u>640,772</u>	<u>429,352</u>	<u>946,157</u>	<u>723,860</u>	<u>(25,576)</u>	<u>398,550</u>	<u>1,836,908</u>	
<u>\$ 834,111</u>	<u>\$ 853,005</u>	<u>\$ 649,498</u>	<u>\$ 443,795</u>	<u>\$ 953,290</u>	<u>\$ 723,860</u>	<u>\$ -</u>	<u>\$ 398,550</u>	<u>\$ 1,836,908</u>	

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2007

	Special Revenue Funds			
	Police Detail	Fire Detail	Community Preservation	Subtotal
ASSETS				
Cash and cash equivalents.....	\$ -	\$ -	\$ 5,736,749	\$ 13,695,407
Investments.....	-	-	-	-
Receivables, net of uncollectibles:				
Departmental and other.....	266,684	12,097	23,458	302,239
Intergovernmental.....	-	-	1,894,850	3,592,324
TOTAL ASSETS.....	\$ 266,684	\$ 12,097	\$ 7,655,057	\$ 17,589,970
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 45,440	\$ 4,130	\$ -	\$ 110,927
Liabilities due depositors.....	-	-	-	-
Deferred revenues.....	266,684	12,097	1,918,307	3,029,397
Due to other funds.....	222,184	16,874	-	1,090,755
TOTAL LIABILITIES.....	534,308	33,101	1,918,307	4,231,079
FUND BALANCES:				
Reserved for:				
Perpetual permanent funds.....	-	-	-	-
Unreserved:				
Undesignated, reported in:				
Special revenue funds.....	(267,624)	(21,004)	5,736,750	13,358,891
Permanent funds.....	-	-	-	-
TOTAL FUND BALANCES.....	(267,624)	(21,004)	5,736,750	13,358,891
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 266,684	\$ 12,097	\$ 7,655,057	\$ 17,589,970

Permanent Funds				Total Governmental Funds
Paine Estate	Cemetery Perpetual Care	Other Permanent Funds	Subtotal	
\$ 1,200	\$ 95,015	\$ 718,568	\$ 814,783	\$ 14,510,190
-	-	1,214,264	1,214,264	1,214,264
-	-	78,035	78,035	380,274
-	-	-	-	3,592,324
<u>\$ 1,200</u>	<u>\$ 95,015</u>	<u>\$ 2,010,867</u>	<u>\$ 2,107,082</u>	<u>\$ 19,697,052</u>
\$ -	\$ -	\$ 11,846	\$ 11,846	\$ 122,773
1,200	-	-	1,200	1,200
-	-	78,035	78,035	3,107,432
-	-	-	-	1,090,755
<u>1,200</u>	<u>-</u>	<u>89,881</u>	<u>91,081</u>	<u>4,322,160</u>
-	-	1,697,219	1,697,219	1,697,219
-	-	-	-	13,358,891
-	95,015	223,767	318,782	318,782
-	95,015	1,920,986	2,016,001	15,374,892
<u>\$ 1,200</u>	<u>\$ 95,015</u>	<u>\$ 2,010,867</u>	<u>\$ 2,107,082</u>	<u>\$ 19,697,052</u>

(Concluded)

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

FISCAL YEAR ENDED JUNE 30, 2007

	Special Revenue Funds					
	Other Special Revenue	Highway Projects	Public Law Fund	City State Grants	School State Grants	Insurance Recovery
REVENUES:						
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Community preservation tax.....	-	-	-	-	-	-
Intergovernmental.....	88,593	860,651	2,847,708	615,855	679,116	-
Departmental and other.....	190,267	-	-	-	-	-
Contributions.....	-	-	-	-	-	-
Investment income.....	-	-	-	-	-	-
Miscellaneous.....	-	-	-	-	-	26,807
TOTAL REVENUES.....	278,860	860,651	2,847,708	615,855	679,116	26,807
EXPENDITURES:						
Current:						
General government.....	26,946	-	-	-	-	13,344
Public safety.....	3,074	-	-	222,029	-	1,472
Education.....	-	-	3,035,876	-	884,901	-
Public works.....	-	821,652	-	-	-	-
Cemetery.....	-	-	-	-	-	-
Community development.....	13,807	-	-	183,431	-	-
Human services.....	-	-	-	2,374	-	-
Culture and recreation.....	-	-	-	62,578	-	-
TOTAL EXPENDITURES.....	43,827	821,652	3,035,876	470,412	884,901	14,816
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	235,033	38,999	(188,168)	145,443	(205,785)	11,991
OTHER FINANCING SOURCES (USES):						
Transfers in.....	-	-	-	-	-	-
Transfers out.....	(223,189)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	(223,189)	-	-	-	-	-
NET CHANGE IN FUND BALANCES.....	11,844	38,999	(188,168)	145,443	(205,785)	11,991
FUND BALANCES AT BEGINNING OF YEAR.....	906,602	-	207,006	145,899	202,915	4,316
FUND BALANCES AT END OF YEAR.....	\$ 918,446	\$ 38,999	\$ 18,838	\$ 291,342	\$ (2,870)	\$ 16,307

Special Revenue Funds								
Gifts	Sale of Lots/Graves	Revenue Reserve	School Lunch	Parking Meters	UDAG Nova Biomedical	Vocational School Reserve	Public Safety Trust Funds	Traffic Impact Fund
\$ -	\$ -	\$ -	\$ -	\$ 342,937	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-	-
-	-	1,826,003	807,058	-	-	-	-	-
-	87,751	-	872,212	-	-	-	57,470	-
155,691	-	-	-	-	-	-	-	-
-	-	-	1,115	-	-	-	-	23,637
-	-	-	-	-	23,361	36,928	-	314,989
155,691	87,751	1,826,003	1,680,385	342,937	23,361	36,928	57,470	338,626
-	-	-	-	-	-	-	-	-
8,951	-	-	-	-	-	-	83,627	-
-	-	1,603,238	1,478,718	-	-	37,425	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
30,700	-	-	-	252,213	39,315	-	-	18,221
66,787	-	-	-	-	-	-	-	-
28,487	-	-	-	-	-	-	-	-
134,925	-	1,603,238	1,478,718	252,213	39,315	37,425	83,627	18,221
20,766	87,751	222,765	201,667	90,724	(15,954)	(497)	(26,157)	320,405
-	-	46,000	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	46,000	-	-	-	-	-	-
20,766	87,751	268,765	201,667	90,724	(15,954)	(497)	(26,157)	320,405
805,913	765,254	372,007	227,685	855,433	739,814	(25,079)	424,707	1,516,503
\$ 826,679	\$ 853,005	\$ 640,772	\$ 429,352	\$ 946,157	\$ 723,860	\$ (25,576)	\$ 398,550	\$ 1,836,908

(Continued)

