

CITY OF WALTHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2010



Waltham Common - Fall

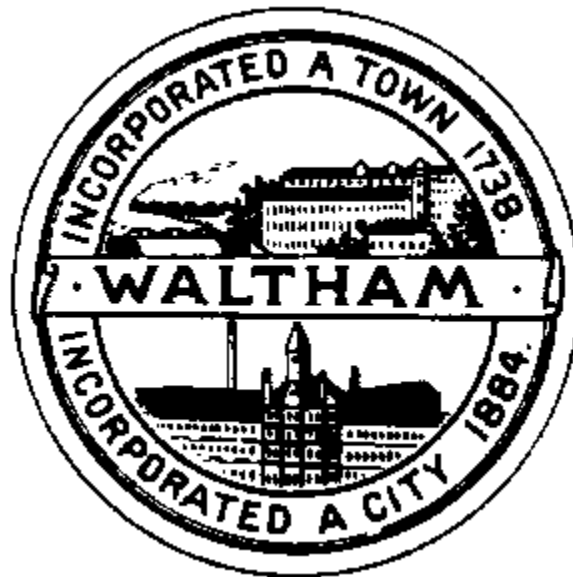


Waltham Common - Spring

CITY OF WALTHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2010



Prepared by:

City Auditor's Office

CITY OF WALTHAM, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2010

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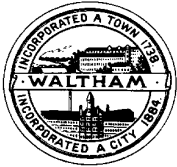
Introductory Section



Waltham Common – Veterans' Memorial

Introductory Section

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City Auditor
Dennis P. Quinn

CITY OF WALTHAM

Commonwealth of Massachusetts

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Waltham, Massachusetts 02452-5580
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Email: dquinn@city.waltham.ma.us

Letter of Transmittal

January 27, 2011

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, 2010 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, 2010, 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, 2010, 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, 2010 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 Division of Local Services, had a population of 60,605.

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 other than the City Clerk. The Mayor 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.

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 self-insured 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 University 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 FY2010, the combined assessed value of these properties represented 32.2% 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 diminished. It is anticipated that state aid will decrease and be level funded at best, 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 \$94.2 million in long and short term debt. The long term indebtedness consists of \$87.4 million of general obligation bonds; of which \$12.5 million is self-supporting through enterprise fund revenues and \$6.9 million of bond anticipation notes are expected to be permanently funded in February 2011. Under the school building assistance program, the City was eligible for a state grant representing 90% reimbursement of approved costs incurred in the building of eight new school facilities. The City received \$124.8 million of such assistance based on reimbursement of eligible construction costs. \$24.7 million was received in FY2005, \$44.4 million in FY2006, \$29.8 million in FY2007, \$24.6 million in FY2008 and the final payment of \$1.3 million was received in FY2010. The City has issued bonds to provide for the remainder of the cost.

The City has authorized and unissued debt for school facilities, water/sewer infrastructure improvements, departmental equipment, land acquisition/development and other various projects totaling \$34.6 million as of June 30, 2010. The authorized and unissued debt includes \$19.3 million for water/sewer infrastructure improvements.

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. As of January 1, 2010, the latest actuarial date, the System had succeeded in funding 58% of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over the remaining 18 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 July 2009. 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 of the United States and Canada (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, 2009. This was the sixth 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.

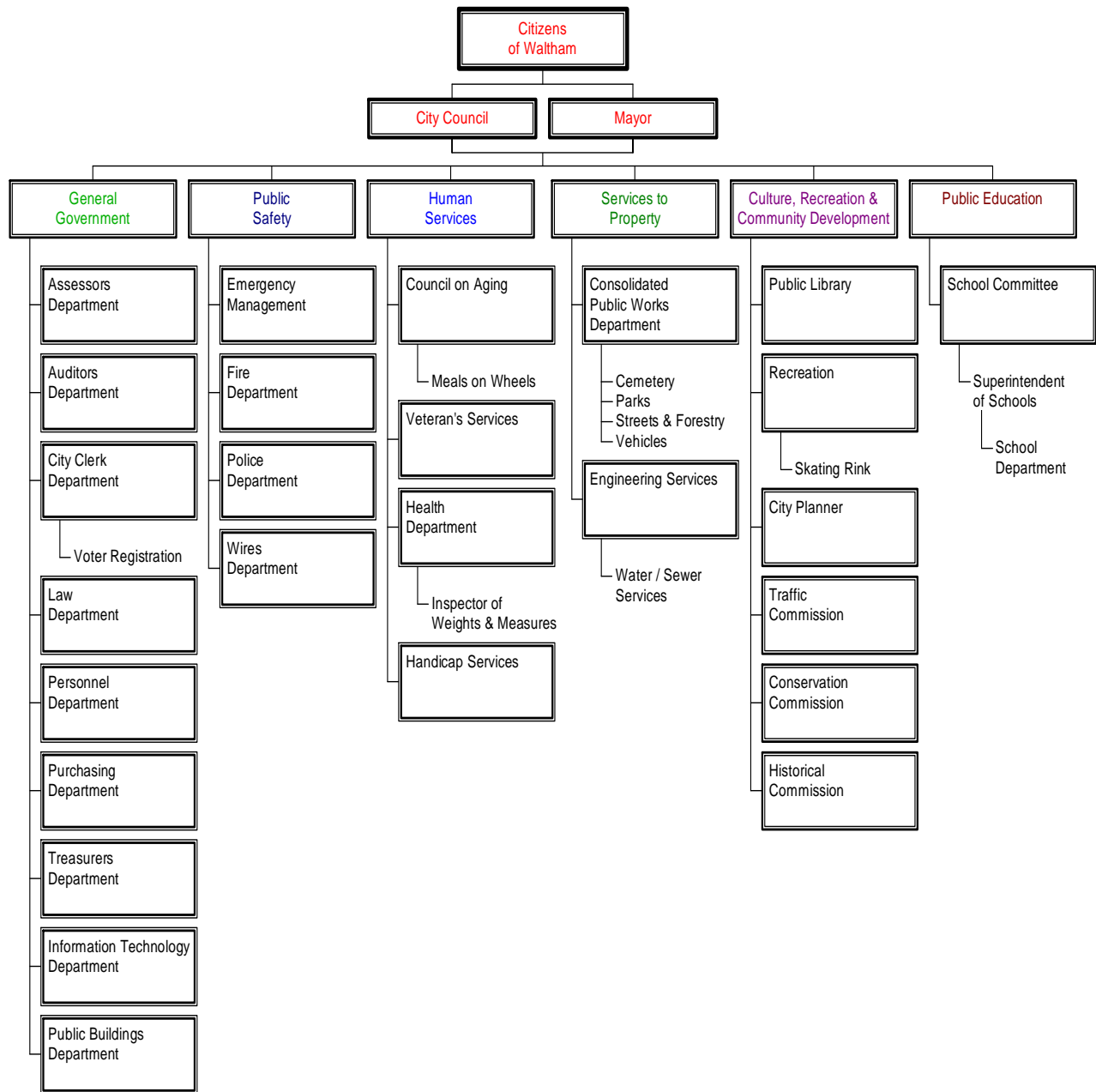
Respectfully submitted,

A handwritten signature in black ink, reading "Dennis P. Quinn". The signature is written in a cursive, flowing style with a large initial "D" and a long, sweeping underline.