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

FISCAL YEAR ENDED JUNE 30, 2007

	Special Revenue Funds			
	Police Detail	Fire Detail	Community Preservation	Subtotal
REVENUES:				
Charges for services.....	\$ -	\$ -	\$ -	\$ 342,937
Community preservation tax.....	-	-	2,126,162	2,126,162
Intergovernmental.....	-	-	1,813,305	9,538,289
Departmental and other.....	-	-	-	1,207,700
Contributions.....	-	-	-	155,691
Investment income.....	-	-	-	24,752
Miscellaneous.....	1,783,705	204,161	-	2,389,951
TOTAL REVENUES.....	1,783,705	204,161	3,939,467	15,785,482
EXPENDITURES:				
Current:				
General government.....	-	-	-	40,290
Public safety.....	1,819,363	186,975	-	2,325,491
Education.....	-	-	-	7,040,158
Public works.....	-	-	-	821,652
Cemetery.....	-	-	-	-
Community development.....	-	-	-	537,687
Human services.....	-	-	-	69,161
Culture and recreation.....	-	-	-	91,065
TOTAL EXPENDITURES.....	1,819,363	186,975	-	10,925,504
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(35,658)	17,186	3,939,467	4,859,978
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	-	-	46,000
Transfers out.....	-	-	-	(223,189)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	(177,189)
NET CHANGE IN FUND BALANCES.....	(35,658)	17,186	3,939,467	4,682,789
FUND BALANCES AT BEGINNING OF YEAR.....	(231,966)	(38,190)	1,797,283	8,676,102
FUND BALANCES AT END OF YEAR.....	\$ (267,624)	\$ (21,004)	\$ 5,736,750	\$ 13,358,891

Permanent Funds			Total Governmental Funds
Cemetery Perpetual Care	Other Permanent Funds	Subtotal	
\$ -	\$ -	\$ -	\$ 342,937
-	-	-	2,126,162
-	-	-	9,538,289
70,262	33,093	103,355	1,311,055
-	-	-	155,691
-	15,436	15,436	40,188
-	-	-	2,389,951
70,262	48,529	118,791	15,904,273
-	-	-	40,290
-	-	-	2,325,491
-	-	-	7,040,158
-	-	-	821,652
75,347	-	75,347	75,347
-	295	295	537,982
-	-	-	69,161
-	11,808	11,808	102,873
75,347	12,103	87,450	11,012,954
(5,085)	36,426	31,341	4,891,319
-	-	-	46,000
-	-	-	(223,189)
-	-	-	(177,189)
(5,085)	36,426	31,341	4,714,130
100,100	1,884,560	1,984,660	10,660,762
\$ 95,015	\$ 1,920,986	\$ 2,016,001	\$ 15,374,892

(Concluded)

Private Purpose Trust Funds

Scholarship Trust Fund – This fund is used to account for scholarships held by the City to benefit individuals.

Housing Trust Fund – This fund is used to account for the City's rental subsidy program.

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF PRIVATE PURPOSE TRUST FUNDS NET ASSETS

JUNE 30, 2007

	Private Purpose Trust Funds		
	Scholarship Trust Funds	Housing Trust Funds	Total
ASSETS			
Cash and cash equivalents..... \$	- \$	2,845,098 \$	2,845,098
Government agencies.....	201,923	-	201,923
Government sponsored enterprises.....	1,643,067	-	1,643,067
Corporate bonds.....	668,729	-	668,729
TOTAL ASSETS.....	2,513,719	2,845,098	5,358,817
NET ASSETS			
Held in trust for other purposes..... \$	<u>2,513,719</u> \$	<u>2,845,098</u> \$	<u>5,358,817</u>

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN PRIVATE PURPOSE TRUST FUNDS NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2007

	Private Purpose Trust Funds		
	Scholarship Trust Funds	Housing Trust Funds	Total
<u>ADDITIONS:</u>			
Contributions:			
Private donations.....	\$ 29,989	\$ 600,000	\$ 629,989
Net investment income (loss):			
Interest.....	120,509	81,913	202,422
TOTAL ADDITIONS.....	150,498	681,913	832,411
<u>DEDUCTIONS:</u>			
Educational scholarships.....	92,444	-	92,444
CHANGE IN NET ASSETS.....	58,054	681,913	739,967
NET ASSETS AT BEGINNING OF YEAR.....	2,455,665	2,163,185	4,618,850
NET ASSETS AT END OF YEAR.....	\$ 2,513,719	\$ 2,845,098	\$ 5,358,817

Agency Fund

This fund is used primarily to account for confiscated police property and security deposits.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2007

	Beginning of Year	Additions	Deletions	End of Year
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 666,573	\$ 966,275	\$ (897,545)	\$ 735,303
TOTAL ASSETS.....	<u>\$ 666,573</u>	<u>\$ 966,275</u>	<u>\$ (897,545)</u>	<u>\$ 735,303</u>
LIABILITIES				
Warrants payable.....	\$ 15,223	\$ 42,793	\$ (15,223)	\$ 42,793
Liabilities due depositors.....	<u>651,350</u>	<u>923,482</u>	<u>(882,322)</u>	<u>692,510</u>
TOTAL LIABILITIES.....	<u>\$ 666,573</u>	<u>\$ 966,275</u>	<u>\$ (897,545)</u>	<u>\$ 735,303</u>

Statistical Section



Robert Treat Paine Estate

Statistical Section

This part of the City of Waltham'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

- These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

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

Debt Capacity

- These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

- These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

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

SOURCES: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

City of Waltham, Massachusetts
Net Assets By Component
Last Six Fiscal Years

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Governmental activities						
Invested in capital assets, net of related debt.....	\$ 25,019,462	\$ 60,722,841	\$ 82,314,542	\$ 124,736,372	\$ 152,292,512	\$ 151,715,584
Restricted.....	5,119,144	7,967,649	7,615,103	8,662,081	6,684,687	6,772,208
Unrestricted.....	<u>54,994,371</u>	<u>57,411,609</u>	<u>50,684,886</u>	<u>44,046,989</u>	<u>48,221,543</u>	<u>54,748,751</u>
Total governmental activities net assets.....	<u>\$ 85,132,977</u>	<u>\$ 126,102,099</u>	<u>\$ 140,614,531</u>	<u>\$ 177,445,442</u>	<u>\$ 207,198,742</u>	<u>\$ 213,236,543</u>
Business-type activities						
Invested in capital assets, net of related debt.....	12,193,808	12,894,413	13,804,798	13,963,633	18,461,108	13,954,222
Unrestricted.....	<u>9,473,742</u>	<u>13,406,944</u>	<u>13,514,487</u>	<u>13,806,301</u>	<u>9,336,814</u>	<u>14,469,972</u>
Total business-type activities net assets.....	<u>\$ 21,667,550</u>	<u>\$ 26,301,357</u>	<u>\$ 27,319,285</u>	<u>\$ 27,769,934</u>	<u>\$ 27,797,922</u>	<u>\$ 28,424,194</u>
Primary government						
Invested in capital assets, net of related debt.....	37,213,270	73,617,254	96,119,340	138,700,005	170,753,620	165,669,806
Restricted.....	5,119,144	7,967,649	7,615,103	8,662,081	6,684,687	6,772,208
Unrestricted.....	<u>64,468,113</u>	<u>70,818,553</u>	<u>64,199,373</u>	<u>57,853,290</u>	<u>57,558,357</u>	<u>69,218,723</u>
Total primary government net assets.....	<u>\$ 106,800,527</u>	<u>\$ 152,403,456</u>	<u>\$ 167,933,816</u>	<u>\$ 205,215,376</u>	<u>\$ 234,996,664</u>	<u>\$ 241,660,737</u>

City of Waltham, Massachusetts
Changes in Net Assets
Last Six Fiscal Years

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities:						
General government.....	\$ 14,021,793	\$ 12,355,882	\$ 12,444,145	\$ 13,320,809	\$ 14,520,021	\$ 12,917,933
Public safety.....	41,090,289	40,660,657	41,995,107	44,049,354	50,909,121	51,474,647
Education.....	59,523,029	75,392,346	82,632,614	68,347,498	73,919,709	80,401,032
Public works.....	14,616,755	14,178,064	12,568,134	16,152,974	18,652,115	20,579,714
Cemetery.....	738,516	838,174	824,429	1,578,889	1,474,821	1,126,336
Community development.....	4,552,851	5,861,444	4,862,504	4,540,088	5,476,630	6,759,496
Health and human services.....	2,915,583	2,798,609	1,992,123	3,046,334	3,292,245	3,470,880
Culture and recreation.....	4,131,335	3,371,350	5,903,371	7,718,497	5,877,982	6,204,482
Claims and judgments.....	2,693	63,976	-	-	-	-
Interest.....	869,406	1,618,856	2,211,900	2,884,943	3,236,060	2,709,385
Total government activities expenses.....	142,462,250	157,139,358	165,434,327	161,639,386	177,358,704	185,643,905
Business-type activities:						
Sewer.....	10,461,985	11,265,096	11,691,185	11,790,299	11,965,061	13,777,149
Water.....	7,355,065	7,153,861	7,868,940	8,550,968	9,393,920	10,217,450
Veterans Memorial Rink.....	-	-	-	-	333,078	347,630
Total business-type activities expenses.....	17,817,050	18,418,957	19,560,125	20,341,267	21,692,059	24,342,229
Total primary government expenses.....	\$ 160,279,300	\$ 175,558,315	\$ 184,994,452	\$ 181,980,653	\$ 199,050,763	\$ 209,986,134
Program Revenues						
Governmental activities:						
Education charges for services.....	\$ 1,338,875	1,443,669	\$ 2,348,013	\$ 1,139,884	\$ 986,328	\$ 1,127,686
Public Safety charges for services.....	4,359,428	4,786,769	2,136,268	2,276,575	2,775,278	2,647,054
Other charges for services.....	1,814,706	2,028,708	4,927,688	6,451,855	8,678,148	8,278,496
Operating grants and contributions.....	13,559,705	28,492,174	30,593,121	32,857,733	34,232,895	36,115,750
Capital grants and contributions.....	1,539,564	27,971,905	19,770,608	31,578,071	10,409,121	6,498,738
Total government activities program revenues.....	22,612,278	64,723,225	59,775,698	74,304,118	57,081,770	54,667,724
Business-type activities:						
Sewer and water charges for services.....	20,895,152	20,332,731	-	-	-	-
Sewer charges for services.....	-	-	11,485,059	11,850,305	11,953,817	13,764,259
Water charges for services.....	-	-	9,072,704	8,880,173	9,313,013	10,456,605
Veterans Memorial Rink charges for services.....	-	-	-	-	277,761	345,096
Water capital grants and contributions.....	-	-	-	-	-	270,000
Total business-type activities program revenues.....	20,895,152	20,332,731	20,557,763	20,730,478	21,544,591	24,835,960
Total primary government program revenues.....	\$ 43,507,430	\$ 85,055,956	\$ 80,333,461	\$ 95,034,596	\$ 78,626,361	\$ 79,503,684
Net (Expense)/Revenue						
Governmental activities.....	\$ (119,849,972)	(92,416,133)	\$ (105,658,629)	\$ (87,335,268)	\$ (120,276,934)	\$ (130,976,181)
Business-type activities.....	3,078,102	1,913,774	(19,560,125)	(20,341,267)	(147,468)	493,731
Total primary government net expense.....	\$ (116,771,870)	(90,502,359)	\$ (125,218,754)	\$ (107,676,535)	\$ (120,424,402)	\$ (130,482,450)
General Revenues and other Changes in Net Assets						
Governmental activities:						
Real estate and personal property taxes,						
net of tax refunds payable.....	\$ 95,184,809	100,133,375	\$ 105,990,642	\$ 108,567,617	\$ 111,785,303	\$ 114,706,884
Tax liens.....	598,125	345,338	446,657	443,667	183,072	496,762
Motor vehicle and other excise taxes.....	7,489,695	6,145,014	5,821,144	6,414,380	6,405,194	6,223,714
Hotel/motel tax.....	1,343,130	1,413,824	1,494,529	1,577,119	1,791,211	1,983,506
Community preservation tax.....	-	-	-	-	1,835,071	2,126,162
Penalties and interest on taxes.....	767,868	586,956	511,752	457,007	404,635	449,572
Payments in lieu of taxes.....	255,976	82,257	43,113	45,000	95,301	33,200
Grants and contributions not restricted to						
specific programs.....	12,635,472	4,941,207	4,891,647	4,934,967	5,592,015	7,693,618
Unrestricted investment income.....	1,849,779	1,282,315	971,577	1,726,423	2,846,099	3,359,616
Miscellaneous.....	2,587,768	-	-	-	-	-
Transfers.....	(92,500)	(138,416)	-	-	(100,000)	(59,052)
Total governmental activities.....	122,620,122	114,791,870	120,171,061	124,166,180	130,837,901	137,013,982
Business-type activities:						
Unrestricted investment income.....	13,439	40,495	20,290	61,438	75,456	73,489
Transfers.....	92,500	138,416	-	-	100,000	59,052
Total business-type activities.....	105,939	178,911	20,290	61,438	175,456	132,541
Total primary government.....	\$ 122,726,061	\$ 114,970,781	\$ 120,191,351	\$ 124,227,618	\$ 131,013,357	\$ 137,146,523
Changes in Net Assets						
Governmental activities.....	\$ 2,770,150	22,375,737	\$ 14,512,432	\$ 36,830,912	\$ 10,560,967	\$ 6,037,801
Business-type activities.....	3,184,041	2,092,685	(19,539,835)	(20,279,829)	27,988	626,272
Total primary government.....	\$ 5,954,191	\$ 24,468,422	\$ (5,027,403)	\$ 16,551,083	\$ 10,588,955	\$ 6,664,073