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 President

Sarafina Collura

Diane P. LeBlanc

Kenneth B. Doucette

Kathleen B. McMenimen

Thomas M. Stanley

Ward Councilors

Daniel P. Romard

Edmund P. Tarallo

George A. Darcy III

Thomas J. Curtin

Gary J. Marchese

Robert J. Waddick, Council Vice President

Joseph M. Giordano Jr.

Stephen F. Rourke

Robert G. Logan

School Committee

Jeannette A. McCarthy, Mayor, Chairperson

Harold Walker, Vice Chairperson

Susan Burstein

Robert Cincotta

Margaret Donnelly

Lisa Limonciello

Stephen Rando

Principal Executive Officers

City Auditor

Dennis P. Quinn

City Treasurer/Collector

Thomas J. Magno

City Clerk

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, 2009

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.



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President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

Financial Section



Waltham Common - Summer

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, 2010 (except for the Waltham Contributory Retirement System which is as of and for the year ended December 31, 2009), 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.

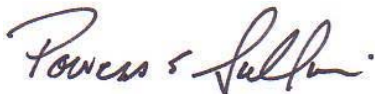
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Waltham, Massachusetts, as of June 30, 2010 (except for the Waltham Contributory Retirement System which is as of December 31, 2009), 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 January 27, 2011, 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, Waltham contributory retirement system schedule of funding progress and employer contributions, other postemployment benefit plan schedule of funding progress and employer contributions, and other postemployment benefit plan actuarial assumptions and methods, 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 "Thomas J. Sullivan". The signature is written in a cursive, flowing style.

January 27, 2011

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, 2010. 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 \$214.5 million (net assets).
- Of this amount, 12% or \$26 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 \$23.9 million, a decrease of \$1.6 million in comparison with the prior year. Total fund balance represents 13% of total general fund expenditures.
- The City's total debt (short-term and long-term combined) decreased by \$4.4 million during the current fiscal year. This was due to the net effect of \$11.7 million in principal payments on maturing debt and the issuance of \$7.3 million of new debt.
- The City implemented GASB Statement #45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions in fiscal year 2008. At the close of the current fiscal year, the City incurred an additional \$11.3 million in other postemployment benefit obligations bringing the total liability to \$40.2 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 \$214.5 million at the close of Fiscal 2010, a decrease of \$15.5 million from the prior year.

Net assets of \$181 million (84%) 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, \$7.5 million (4%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$26 million (12%) 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 activities of the City are presented on the following pages.

Governmental Activities

The City of Waltham's assets exceeded liabilities for governmental activities by \$189.4 million at the close of Fiscal 2010.

	Fiscal 2010	Fiscal 2009
Assets:		
Current assets.....	\$ 72,087,257	\$ 72,633,307
Noncurrent assets (excluding capital).....	3,056,776	2,780,495
Capital assets.....	246,343,329	247,409,072
Total assets.....	321,487,362	322,822,874
Liabilities:		
Current liabilities (excluding debt).....	10,225,454	10,451,123
Noncurrent liabilities (excluding debt).....	41,023,503	29,640,630
Current debt.....	12,752,905	8,889,819
Noncurrent debt.....	68,118,286	75,308,190
Total liabilities.....	132,120,148	124,289,762
Net Assets:		
Capital assets net of related debt.....	169,360,245	166,859,105
Restricted.....	7,547,471	8,967,296
Unrestricted.....	12,459,498	22,706,711
Total net assets.....	\$ 189,367,214	\$ 198,533,112
Program Revenues:		
Charges for services.....	\$ 11,709,349	\$ 9,566,697
Operating grants and contributions.....	33,503,809	37,942,509
Capital grants and contributions.....	2,246,744	1,915,581
General Revenues:		
Real estate and personal property taxes.....	136,608,856	126,943,021
Tax liens.....	446,529	1,282,908
Motor vehicle and other excise taxes.....	7,988,143	7,956,157
Community preservation tax.....	2,217,436	2,088,829
Nonrestricted grants.....	9,319,430	11,841,812
Unrestricted investment income.....	388,780	976,911
Other revenues.....	544,525	486,316
Total revenues.....	204,973,601	201,000,741
Expenses:		
General Government.....	12,548,346	12,936,686
Public Safety.....	57,363,358	56,145,799
Education.....	112,799,898	113,953,264
Public Works.....	17,436,688	18,559,319
Community development.....	5,034,910	5,554,606
Human Services.....	2,818,957	2,696,784
Culture and recreation.....	5,028,081	4,230,997
Interest.....	3,054,071	2,448,936
Total expenses.....	216,084,309	216,526,391
Increase in net assets before transfers.....	(11,110,708)	(15,525,650)
Transfers.....	1,944,810	-
Change in net assets.....	\$ (9,165,898)	\$ (15,525,650)

The governmental expenses totaled \$216.1 million of which \$47.5 million (22%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$157.5 million, primarily coming from property taxes, motor vehicle excise, non-restricted state aid and investment income.

The governmental net assets decreased by \$9.2 million during the current fiscal year. This was due to the recognition of \$11.3 million of postemployment benefit liabilities, depreciation expense exceeding debt principal payments raised on the tax rate by \$2.3 million and the use of \$1.5 million of reserves to fund general operations. These decreases were offset by the recognition of a \$1.6 million capital grant to fund highway projects, a \$2.6 million increase in the community preservation fund, and \$1.4 million in timing difference between expenses incurred and revenues raised and recognized in the current year.

Business-type Activities

For the City's business-type activities, assets exceeded liabilities by \$25.1 million at the close of Fiscal 2010.

	<u>Fiscal 2010</u>	<u>Fiscal 2009</u>
Assets:		
Current assets.....	\$ 17,374,250	\$ 23,297,204
Capital assets.....	22,992,601	24,148,707
Total assets.....	40,366,851	47,445,911
Liabilities:		
Current liabilities (excluding debt).....	640,648	507,414
Noncurrent liabilities (excluding debt).....	796,247	628,465
Current debt.....	2,692,932	2,859,980
Noncurrent debt.....	11,124,412	12,050,875
Total liabilities.....	15,254,239	16,046,734
Net Assets:		
Capital assets net of related debt.....	11,605,346	14,475,464
Unrestricted.....	13,507,266	16,923,713
Total net assets.....	\$ 25,112,612	\$ 31,399,177
Program Revenues:		
Charges for services.....	\$ 24,498,564	\$ 25,782,576
Capital grants and contributions.....	-	247,500
General Revenues:		
Unrestricted investment income.....	58,584	154,501
Total revenues.....	24,557,148	26,184,577
Expenses:		
Water.....	11,129,805	11,198,348
Sewer.....	17,385,085	15,512,343
Veterans Memorial Rink.....	384,013	434,579
Total expenses.....	28,898,903	27,145,270
Increase in net assets before transfers.....	(4,341,755)	3,395,676
Transfers.....	(1,944,810)	-
Change in net assets.....	\$ (6,286,565)	\$ (960,693)

Business-type net assets of \$11.6 million (46%) represent the investment in capital assets while \$13.5 million (54%) is unrestricted. The City's business-type activities net assets decreased by \$6.3 million in the current fiscal year.