City of Waltham, Massachusetts
Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved.....	\$ 5,045,917	\$ 5,954,701	\$ 6,318,895	\$ 9,158,131	\$ 12,251,925	\$ 11,452,472	\$ 8,578,650	\$ 11,538,490	\$ 13,343,295	\$ 10,491,290
Unreserved.....	<u>15,570,363</u>	<u>16,679,561</u>	<u>22,311,030</u>	<u>26,137,384</u>	<u>22,818,750</u>	<u>22,078,742</u>	<u>20,981,827</u>	<u>18,059,088</u>	<u>18,951,797</u>	<u>21,677,383</u>
Total general fund.....	<u>\$ 20,616,280</u>	<u>\$ 22,634,262</u>	<u>\$ 28,629,925</u>	<u>\$ 35,295,515</u>	<u>\$ 35,070,675</u>	<u>\$ 33,531,214</u>	<u>\$ 29,560,477</u>	<u>\$ 29,597,578</u>	<u>\$ 32,295,092</u>	<u>\$ 32,168,673</u>
All Other Governmental Funds										
Reserved.....	\$ 2,674,675	\$ 852,926	\$ 11,979	\$ 59,546	\$ 1,694,401	\$ 1,667,463	\$ 1,506,344	\$ 1,529,871	\$ 1,664,119	\$ 1,697,219
Unreserved, reported in:										
Special revenue funds.....	6,163,118	6,141,661	9,784,625	15,108,508	10,912,444	13,929,864	19,805,905	17,596,831	18,455,420	22,165,402
Capital projects funds.....	2,022,462	808,769	(821,469)	(4,653,295)	(30,791,122)	(47,319,847)	(57,961,099)	(58,937,147)	(38,767,997)	(1,254,426)
Permanent funds.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>571,381</u>	<u>823,330</u>	<u>352,555</u>	<u>291,743</u>	<u>320,541</u>	<u>318,782</u>
Total all other governmental funds.....	<u>\$ 10,860,255</u>	<u>\$ 7,803,356</u>	<u>\$ 8,975,135</u>	<u>\$ 10,514,759</u>	<u>\$ (17,612,896)</u>	<u>\$ (30,899,190)</u>	<u>\$ (36,296,295)</u>	<u>\$ (39,518,702)</u>	<u>\$ (18,327,917)</u>	<u>\$ 22,926,977</u>

Fiscal years 1998 through 2001 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

City of Waltham, Massachusetts
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues:										
Real estate and personal property taxes, net of tax refunds.....	\$ 73,719,494	\$ 76,630,085	\$ 83,065,177	\$ 89,616,993	\$ 95,023,169	\$ 100,332,563	\$ 106,199,284	\$ 108,293,615	\$ 111,573,036	\$ 114,743,267
Tax liens.....	-	-	-	-	598,125	316,588	577,972	568,874	388,786	271,339
Motor vehicle and other excise taxes.....	4,494,758	4,678,087	5,260,286	5,634,915	7,451,112	7,387,227	6,163,156	6,524,925	6,360,950	5,989,376
Community preservation tax.....	-	-	-	-	-	-	-	-	1,797,283	2,126,162
Hotel/motel tax.....	-	-	-	-	-	-	1,494,529	1,577,119	1,791,211	1,983,506
Charges for services.....	-	-	-	-	4,527,541	4,481,348	406,699	362,048	350,460	342,937
Penalties and interest on taxes.....	-	-	-	-	767,868	586,956	511,752	457,007	404,635	449,572
Fees and rentals.....	-	-	-	-	-	-	370,277	428,481	405,660	501,438
Payment in lieu of taxes.....	-	-	-	-	255,976	82,257	43,113	45,000	95,301	33,200
Licenses and permits.....	-	-	-	-	2,365,092	2,727,429	2,834,822	3,299,548	3,535,083	4,355,487
Fines and forfeitures.....	-	-	-	-	562,872	528,875	522,345	522,629	482,128	544,149
Intergovernmental.....	23,766,477	25,716,499	26,041,595	30,737,955	27,858,215	27,944,662	34,350,305	59,213,246	84,495,059	72,937,451
Departmental and other.....	12,291,455	14,794,609	13,845,418	15,507,424	-	-	2,434,584	2,715,559	4,073,952	2,157,758
Special assessments.....	-	-	-	-	-	-	151,837	191,038	121,514	118,998
Contributions.....	-	-	-	-	868,234	179,929	759,407	333,040	539,784	155,691
Investment income.....	1,699,662	1,683,731	1,894,698	2,767,360	1,946,079	1,170,914	871,766	1,501,818	2,497,639	2,921,715
Miscellaneous.....	1,237,273	907,663	965,778	1,376,482	1,500,020	2,648,918	1,277,946	1,440,595	2,006,458	2,448,795
Total Revenue.....	117,209,119	124,410,674	131,072,952	145,641,129	143,724,303	148,387,666	158,969,794	187,474,542	220,918,939	212,080,841
Expenditures:										
General government.....	12,570,567	14,597,465	10,530,816	11,322,779	11,361,053	10,259,888	9,350,364	8,586,286	8,447,755	8,414,315
Public safety.....	20,500,068	23,217,348	23,793,589	24,338,056	26,429,319	27,344,357	26,051,354	26,888,370	28,279,739	30,092,856
Education.....	40,764,805	43,095,514	46,216,041	48,662,367	51,471,674	53,211,630	62,357,832	66,497,101	68,856,050	73,644,435
Public works.....	7,105,118	10,167,716	7,420,348	7,594,632	7,016,257	8,915,726	9,905,785	10,148,914	11,852,728	10,298,692
Cemetery.....	597,981	543,990	570,967	602,069	644,773	620,341	611,240	575,804	91,379	94,670
Community development.....	3,008,894	2,760,870	3,307,479	2,477,866	5,507,712	5,423,132	4,459,788	3,438,692	4,490,448	3,452,090
Health and human services.....	965,666	1,091,207	1,042,386	1,045,645	1,548,259	1,565,382	1,333,886	1,446,547	1,525,335	1,571,631
Culture and recreation.....	2,332,270	2,494,179	2,662,239	2,637,838	3,521,925	3,878,939	3,557,754	3,446,171	2,896,147	2,856,531
Pension benefits.....	7,003,618	7,229,323	7,724,580	8,049,554	8,458,400	9,050,567	8,656,467	9,665,038	10,116,370	10,556,442
Employee benefits.....	11,200,000	12,600,000	14,400,000	16,035,000	20,932,586	22,768,151	26,159,701	25,304,094	26,429,630	28,246,033
Claims and judgments.....	-	-	-	-	2,693	63,977	-	-	-	-
State and county charges.....	1,628,395	1,704,308	1,752,135	1,650,269	1,679,366	1,589,676	1,449,923	1,362,478	1,325,343	1,419,642
Capital outlay.....	3,283,377	2,427,425	2,108,574	14,448,040	26,169,476	34,134,291	35,364,211	46,214,191	14,582,399	10,815,801
Debt service.....	-	-	-	-	-	-	-	-	-	-
Principal.....	2,830,000	2,975,000	1,965,000	1,690,000	2,140,000	1,730,000	3,865,000	4,120,000	25,055,000	5,520,000
Interest.....	546,963	545,246	411,356	321,800	787,692	1,047,839	2,468,187	3,254,358	3,432,451	3,000,128
Total Expenditures.....	114,337,722	125,449,591	123,905,510	140,875,915	167,671,185	181,603,896	195,591,492	210,948,044	207,380,774	189,983,266
Excess of revenues over (under) expenditures.....	2,871,397	(1,038,917)	7,167,442	4,765,214	(23,946,882)	(33,216,230)	(36,621,698)	(23,473,502)	13,538,165	22,097,575
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	6,265,000	-	-	3,440,000	-	17,140,000	25,635,000	19,885,000	-	18,470,000
Premium from issuance of bonds and notes.....	-	-	-	-	-	1,360,141	980,374	403,197	-	619,952
Sale of capital assets.....	-	-	-	-	308,000	28,750	-	-	-	-
Transfers in.....	791,263	4,564,421	1,226,715	6,997,781	6,406,687	4,727,086	4,145,419	2,604,231	46,000	1,700,597
Transfers out.....	(791,263)	(4,564,421)	(1,226,715)	(6,997,781)	(6,499,187)	(4,865,502)	(4,145,419)	(2,604,231)	(223,189)	(1,759,649)
Total other financing sources (uses).....	6,265,000	-	-	3,440,000	215,500	18,390,475	26,615,374	20,288,197	(177,189)	19,030,900
Net change in fund balance.....	\$ 9,136,397	\$ (1,038,917)	\$ 7,167,442	\$ 8,205,214	\$ (23,731,382)	\$ (14,825,755)	\$ (10,006,324)	\$ (3,185,305)	\$ 13,360,976	\$ 41,128,475
Debt service as a percentage of noncapital expenditures....	3.04%	2.86%	1.95%	1.59%	2.07%	1.88%	3.86%	4.61%	4.47% (a)	4.76%

Notes:

- Fiscal years 1998 through 2001 exclude Expendable and Nonexpendable Trust Funds which were reported under the pre-GASB 34 format.

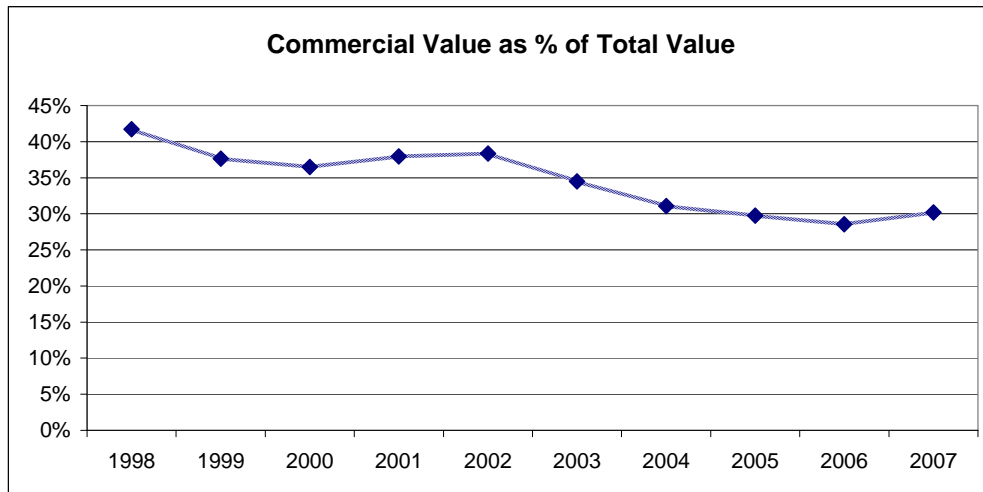
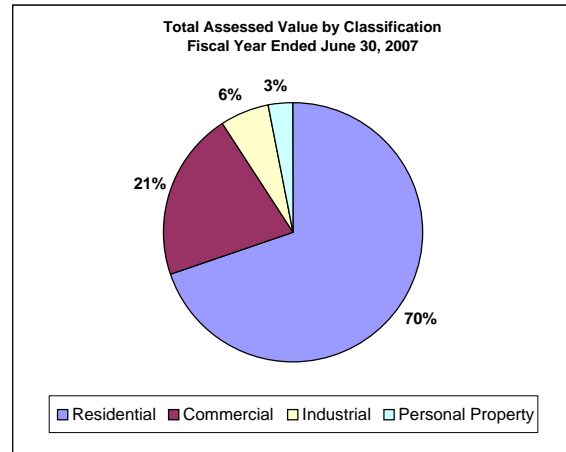
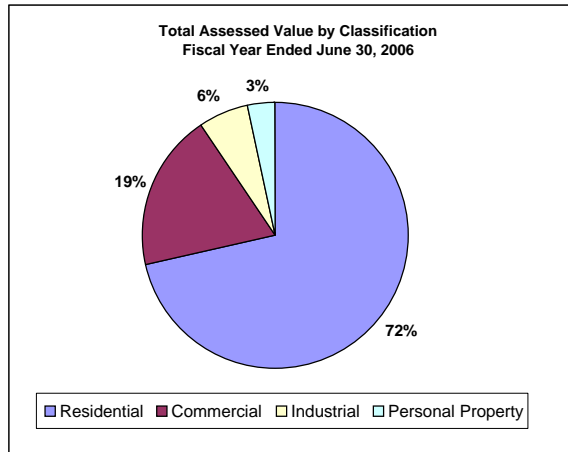
- In fiscal year 2004, the on-behalf payments by the Commonwealth for teachers pension benefits were reported for the first time.

- Revenue classifications prior to GASB 34 implementation in FY2002 have not been reclassified for the new format.

(a) The percentage was adjusted to reflect a \$20 million payment of short-term debt that was reported as long-term debt (FAS 6).