The sewer department experienced a decrease of \$4.3 million in net assets. Revenues decreased by 4% and expenses increased by 13%, which resulted in a decrease in net assets when compared with the prior year. The decrease in revenues was primarily due to a decrease in usage. The increase in expenses was primarily due to expenses incurred for the evaluation of the sewer infrastructure system.

The water department experienced a decrease of \$1.9 million in net assets. Revenues decreased by 7% and expenses decreased by 1%, resulting in a decrease in net assets when compared with the prior year. The decrease in revenues was primarily due to a decrease in usage.

The Veterans Memorial Rink experienced a decrease in net assets, totaling \$4,600, which is in-line with expected 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 \$48.1 million. This is comprised of \$23.9 million for the general fund, \$1.7 million for the stabilization fund, a deficit of \$252,000 in the community development fund, \$14.5 million for the community preservation fund, a deficit of \$2.9 million in the city capital projects fund, and \$11.1 million in the nonmajor governmental funds. Cumulatively there was a decrease of \$4.2 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 \$13.4 million, while total fund balance was \$23.9 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 7% of the total general fund expenditures, while total fund balance represents 13% of that same amount. Fund balance reserved for encumbrances and continuing appropriations totaled \$10.6 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 \$3.3 million in fiscal 2010, which was due to transfers to the general fund.

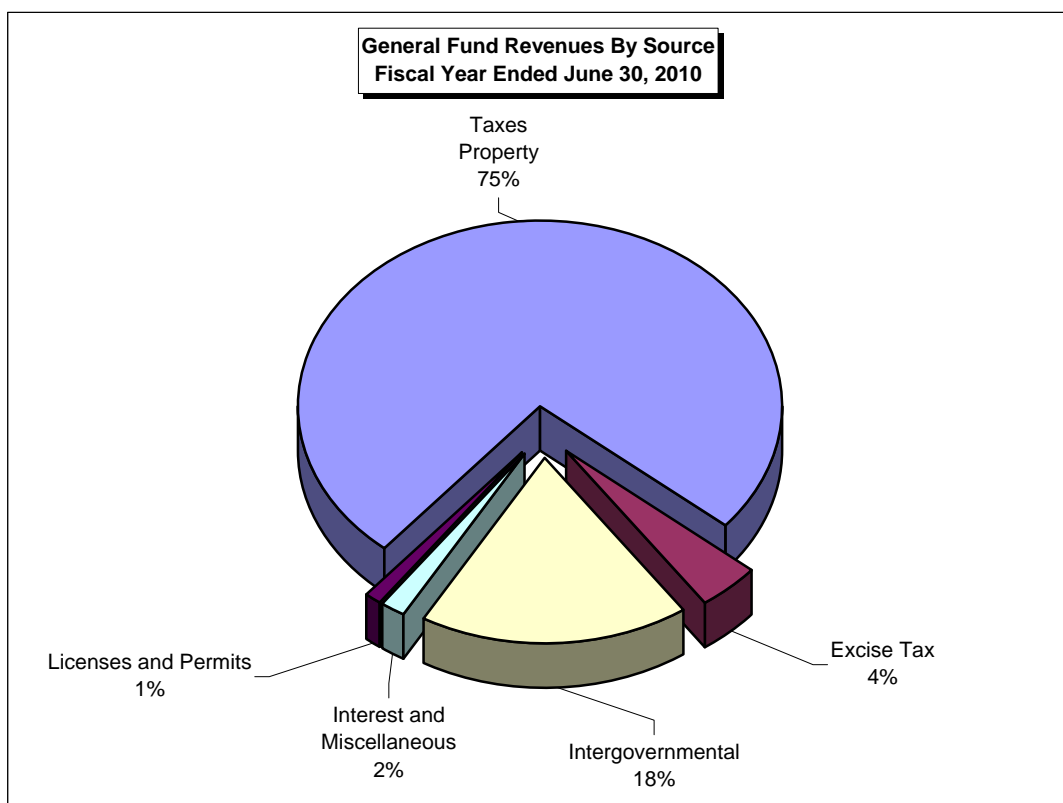
The highway projects fund is a special revenue fund used to account for construction, reconstruction and improvements to roadways, streets and sidewalks.

The community development fund is used to account for the community development block grant program. This fund has a deficit fund balance totaling \$252,000. This deficit will be funded by future grant revenue.

The community preservation fund had a fund balance at June 30, 2010 of \$14.5 million. These funds are attributable to the City's acceptance of the Community Preservation Act, which allows the City to impose a surcharge on property taxes and to receive matching state funds for specified uses related to the acquisition, creation, preservation and support of open space, historic resources, land for recreational use and community housing. The Community Preservation's fund balance increased by \$2.6 million which was due to timing differences between the receipt and planned use of funds.

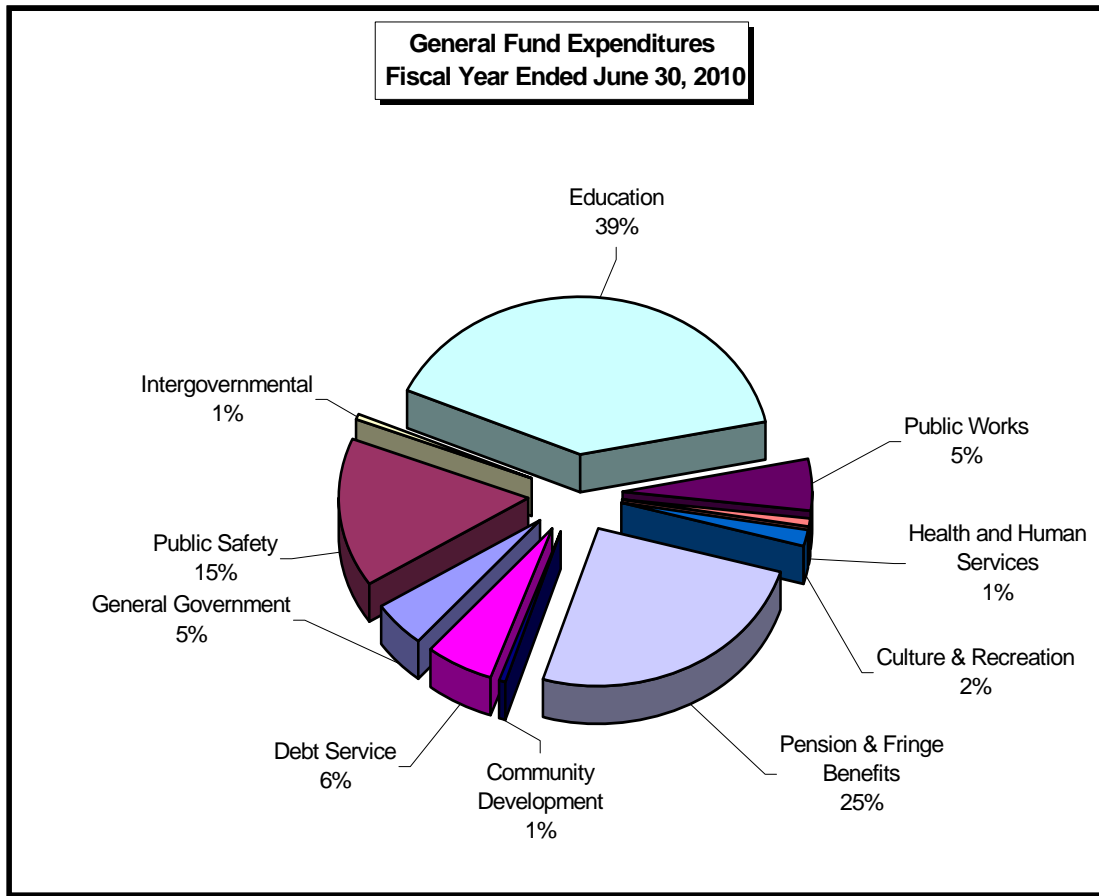
The city capital projects fund is used to account for the City's major construction projects. The fund balance decreased by \$5 million in fiscal 2010, which was due to expenditures on construction projects.