City of Waltham, Massachusetts
Assessed Value and Actual Value of Taxable Property by Classification and Tax Rates
Last Ten Fiscal Years

Fiscal Year	Assessed and Actual Values and Tax Rates								Total City Value
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate	
1998	\$2,125,797,200	\$13.64	\$973,397,600	\$384,603,400	\$164,079,200	\$ 1,522,080,200	\$30.23	\$20.56	\$3,647,877,400
1999	\$2,780,183,200	\$12.74	\$1,116,144,900	\$400,403,800	\$160,046,900	\$ 1,676,595,600	\$28.60	\$18.71	\$4,456,778,800
2000 (1)	\$3,241,556,800	\$11.71	\$1,308,881,600	\$395,665,600	\$158,036,200	\$ 1,862,583,400	\$27.53	\$17.48	\$5,104,140,200
2001	\$3,703,170,200	\$11.10	\$1,643,470,100	\$436,956,200	\$186,047,200	\$ 2,266,473,500	\$24.46	\$16.17	\$5,969,643,700
2002	\$4,240,407,600	\$10.47	\$1,934,142,400	\$465,370,900	\$236,955,700	\$ 2,636,469,000	\$22.60	\$15.12	\$6,876,876,600
2003 (1)	\$4,925,898,587	\$9.67	\$1,895,463,068	\$466,912,733	\$233,376,400	\$ 2,595,752,201	\$23.65	\$14.49	\$7,521,650,788
2004	\$5,429,509,969	\$9.21	\$1,666,556,449	\$503,907,238	\$275,467,674	\$ 2,445,931,361	\$26.31	\$14.52	\$7,875,441,330
2005	\$5,487,525,201	\$9.89	\$1,550,274,117	\$487,910,338	\$285,014,010	\$ 2,323,198,465	\$27.87	\$15.24	\$7,810,723,666
2006 (1)	\$5,943,352,380	\$10.33	\$1,592,360,048	\$500,429,864	\$280,132,600	\$ 2,372,922,512	\$25.77	\$14.74	\$8,316,274,892
2007	\$6,313,415,259	\$9.97	\$1,904,693,049	\$556,350,782	\$268,794,020	\$ 2,729,837,851	\$22.97	\$13.89	\$9,043,253,110



(1) Revaluation year.

Source: Assessor's Department, City of Waltham

All property in the Commonwealth of Massachusetts is assessed at 100% of fair cash value.

Note: Chapter 59, Section 21C of the Massachusetts General Laws, known as "Proposition 2 1/2", imposes 2 separate limits on the annual tax levy of the City. The primary limitation is that the tax levy cannot exceed 2 1/2 percent of the full and fair cash value. The secondary limitation is that the tax levy cannot exceed the maximum levy limit for the preceding fiscal year as determined by the State Commissioner of Revenue by more than 2 1/2 percent, subject to an exception for property added to the tax rolls and for certain substantial valuation increases other than as part of a general revaluation. The secondary limit may be exceeded in any year by a majority vote of the voters, however it cannot exceed the primary limitation.

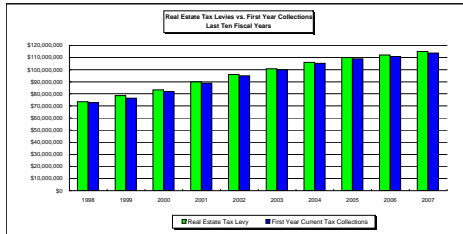
City of Waltham, Massachusetts
Principal Taxpayers
Current Year and Nine Years Ago

Name	Nature of Business	2007			1998		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
BCCC Property LLC	Office	\$167,254,500	1	1.85%	-	-	-
Astra	Office	\$78,101,960	2	0.86%	-	-	-
Boston Properties LLC	Office	\$75,967,560	3	0.84%	-	-	-
MMS Lot & MMS Winter St LLC	Office	\$68,265,280	4	0.75%	-	-	-
Windsor Village	Apartments	\$68,254,708	5	0.75%	\$45,177,100	5	1.24%
NSTAR	Utility	\$66,337,790	6	0.73%	-	-	-
Gardencrest Apartments	Apartments	\$65,980,600	7	0.73%	\$35,292,100	8	0.97%
ASN-Massachusetts Holdings Inc	Apartments	\$64,579,500	8	0.71%	-	-	-
WCD Property LLC	Manufacturing	\$61,434,100	9	0.68%	-	-	-
404 Wyman Street Associates	Office	\$60,346,800	10	0.67%	\$53,019,000	4	1.45%
Bay Colony	Office Building	-	-	-	\$109,179,700	1	2.99%
Polaroid	Manufacturing	-	-	-	\$74,612,100	2	2.05%
Reservoir Place	Office Building	-	-	-	\$57,909,300	3	1.59%
Boston Edison	Utility	-	-	-	\$37,209,200	7	1.02%
Prospect Hill Executive Office Park	Office Building	-	-	-	\$39,581,700	6	1.09%
275 Wyman Street Trust	Office Building	-	-	-	\$33,679,900	9	0.92%
Brandeis University	Office Building	-	-	-	\$33,194,700	10	0.91%
	Totals	<u>\$776,522,798</u>		<u>8.57%</u>	<u>\$518,854,800</u>		<u>14.23%</u>

(1) Source: Assessor's Department, City of Waltham

City of Waltham, Massachusetts
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	(2) Total Tax Levy	Less Abatements & Exemptions	(2) Net Tax Levy	Net as % of Total	First Year Current Tax Collections	Percent of Net Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Net Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Tax to Net Tax Levy
1998	\$75,008,358	\$1,510,549	\$73,497,809	97.99%	\$72,803,000	99.05%	\$525,001	\$73,328,001	99.77%	\$169,808	0.23%
1999	\$79,142,812	\$566,126	\$78,576,686	99.28%	\$78,374,778	97.20%	\$2,403,400	\$78,778,178	100.26%	(\$201,492)	-0.26%
2000	(1) \$83,572,834	\$262,577	\$83,310,257	99.69%	\$82,061,607	98.50%	\$2,022,729	\$84,084,336	100.93%	(\$774,079)	-0.93%
2001	\$90,354,249	\$458,871	\$89,895,378	99.49%	\$88,868,671	98.86%	\$928,217	\$89,796,888	99.89%	\$98,490	0.11%
2002	\$87,132,870	\$1,192,539	\$85,940,331	98.77%	\$85,010,950	99.03%	\$961,410	\$85,972,360	100.03%	(\$32,029)	-0.03%
2003	(1) \$101,680,103	\$946,821	\$100,733,282	99.07%	\$99,955,913	99.23%	\$1,182,257	\$101,137,270	100.40%	(\$403,988)	-0.40%
2004	\$106,597,742	\$579,060	\$106,018,682	99.46%	\$105,093,822	99.13%	\$1,435,171	\$106,528,993	100.48%	(\$510,301)	-0.48%
2005	\$110,522,720	\$526,233	\$109,996,487	99.52%	\$108,786,615	98.90%	\$802,867	\$109,589,482	99.63%	\$407,005	0.37%
2006	(1) \$112,831,612	\$729,197	\$112,102,415	99.35%	\$110,628,939	98.69%	\$339,428	\$110,968,367	98.99%	\$1,134,048	1.01%
2007	\$115,760,050	\$650,404	\$115,109,646	99.44%	\$113,547,250	98.64%	\$1,190,823	\$114,738,113	99.68%	\$371,533	0.32%



(1) Revaluation year.

(2) Includes tax liens.

Source: Assessor's Department City of Waltham

City of Waltham, Massachusetts
Ratios of Outstanding Debt and General Bonded Debt
Last Ten Fiscal Years

Fiscal Year	U. S. Census Population	Personal Income	Equalized Value	Governmental Activities Debt				
				General Obligation Bonds	Capital Leases	Per Capita	Percentage of Personal Income	Percentage of Equalized Value
1998	57,878	\$1,518,776,598	\$4,202,403,400	\$12,245,000	\$0	\$212	0.81%	0.29%
1999	57,878	\$1,525,895,592	\$4,202,403,400	\$9,270,000	\$0	\$160	0.61%	0.22%
2000	59,226	\$1,561,434,264	\$5,461,431,800	\$7,305,000	\$0	\$123	0.47%	0.13%
2001	59,226	\$1,561,434,264	\$5,461,431,800	\$9,055,000	\$0	\$153	0.58%	0.17%
2002	59,226	\$1,561,434,264	\$7,455,289,200	\$6,915,000	\$0	\$117	0.44%	0.09%
2003	59,226	\$1,561,434,264	\$7,455,289,200	\$22,325,000	\$0	\$377	1.43%	0.30%
2004	59,226	\$1,561,434,264	\$8,289,720,700	\$44,095,000	\$0	\$745	2.82%	0.53%
2005	59,226	\$1,561,434,264	\$8,289,720,700	\$59,860,000	\$0	\$1,011	3.83%	0.72%
2006	59,226	\$1,561,434,264	\$9,255,808,700	\$45,160,000	\$0	\$763	2.89%	0.49%
2007	59,226	\$1,561,434,264	\$9,255,808,700	\$58,110,000	\$0	\$981	3.72%	0.63%

Fiscal Year	Business-type Activities (1)		Total Primary Government			
	General Obligation Bonds	Capital Leases	Total Debt Outstanding	Per Capita	Percentage of Personal Income	Percentage of Equalized Value
1998	\$3,748,603	\$0	\$15,993,603	\$276	1.05%	0.38%
1999	\$3,424,702	\$0	\$12,694,702	\$219	0.83%	0.30%
2000	\$2,754,979	\$0	\$10,059,979	\$170	0.64%	0.18%
2001	\$5,779,914	\$0	\$14,834,914	\$250	0.95%	0.27%
2002	\$6,426,304	\$0	\$13,341,304	\$225	0.85%	0.18%
2003	\$5,688,547	\$0	\$28,013,547	\$473	1.79%	0.38%
2004	\$6,166,873	\$0	\$50,261,873	\$849	3.22%	0.61%
2005	\$5,474,582	\$0	\$65,334,582	\$1,103	4.18%	0.79%
2006	\$4,322,291	\$0	\$49,482,291	\$835	3.17%	0.53%
2007	\$10,717,569	\$0	\$68,827,569	\$1,162	4.41%	0.74%

(1) Sewer and Water Funds

Source: Audited Financial Statements, U. S. Census

City of Waltham, Massachusetts
Direct and Overlapping Governmental Activities Debt

As of June 30, 2007

<u>City of Waltham, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes and user charges			
MWRA Water.....	\$ 1,868,396,000	3.855%	\$ 72,026,666
MWRA Sewer.....	3,618,254,000	2.886%	104,422,810
MBTA.....	5,079,400,000	0.800%	<u>40,635,200</u>
Subtotal, overlapping debt.....			217,084,676
City direct debt.....			<u>58,110,000</u>
Total direct and overlapping debt.....			<u><u>\$ 275,194,676</u></u>

Source: Official Statement for Sale of Bonds.

City of Waltham, Massachusetts
Computation of Legal Debt Margin
Last Ten Fiscal Years

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Equalized Valuation.....	<u>\$4,202,403,400</u>	<u>\$4,202,403,400</u>	<u>\$5,461,431,800</u>	<u>\$5,461,431,800</u>	<u>\$7,455,289,200</u>	<u>\$7,455,289,200</u>	<u>\$8,289,720,700</u>	<u>\$8,289,720,700</u>	<u>\$9,255,808,700</u>	<u>\$9,255,808,700</u>
Debt Limit -5% of Equalized Valuation.....	210,120,170	210,120,170	273,071,590	273,071,590	372,764,460	372,764,460	414,486,035	414,486,035	462,790,435	462,790,435
Less:										
Outstanding debt applicable to limit.....	13,733,362	10,528,958	8,273,601	11,847,901	10,883,656	25,924,265	28,196,873	43,309,582	47,902,291	\$66,632,569
Authorized and unissued debt.....	<u>4,980,000</u>	<u>7,899,500</u>	<u>60,120,000</u>	<u>166,900,000</u>	<u>168,815,000</u>	<u>165,423,545</u>	<u>161,298,545</u>	<u>139,279,402</u>	<u>84,412,854</u>	<u>75,443,551</u>
Legal debt margin.....	<u>\$ 191,406,808</u>	<u>\$ 191,691,712</u>	<u>\$ 204,677,989</u>	<u>\$ 94,323,689</u>	<u>\$ 193,065,804</u>	<u>\$ 181,416,650</u>	<u>\$ 224,990,617</u>	<u>\$ 231,897,051</u>	<u>\$ 330,475,290</u>	<u>\$ 320,714,315</u>
Total debt applicable to the limit as a percentage of debt limit.....	8.91%	8.77%	25.05%	65.46%	48.21%	51.33%	45.72%	44.05%	28.59%	30.70%

Source: City Auditor's Office, City of Waltham

**City of Waltham, Massachusetts
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population Estimates	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
1998	57,878	1,518,776,598	\$26,241	31.6	5,338	3.1%
1999	57,878	1,525,895,592	\$26,364	31.6	5,404	2.6%
2000	59,226	1,561,434,264	\$26,364	34.2	5,187	2.1%
2001	59,226	1,561,434,264	\$26,364	34.2	5,197	3.2%
2002	59,226	1,561,434,264	\$26,364	34.2	4,975	4.9%
2003	59,226	1,561,434,264	\$26,364	34.2	5,068	5.3%
2004	59,226	1,561,434,264	\$26,364	34.2	4,825	4.5%
2005	59,226	1,561,434,264	\$26,364	34.2	4,669	4.2%
2006	59,226	1,561,434,264	\$26,364	34.2	4,718	3.9%
2007	59,226	1,561,434,264	\$26,364	34.2	4,836	4.2%

Source: U. S. Census, Division of Local Services
Median age is based on most recent census data