General Fund Revenues



- Tax revenue continues to be the most significant revenue source for the City, comprising 75% of total general fund revenue. Tax revenue increased in accordance with the provisions of the Massachusetts law, which limits such increase to 2 1/2% over the preceding year plus an allowance for new growth.
- Intergovernmental revenue represents 18% of total revenues. This includes state aid as well as approximately \$14.3 million in on-behalf payments made by the State to the Massachusetts Teachers' Retirement Board for teachers' pension benefits.
- Excise tax revenue continued to be a significant source of revenue. Excise tax revenue represents 4% of the total general fund revenues.
- License and permit revenue reflects 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 Fiscal 2010. The City is committed to providing a high-quality education through its public schools.
- Public Safety and Public Works represent a combined 20% of general fund expenditures. This reflects the City's commitment to providing a safe, secure environment and essential public services.
- Debt service costs in Fiscal 2010 were 6% of total general fund expenditures, reflecting principal and interest payments associated with building design, renovation and construction, land acquisition and development, equipment, and technology.
- Pension and fringe benefits were 25% of total general fund expenditures in Fiscal 2010, 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 July 1, 2010 is \$7.3 million. The City remains committed to conservative budgets, tight management controls, and to maintaining reserves.

The general fund decreased by \$1.6 million from the prior fiscal year. This was primarily due to the voted use of unreserved fund balance to fund general fund appropriations; of which \$1.1 million was related to the cost of snow and ice removal.

General Fund Budgetary Highlights

The increase from the original budget to the final amended budget totaled \$5.1 million (3%). The majority of the supplemental appropriations are attributable to the cost of snow and ice removal and building utilities. Debt principal and interest also increased due to the City's policy of funding in the current year, amounts to be carried forward to the next year.

The City continues to strive to achieve a balance between the need for municipal services with the costs of providing these services. Overall, the City under expended its budget by 2% while at the same time actual revenues were less than budgeted estimates by just under 1%.

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, 2010, amounts to \$269.3 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 decrease in the City's investment in capital assets for the current year was \$2.2 million.

Major capital asset events during the current fiscal year included the purchase of land, ongoing street and sidewalk infrastructure projects, 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, 2010, totaled \$74.8 million of which \$49.2 million is related to school projects, \$16.2 million for land design and acquisition, \$3.2 million for building renovations and \$6.2 million for other CIP related projects.

At year end, the sewer and water enterprise funds have \$9.4 million and \$3.1 million, respectively, of outstanding long-term debt, which are fully supported by rates and do not rely on a general fund subsidy.

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, 2010

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents..... \$	59,737,157	\$ 8,739,777	\$ 68,476,934
Investments.....	1,649,311	-	1,649,311
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	2,012,507	-	2,012,507
Tax liens.....	1,308,707	218,298	1,527,005
Motor vehicle and other excise taxes.....	683,438	-	683,438
Water fees.....	-	3,309,064	3,309,064
Sewer fees.....	-	4,723,908	4,723,908
Departmental and other.....	504,306	-	504,306
Special assessments.....	71,972	-	71,972
Intergovernmental.....	6,119,859	383,203	6,503,062
Total current assets.....	72,087,257	17,374,250	89,461,507
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Real estate tax deferrals.....	437,608	-	437,608
Special assessments.....	523,884	-	523,884
Loans.....	2,095,284	-	2,095,284
Capital assets, nondepreciable.....	18,557,357	38,550	18,595,907
Capital assets, net of accumulated depreciation.....	227,785,972	22,954,051	250,740,023
Total noncurrent assets.....	249,400,105	22,992,601	272,392,706
TOTAL ASSETS.....	321,487,362	40,366,851	361,854,213
LIABILITIES			
CURRENT:			
Warrants payable.....	2,568,145	295,899	2,864,044
Health claims payable.....	3,511,000	-	3,511,000
Tax refunds payable.....	868,000	-	868,000
Accrued interest.....	747,354	121,389	868,743
Other liabilities.....	-	96,823	96,823
Compensated absences.....	2,324,955	126,537	2,451,492
Workers' compensation.....	206,000	-	206,000
Unamortized premium on bonds and notes payable...	61,267	-	61,267
Bonds and notes payable.....	12,691,638	2,692,932	15,384,570
Total current liabilities.....	22,978,359	3,333,580	26,311,939
NONCURRENT:			
Compensated absences.....	994,281	152,354	1,146,635
Workers' compensation.....	452,000	-	452,000
Other postemployment benefits obligation.....	39,577,222	643,893	40,221,115
Unamortized premium on bonds and notes payable...	404,804	-	404,804
Bonds and notes payable.....	67,713,482	11,124,412	78,837,894
Total noncurrent liabilities.....	109,141,789	11,920,659	121,062,448
TOTAL LIABILITIES.....	132,120,148	15,254,239	147,374,387
NET ASSETS			
Invested in capital assets, net of related debt.....	169,360,245	11,605,346	180,965,591
Restricted for:			
Loans.....	2,095,284	-	2,095,284
Permanent funds:			
Expendable.....	332,261	-	332,261
Nonexpendable.....	1,770,206	-	1,770,206
Gifts and grants.....	3,349,720	-	3,349,720
Unrestricted.....	12,459,498	13,507,266	25,966,764
TOTAL NET ASSETS..... \$	189,367,214	\$ 25,112,612	\$ 214,479,826

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2010

		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.....	\$ 14,983,570	\$ (2,435,224)	\$ 1,969,326	\$ 1,026,578	\$ -	\$ (9,552,442)
Public safety.....	56,399,901	963,457	3,443,664	2,563,192	-	(51,356,502)
Education.....	112,619,363	180,535	3,908,483	28,032,013	-	(80,859,402)
Public works.....	16,742,831	693,857	666,730	10,390	1,638,515	(15,121,053)
Community development.....	4,907,488	127,422	837,237	1,597,720	608,229	(1,991,724)
Health and human services.....	2,631,694	187,263	432,697	188,501	-	(2,197,759)
Culture and recreation.....	4,745,391	282,690	451,212	85,415	-	(4,491,454)
Interest.....	3,054,071	-	-	-	-	(3,054,071)
Total Governmental Activities...	216,084,309	-	11,709,349	33,503,809	2,246,744	(168,624,407)
<i>Business-Type Activities:</i>						
Sewer.....	17,385,085	-	14,029,718	-	-	(3,355,367)
Water.....	11,129,805	-	10,089,418	-	-	(1,040,387)
Veterans Memorial Rink.....	384,013	-	379,428	-	-	(4,585)
Total Business-Type Activities..	28,898,903	-	24,498,564	-	-	(4,400,339)
Total Primary Government.....	\$ 244,983,212	\$ -	\$ 36,207,913	\$ 33,503,809	\$ 2,246,744	\$ (173,024,746)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (168,624,407)	\$ (4,400,339)	\$ (173,024,746)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	136,608,856	-	136,608,856
Tax liens.....	446,529	-	446,529
Motor vehicle and other excise taxes.....	6,013,280	-	6,013,280
Hotel/motel tax.....	1,974,863	-	1,974,863
Community preservation tax.....	2,217,436	-	2,217,436
Penalties and interest on taxes.....	510,939	-	510,939
Payments in lieu of taxes.....	33,586	-	33,586
Grants and contributions not restricted to specific programs.....	9,319,430	-	9,319,430
Unrestricted investment income.....	388,780	58,584	447,364
<i>Transfers, net</i>	1,944,810	(1,944,810)	-
Total general revenues.....	159,458,509	(1,886,226)	157,572,283
Change in net assets.....	(9,165,898)	(6,286,565)	(15,452,463)
<i>Net Assets:</i>			
Beginning of year.....	198,533,112	31,399,177	229,932,289
End of year.....	\$ <u>189,367,214</u>	\$ <u>25,112,612</u>	\$ <u>214,479,826</u>

(Concluded)

GOVERNMENTAL FUNDS
BALANCE SHEET

JUNE 30, 2010

ASSETS	<u>General</u>	<u>Stabilization</u>	<u>Highway Projects</u>	<u>Community Development</u>
Cash and cash equivalents.....	\$ 25,155,409	\$ 1,699,589	\$ -	\$ -
Investments.....	-	-	-	-
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	2,012,507	-	-	-
Real estate tax deferrals.....	437,608	-	-	-
Tax liens.....	1,308,707	-	-	-
Motor vehicle and other excise taxes.....	683,438	-	-	-
Departmental and other.....	21,287	-	-	-
Special assessments.....	595,856	-	-	-
Intergovernmental.....	699,208	-	3,654,953	1,161,263
Loans.....	-	-	-	2,095,284
Due from other funds.....	1,200,495	-	-	-
TOTAL ASSETS.....	\$ 32,114,515	\$ 1,699,589	\$ 3,654,953	\$ 3,256,547
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 1,908,989	\$ -	\$ 26,136	\$ 249,267
Tax refunds payable.....	868,000	-	-	-
Deferred revenues.....	5,401,814	-	3,291,381	3,256,547
Due to other funds.....	-	-	337,436	3,023
Notes payable.....	-	-	-	-
TOTAL LIABILITIES.....	8,178,803	-	3,654,953	3,508,837
FUND BALANCES:				
Reserved for:				
Encumbrances and continuing appropriations...	10,558,086	-	-	-
Perpetual permanent funds.....	-	-	-	-
Unreserved:				
Undesignated, reported in:				
General fund.....	13,377,626	-	-	-
Special revenue funds.....	-	1,699,589	-	(252,290)
Capital projects funds.....	-	-	-	-
Permanent funds.....	-	-	-	-
TOTAL FUND BALANCES.....	23,935,712	1,699,589	-	(252,290)
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 32,114,515	\$ 1,699,589	\$ 3,654,953	\$ 3,256,547

See notes to basic financial statements.

Community Preservation	City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 14,579,263	\$ 2,721,536	\$ 10,531,903	\$ 54,687,700
-	-	1,649,311	1,649,311
-	-	-	2,012,507
-	-	-	437,608
-	-	-	1,308,707
-	-	-	683,438
47,088	-	279,312	347,687
-	-	-	595,856
604,435	-	-	6,119,859
-	-	-	2,095,284
-	-	-	1,200,495
<u>\$ 15,230,786</u>	<u>\$ 2,721,536</u>	<u>\$ 12,460,526</u>	<u>\$ 71,138,452</u>

\$ 89,612	\$ 85,814	\$ 208,327	\$ 2,568,145
-	-	-	868,000
651,523	-	279,312	12,880,577
-	-	860,036	1,200,495
-	5,563,000	-	5,563,000
<u>741,135</u>	<u>5,648,814</u>	<u>1,347,675</u>	<u>23,080,217</u>

-	-	-	10,558,086
-	-	1,770,206	1,770,206

-	-	-	13,377,626
14,489,651	-	7,843,813	23,780,763
-	(2,927,278)	1,166,571	(1,760,707)
-	-	332,261	332,261

<u>14,489,651</u>	<u>(2,927,278)</u>	<u>11,112,851</u>	<u>48,058,235</u>
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<u>\$ 15,230,786</u>	<u>\$ 2,721,536</u>	<u>\$ 12,460,526</u>	<u>\$ 71,138,452</u>
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**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TOTAL FUND BALANCES TO THE STATEMENT OF NET ASSETS**

JUNE 30, 2010

Total governmental fund balances.....	\$ 48,058,235
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....	246,343,329
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....	12,880,577
Internal service funds are used by management to account for retirees' health insurance and workers' compensation activities.	
The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.....	1,695,076
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....	(747,354)
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.....	(74,842,120)
Workers' compensation.....	(658,000)
Compensated absences.....	(3,319,236)
Other postemployment benefits obligation.....	<u>(39,577,222)</u>
Net effect of reporting long-term liabilities.....	(118,396,578)
In the statement of activities, material premiums are amortized over the lives of the bonds and notes payable.....	<u>(466,071)</u>
Net assets of governmental activities.....	<u>\$ 189,367,214</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2010