**City of Waltham, Massachusetts
Principal Employers (excluding City)
Current Year and Nine Years Ago**

Employer	Nature of Business	2007			1998		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brandeis University	Higher Education	1512	1	2.89%	1456	6	2.25%
Tufts Health Plan	Health Care	1500	2	2.87%	1500	5	2.32%
Bentley College	Higher Education	800	3	1.53%	698	9	1.08%
Bank of America	Financial Services	660	4	1.26%	-	-	-
Keyspan	Utility	650	5	1.24%	-	-	-
AM-FM Cleaning Corporation	Janitorial Contracting	600	6	1.15%	-	-	-
Nova Biomedical Corporation	BioTech Research	600	7	1.15%	-	-	-
Raytheon	Electronics	587	8	1.12%	3500	1	5.41%
Verizon	Communications	520	9	0.99%	-	-	-
Parexel International Corporation	R&D Consultant	500	10	0.96%	-	-	-
Parametric Technology Corporation	Computer Systems	-	-	-	2700	2	4.17%
Polaroid Corporation	Camera Manufacturer	-	-	-	2659	3	4.11%
Bank Boston	Financial Services	-	-	-	1700	4	2.63%
Deaconess Waltham Hospital	Health Care	-	-	-	1200	7	1.85%
Arkwright - Mutal Insurance	Insurance	-	-	-	1000	8	1.54%
IBM Corporation	Computers	-	-	-	600	10	0.93%
		<u>7929</u>		<u>15.16%</u>	<u>17013</u>		<u>26.29%</u>

Source: Massachusetts Department of Employment and Training

City of Waltham, Massachusetts
Full-time Equivalent City Employees by Function
Last Ten Fiscal Years

	Fiscal Year									
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Function:										
General government.....	110	116	120	124	127	123	123	122	110	107
Public safety.....	349	367	382	383	380	384	367	377	374	369
Education.....	n/a	n/a	879	895	903	880	871	872	869	913
Consolidated public works.....	63	64	64	65	67	64	58	58	72	71
Community development.....	13	13	14	13	15	27	25	26	31	28
Health and human services.....	15	16	16	15	17	17	18	20	20	20
Culture and recreation.....	30	30	31	31	32	32	29	29	23	25
Water/sewer.....	36	38	38	39	39	36	33	31	33	32
Total	<u>616</u>	<u>644</u>	<u>1,544</u>	<u>1,565</u>	<u>1,580</u>	<u>1,563</u>	<u>1,524</u>	<u>1,535</u>	<u>1,532</u>	<u>1,564</u>

Source: City records.

City of Waltham, Massachusetts
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Cash flow (millions).....	300	315	330	350	375	400	440	460	480	500
Accounts payable invoices processed.....	28,767	29,102	29,771	30,440	31,109	31,778	36,640	37,000	37,000	37,000
Payroll checks processed.....	57,233	57,899	59,230	60,561	61,892	63,223	72,885	73,000	73,000	73,000
Police										
Arrests.....	1,400	1,413	1,518	1,567	1,334	1,175	1,058	1,074	1,193	1,137
Traffic citations.....	11,000	13,874	14,434	16,040	14,439	10,803	12,297	15,406	16,496	14,569
Parking violations.....	n/a	n/a	n/a	n/a	6,671	4,531	4,652	5,311	5,170	5,181
Service calls.....	27,000	36,505	36,795	34,632	44,394	40,837	42,079	38,563	35,119	36,765
Major investigations.....	800	1,097	1,000	997	709	1,092	1,470	1,542	1,607	1,721
Fire										
Inspections - schools/nursing homes/hospitals.....	240	240	240	240	240	240	223	220	200	100
Inspections - commercial/industrial.....	749	749	714	749	714	749	254	270	260	525
Emergency responses - box alarms.....	1,033	1,090	1,033	1,090	1,033	1,090	1,125	1,082	1,150	1,200
Emergency responses - still alarms.....	3,905	3,500	3,905	3,500	3,905	3,500	5,723	5,588	5,800	5,650
Emergency responses - false alarms.....	123	195	123	195	123	195	203	200	150	160
Water										
Consumption in gallons (billions/year).....	2.9	3.2	3.2	2.9	3.2	2.9	2.9	2.7	3	3
Leak detection (miles).....	n/a	n/a	n/a	n/a	n/a	160	155	155	160	151
Service repairs.....	n/a	n/a	n/a	n/a	n/a	165	158	208	183	225
Sewer										
Service repairs.....	n/a	n/a	n/a	n/a	n/a	n/a	23	25	30	45
Stoppages - mains.....	n/a	n/a	n/a	n/a	n/a	n/a	118	98	18	150
Stoppages - services.....	n/a	n/a	n/a	n/a	n/a	n/a	232	290	41	275
Health and Human Services										
Permits - public health.....	911	902	875	925	924	925	822	797	771	760
Senior citizen programs.....	62	62	70	70	10	10	15	26	26	26
Senior citizen programs - participants.....	5,230	5,000	5,230	2,000	2,400	2,000	2,350	2,400	2,400	2,500
Recreation activities.....	112	124	130	156	163	159	165	166	170	230
Recreation activities - participants.....	24,000	22,200	22,200	22,500	22,700	16,406	17,085	17,080	17,125	15,050
Veterans cases.....	550	550	550	550	550	550	570	640	750	850
Cemetery burials.....	255	246	208	251	246	251	208	230	230	215
Libraries										
Items circulated.....	530,065	475,000	560,323	551,660	553,950	591,727	642,884	641,497	645,000	640,000
Registered borrowers.....	38,000	34,000	38,000	34,000	30,000	28,640	29,963	31,744	32,500	32,500

Source: Various City Departments
n/a = information not available

City of Waltham, Massachusetts
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government										
Number of Buildings.....	58	58	58	58	58	59	60	59	59	59
Police										
Number of Stations.....	3	3	3	3	3	3	3	3	3	3
Fire										
Number of Stations.....	6	6	6	6	6	6	6	6	6	6
Education										
Number of elementary schools.....	8	8	8	8	8	8	7	7	7	7
Number of middle schools.....	2	2	2	2	2	2	2	2	2	2
Number of high schools.....	1	1	1	1	1	1	1	1	1	1
Public Works										
Water mains (miles).....	-	-	-	-	-	-	-	159	159	159
Fire hydrants.....	-	-	-	-	-	-	-	1,176	1,176	1,176
Sanitary sewers (miles).....	-	-	-	-	-	-	-	160	160	160
Storm sewers (miles).....	-	-	-	-	-	-	-	121	121	121
Culture and Recreation										
Parks and playgrounds.....	13	13	13	13	13	13	13	13	13	13
Fields (baseball).....	11	11	11	11	11	11	11	11	11	11
Fields (softball).....	5	5	5	5	5	5	5	7	7	7
Fields (soccer/multi-purpose).....	4	4	4	4	4	4	4	8	8	8
Wading pools/spray parks.....	3	3	3	3	3	4	4	5	5	5
Basketball courts.....	18	18	18	18	18	18	18	18	18	18
Tennis courts.....	9	9	9	9	9	9	9	9	9	9

Source: Various City Departments