	General	Stabilization	Highway Projects	Community Development	Community Preservation
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 136,176,138	\$ -	\$ -	\$ -	\$ -
Tax liens.....	685,462	-	-	-	-
Motor vehicle and other excise taxes.....	5,822,906	-	-	-	-
Community preservation tax.....	-	-	-	-	2,217,436
Hotel/motel tax.....	1,974,863	-	-	-	-
Charges for services.....	-	-	-	-	-
Penalties and interest on taxes.....	506,816	-	-	-	4,123
Fees and rentals.....	659,947	-	-	-	-
Payments in lieu of taxes.....	33,586	-	-	-	-
Licenses and permits.....	2,165,567	-	-	-	-
Fines and forfeitures.....	898,188	-	-	-	-
Intergovernmental.....	32,724,844	-	1,506,760	1,278,930	729,210
Departmental and other.....	446,333	-	-	-	-
Special assessments.....	282,434	-	-	-	-
Contributions.....	-	-	-	-	-
Investment income.....	161,871	31,994	-	36	95,986
Miscellaneous.....	-	-	-	77,435	-
TOTAL REVENUES.....	182,538,955	31,994	1,506,760	1,356,401	3,046,755
EXPENDITURES:					
Current:					
General government.....	9,011,912	-	-	-	-
Public safety.....	28,279,259	-	-	-	-
Education.....	74,939,955	-	-	-	-
Public works.....	9,822,991	-	1,506,760	-	-
Community development.....	1,355,086	-	-	1,525,468	401,904
Health and human services.....	1,551,850	-	-	-	-
Culture and recreation.....	2,830,874	-	-	-	-
Pension benefits.....	12,747,613	-	-	-	-
Employee benefits.....	34,768,726	-	-	-	-
State and county charges.....	1,507,037	-	-	-	-
Debt service:					
Principal.....	7,556,538	-	-	-	-
Interest.....	3,225,848	-	-	-	-
TOTAL EXPENDITURES.....	187,597,689	-	1,506,760	1,525,468	401,904
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(5,058,734)	31,994	-	(169,067)	2,644,851
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bonds and notes.....	35,619	-	-	-	-
Transfers in.....	3,373,150	-	-	-	-
Transfers out.....	-	(3,290,533)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)...	3,408,769	(3,290,533)	-	-	-
NET CHANGE IN FUND BALANCES.....	(1,649,965)	(3,258,539)	-	(169,067)	2,644,851
FUND BALANCES AT BEGINNING OF YEAR.....	25,585,677	4,958,128	-	(83,223)	11,844,800
FUND BALANCES AT END OF YEAR.....	\$ 23,935,712	\$ 1,699,589	\$ -	\$ (252,290)	\$ 14,489,651

See notes to basic financial statements.

City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 136,176,138
-	-	685,462
-	-	5,822,906
-	-	2,217,436
-	-	1,974,863
-	498,741	498,741
-	-	510,939
-	1,372,418	2,032,365
-	-	33,586
-	-	2,165,567
-	147,118	1,045,306
-	7,302,720	43,542,464
-	769,035	1,215,368
-	-	282,434
-	314,517	314,517
-	60,432	350,319
-	2,145,034	2,222,469
-	12,610,015	201,090,880
3,778,927	70,617	12,861,456
32,370	2,827,248	31,138,877
-	6,860,747	81,800,702
855,169	84,912	12,269,832
143,074	894,603	4,320,135
-	199,207	1,751,057
216,046	318,607	3,365,527
-	-	12,747,613
-	-	34,768,726
-	-	1,507,037
-	-	7,556,538
-	-	3,225,848
5,025,586	11,255,941	207,313,348
(5,025,586)	1,354,074	(6,222,468)
-	-	35,619
-	1,944,810	5,317,960
-	(82,617)	(3,373,150)
-	1,862,193	1,980,429
(5,025,586)	3,216,267	(4,242,039)
2,098,308	7,896,584	52,300,274
\$ (2,927,278)	\$ 11,112,851	\$ 48,058,235

**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, 2010

Net change in fund balances - total governmental funds.....	\$	(4,242,039)
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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.....	8,752,635	
Depreciation expense.....	<u>(9,818,378)</u>	

Net effect of reporting capital assets.....		(1,065,743)
---	--	-------------

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.....

(1,273,572)

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.

Debt service principal payments.....	7,556,538	
Amortization of premium from issuance of bonds and notes payable.....	<u>65,280</u>	

Net effect of reporting long-term debt.....		7,621,818
---	--	-----------

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.....	(63,460)	
Net change in workers' compensation.....	(191,000)	
Net change in accrued interest on long-term debt.....	70,878	
Net change in postemployment benefits liability.....	<u>(11,120,962)</u>	

Net effect of recording long-term liabilities and amortizing deferred losses.....		(11,304,544)
---	--	--------------

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>1,098,182</u>
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Change in net assets of governmental activities.....	\$	<u><u>(9,165,898)</u></u>
--	----	---------------------------

See notes to basic financial statements.

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PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Veterans Memorial Rink	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents.....	\$ 4,024,323	\$ 4,715,454	\$ -	\$ 8,739,777	\$ 5,049,457
Receivables, net of allowance for uncollectibles:					
Water and sewer liens.....	127,819	90,479	-	218,298	-
Water fees.....	-	3,309,064	-	3,309,064	-
Sewer fees.....	4,723,908	-	-	4,723,908	-
Departmental and other.....	-	-	-	-	156,619
Intergovernmental.....	383,203	-	-	383,203	-
Due from other funds.....	-	13,953	-	13,953	-
Total current assets.....	9,259,253	8,128,950	-	17,388,203	5,206,076
NONCURRENT:					
Capital assets, nondepreciable.....	38,550	-	-	38,550	-
Capital assets, net of accumulated depreciation..	14,561,857	8,327,565	64,629	22,954,051	-
Total noncurrent assets.....	14,600,407	8,327,565	64,629	22,992,601	-
TOTAL ASSETS.....	23,859,660	16,456,515	64,629	40,380,804	5,206,076
LIABILITIES					
CURRENT:					
Warrants payable.....	267,440	24,212	4,247	295,899	-
Health claims payable.....	-	-	-	-	3,511,000
Accrued interest.....	89,052	32,337	-	121,389	-
Other liabilities.....	96,823	-	-	96,823	-
Compensated absences.....	48,553	71,973	6,011	126,537	-
Due to other funds.....	-	-	13,953	13,953	-
Bonds and notes payable.....	2,219,932	473,000	-	2,692,932	-
Total current liabilities.....	2,721,800	601,522	24,211	3,347,533	3,511,000
NONCURRENT:					
Compensated absences.....	92,025	54,335	5,994	152,354	-
Other postemployment benefits obligation.....	193,265	365,631	84,997	643,893	-
Bonds and notes payable.....	8,455,412	2,669,000	-	11,124,412	-
Total noncurrent liabilities.....	8,740,702	3,088,966	90,991	11,920,659	-
TOTAL LIABILITIES.....	11,462,502	3,690,488	115,202	15,268,192	3,511,000
NET ASSETS					
Invested in capital assets, net of related debt.....	6,166,855	5,373,862	64,629	11,605,346	-
Unrestricted.....	6,230,303	7,392,165	(115,202)	13,507,266	1,695,076
TOTAL NET ASSETS.....	\$ 12,397,158	\$ 12,766,027	\$ (50,573)	\$ 25,112,612	\$ 1,695,076

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Veterans Memorial Rink	Total	
OPERATING REVENUES:					
Employee contributions	\$ -	\$ -	\$ -	\$ -	\$ 5,117,832
Employer contributions	-	-	-	-	31,528,500
Charges for services	14,029,718	10,089,418	379,428	24,498,564	-
TOTAL OPERATING REVENUES	14,029,718	10,089,418	379,428	24,498,564	36,646,332
OPERATING EXPENSES:					
Cost of services and administration	3,808,659	2,156,405	297,978	6,263,042	-
MWRA Assessment.....	11,731,972	7,149,732	-	18,881,704	-
Depreciation.....	923,685	573,320	11,379	1,508,384	-
Employee benefits	607,012	1,121,661	74,656	1,803,329	35,586,611
TOTAL OPERATING EXPENSES	17,071,328	11,001,118	384,013	28,456,459	35,586,611
OPERATING INCOME (LOSS).....	(3,041,610)	(911,700)	(4,585)	(3,957,895)	1,059,721
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	23,965	34,619	-	58,584	38,461
Interest expense.....	(313,757)	(128,687)	-	(442,444)	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	(289,792)	(94,068)	-	(383,860)	38,461
INCOME (LOSS) BEFORE TRANSFERS.....	(3,331,402)	(1,005,768)	(4,585)	(4,341,755)	1,098,182
TRANSFERS:					
Transfers out.....	(1,003,201)	(941,609)	-	(1,944,810)	-
CHANGE IN NET ASSETS.....	(4,334,603)	(1,947,377)	(4,585)	(6,286,565)	1,098,182
NET ASSETS AT BEGINNING OF YEAR.....	16,731,761	14,713,404	(45,988)	31,399,177	596,894
NET ASSETS AT END OF YEAR.....	\$ 12,397,158	\$ 12,766,027	\$ (50,573)	\$ 25,112,612	\$ 1,695,076

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2010

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Veterans Memorial Rink	Total	
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>					
Receipts from customers and users.....	\$ 14,268,351	\$ 10,417,179	\$ 379,428	\$ 25,064,958	\$ -
Receipts from interfund services provided.....	-	-	-	-	36,646,332
Payments to vendors.....	(14,839,417)	(8,379,235)	(195,581)	(23,414,233)	-
Payments to employees.....	(479,811)	(1,022,368)	(98,735)	(1,600,914)	-
Payments for interfund services used.....	(552,706)	(1,018,921)	(50,772)	(1,622,399)	(35,433,446)
NET CASH FROM OPERATING ACTIVITIES.....	(1,603,583)	(3,345)	34,340	(1,572,588)	1,212,886
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>					
Transfers out.....	(1,003,201)	(941,609)	-	(1,944,810)	-
Advances from other funds.....	-	-	(34,340)	(34,340)	-
Advances to other funds.....	-	34,340	-	34,340	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	(1,003,201)	(907,269)	(34,340)	(1,944,810)	-
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u>					
Issuance of bonds and notes.....	1,996,868	-	-	1,996,868	-
Acquisition and construction of capital assets.....	(309,425)	(42,853)	-	(352,278)	-
Principal payments on bonds and notes.....	(1,602,880)	(1,257,100)	-	(2,859,980)	-
Interest expense.....	(318,622)	(133,336)	-	(451,958)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	(234,059)	(1,433,289)	-	(1,667,348)	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>					
Investment income.....	23,965	34,619	-	58,584	38,461
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	(2,816,878)	(2,309,284)	-	(5,126,162)	1,251,347
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	6,841,201	7,024,738	-	13,865,939	3,798,110
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 4,024,323	\$ 4,715,454	\$ -	\$ 8,739,777	\$ 5,049,457
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:</u>					
Operating income (loss).....	\$ (3,041,610)	\$ (911,700)	\$ (4,585)	\$ (3,957,895)	\$ 1,059,721
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation.....	923,685	573,320	11,379	1,508,384	-
Changes in assets and liabilities:					
Water and sewer liens.....	3,107	(4,310)	-	(1,203)	-
Water fees.....	-	332,071	-	332,071	-
Sewer fees.....	235,526	-	-	235,526	-
Departmental and other.....	-	-	-	-	96,165
Warrants payable.....	234,123	(71,238)	1,539	164,424	-
Health claims payable.....	-	-	-	-	57,000
Other liabilities.....	(19,370)	-	-	(19,370)	-
Accrued compensated absences.....	6,650	(24,228)	2,123	(15,455)	-
Other postemployment benefits obligation.....	54,306	102,740	23,884	180,930	-
Total adjustments.....	1,438,027	908,355	38,925	2,385,307	153,165
NET CASH FROM OPERATING ACTIVITIES.....	\$ (1,603,583)	\$ (3,345)	\$ 34,340	\$ (1,572,588)	\$ 1,212,886

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2010

	Pension Trust Fund (as of December 31, 2009)	Private Purpose Trust Funds	Agency Fund
ASSETS			
Cash and cash equivalents.....	\$ 993,605	\$ 2,409,179	\$ 776,629
Investments:			
Government agencies.....	-	2,019,187	-
Pooled real estate funds.....	6,273,446	-	-
Pooled alternative investments.....	9,486,321	-	-
PRIT funds.....	117,029,821	-	-
Interest and dividends.....	23	-	-
Receivables, net of allowance for uncollectibles:			
Departmental and other.....	26,939	-	-
TOTAL ASSETS.....	133,810,155	4,428,366	776,629
LIABILITIES			
Warrants payable.....	6,246	146,088	38,857
Liabilities due depositors.....	-	-	737,772
TOTAL LIABILITIES.....	6,246	146,088	776,629
NET ASSETS			
Held in trust for pension benefits and other purposes.....	\$ <u>133,803,909</u>	\$ <u>4,282,278</u>	\$ <u>-</u>

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2010

	Pension Trust Fund (as of December 31, 2009)	Private Purpose Trust Funds
ADDITIONS:		
Contributions:		
Employer.....	\$ 13,752,867	\$ -
Employee.....	4,741,954	-
Private donations.....	-	21,324
Total contributions.....	18,494,821	21,324
Net investment income (loss):		
Net change in fair value of investments.....	7,584,882	-
Interest.....	14,927	78,816
Dividends.....	3,656,418	-
Total investment income (loss).....	11,256,227	78,816
Less: investment expense.....	(941,533)	-
Net investment income (loss).....	10,314,694	78,816
Intergovernmental.....	726,786	-
Transfers from other systems.....	233,875	-
TOTAL ADDITIONS.....	29,770,176	100,140
DEDUCTIONS:		
Administration.....	413,085	-
Transfers to other systems.....	330,330	-
Retirement benefits and refunds.....	19,333,053	-
Educational scholarships.....	-	131,250
Housing subsidies.....	-	767,343
TOTAL DEDUCTIONS.....	20,076,468	898,593
CHANGE IN NET ASSETS.....	9,693,708	(798,453)
NET ASSETS AT BEGINNING OF YEAR.....	124,110,201	5,080,731
NET ASSETS AT END OF YEAR.....	\$ 133,803,909	\$ 4,282,278

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 *highway projects fund* is used to account for construction, reconstruction and improvements to roadways, streets and sidewalks. Funding is provided primarily by grants.

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

The *community preservation fund* is a special revenue fund used to account for the 2% local real estate tax surcharge on nonexempt property (and matching state trust fund distribution) that can be used for open space, historic resource and affordable housing purposes. Property exempt from the surcharge consists of the first \$100,000 of all residential property and also property owned by low income seniors with a low or moderate income as defined by Massachusetts Department of Revenue (DOR) guidelines.

The *city capital projects fund* is 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 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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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.....	5-40
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 reported as “invested in capital assets, net of related debt” includes capital assets, net of accumulated depreciation, less the principal balance of outstanding debt used to acquire capital assets. Unspent proceeds of capital related debt are not considered to be capital assets.

Net assets are reported as restricted when amounts 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. Fund Deficits

The following funds had deficit fund balances at June 30, 2010. These deficits will be funded by grants, departmental revenues, bond proceeds and available fund balances.

<u>Fund Name</u>	<u>Amount</u>
Public law fund.....	\$ (540,803)
School state grants.....	(3,003)
Vocational school reserve.....	(4,769)
Community development.....	(252,290)
City projects.....	(2,927,278)
Police and fire detail.....	(358,145)
Veterans memorial rink.....	<u>(50,573)</u>
Total.....	\$ <u><u>(4,136,861)</u></u>

P. 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.

Q. 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.

The Pension Reserve Investment Trust (PRIT) is administered by the Pension Reserves Investment Management Board, which was established by the Treasurer of the Commonwealth of Massachusetts who serves as Trustee. The fair value of the position in the PRIT is the same as the value of the PRIT shares.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of bank failure the City's deposits may not be returned to it. The City's policy allows unlimited deposits, for up to one year, in bank accounts or CD's that are fully collateralized through a third party agreement in banking institutions that do not receive the highest bank rating as determined by a recognized bank rating firm. For banking institutions receiving the highest rating no collateralization is required. The City's policy also allows unlimited investments in money market funds, which are allowed by statute and are considered to be liquid funds.

At fiscal year-end, the carrying amount of deposits totaled \$70,735,396 and the bank balance totaled \$72,375,261. Of the bank balance, \$1,203,922 was covered by Federal Depository Insurance, \$462,007 was covered by the FDIC Transaction Guarantee Program, \$65,369,177 was collateralized and \$5,340,155 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2009, the carrying amount of the System's deposits totaled \$4,187 and the bank balance totaled \$370,877. All of the bank balance was covered by Federal Depository Insurance. The System's investment policy does not address custodial credit risk.

Investments - City

As of June 30, 2010, the City had the following investments:

		Maturity		
Investment Type	Fair Value	Under 1 Year	1-5 Years	6-10 Years
Debt Securities:				
Government Agencies.....	\$ 1,851,732	\$ 50,741	\$ 1,022,036	\$ 778,955
Government Sponsored Enterprises.....	1,182,857	504,500	377,983	300,374
Corporate Bonds.....	633,909	83,140	375,393	175,376
Total Debt Securities.....	3,668,498	\$ 638,381	\$ 1,775,412	\$ 1,254,705
Other Investments:				
Money Market Mutual Funds.....	925,920			
MMDT.....	1,426			
Total Investments.....	\$ 4,595,844			

Investments – Retirement System

As of December 31, 2009, the System had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
<u>Other Investments:</u>	
PRIT.....	\$ 117,029,821
Money Market Mutual Funds.....	989,418
Pooled Real Estate Funds.....	6,273,446
Pooled Alternative Investments.....	<u>9,486,321</u>
Total Investments.....	<u>\$ 133,779,006</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 \$3,668,498 in debt securities are exposed to custodial credit risk because the related securities are uninsured, unregistered and held by the counterparty. The City's investment policy does not address custodial credit risk.

The System's investments are not exposed to custodial credit risk because the securities are held in a custodial capacity and are segregated from the depository financial institutions assets with ownership remaining with the System. The System's investment policy does not address custodial credit risk.

Interest Rate Risk

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

The City participates in MMDT, which maintains a cash portfolio and a short-term bond fund with combined average maturities of approximately 3 months. Credit ratings associated with the City's investment in MMDT ranged from A1/P1 to unrated; with approximately 98% rated A1/P1 and approximately 2% rated A2/P2.

The System participates in PRIT. The effective weighted duration rate for PRIT investments ranged from .08 to 8.58 years.

Credit Risk

The City's investment policy limits investments in debt securities to government agencies and government sponsored enterprises, with the exception of the trust funds which are not limited, as means of limiting credit risk.

As of June 30, 2010, the City had the following quality ratings for its investments:

	Investment Type			Total
	Government Agencies	Government Sponsored Enterprises	Corporate Bonds	
Fair Value.....	\$ <u>1,851,732</u>	\$ <u>1,182,857</u>	\$ <u>633,909</u>	\$ <u>3,668,498</u>
Quality Ratings:				
AAA.....	\$ 1,851,732	\$ 1,182,857	\$ 26,033	\$ 3,060,622
A.....	-	-	607,876	607,876
Total.....	\$ <u>1,851,732</u>	\$ <u>1,182,857</u>	\$ <u>633,909</u>	\$ <u>3,668,498</u>

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 its 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 its total investments.

NOTE 3 – RECEIVABLES

At June 30, 2010, 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
Receivables:			
Real estate and personal property taxes.....	\$ 2,012,507	\$ -	\$ 2,012,507
Real estate tax deferrals.....	437,608	-	437,608
Tax liens.....	1,308,707	-	1,308,707
Motor vehicle and other excise taxes.....	1,665,538	(982,100)	683,438
Departmental and other.....	504,306	-	504,306
Special assessments.....	595,856	-	595,856
Intergovernmental.....	6,119,859	-	6,119,859
Loans.....	2,095,284	-	2,095,284
Total.....	\$ <u>14,739,665</u>	\$ <u>(982,100)</u>	\$ <u>13,757,565</u>

At June 30, 2010, 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.....	\$ 218,298	\$ -	\$ 218,298
Water fees.....	3,309,064	-	3,309,064
Sewer fees.....	4,723,908	-	4,723,908
Intergovernmental.....	383,203	-	383,203
Total.....	<u>\$ 8,634,473</u>	<u>\$ -</u>	<u>\$ 8,634,473</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	Highway Projects	Community Development	Community Preservation	Other Governmental Funds	Total
<u>Receivable type:</u>						
Real estate and personal property taxes..	\$ 1,655,710	\$ -	\$ -	\$ -	\$ -	\$ 1,655,710
Real estate tax deferrals.....	437,608	-	-	-	-	437,608
Tax liens.....	1,308,707	-	-	-	-	1,308,707
Motor vehicle and other excise taxes.....	683,438	-	-	-	-	683,438
Departmental and other.....	21,287	-	-	47,089	335	68,711
Police details.....	-	-	-	-	268,543	268,543
Fire details.....	-	-	-	-	10,434	10,434
Special assessments.....	595,856	-	-	-	-	595,856
Intergovernmental.....	699,208	3,291,381	1,161,263	604,434	-	5,756,286
Loans.....	-	-	2,095,284	-	-	2,095,284
Total.....	<u>\$ 5,401,814</u>	<u>\$ 3,291,381</u>	<u>\$ 3,256,547</u>	<u>\$ 651,523</u>	<u>\$ 279,312</u>	<u>\$ 12,880,577</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 15,357,357	\$ 3,200,000	\$ -	\$ 18,557,357
Construction in progress.....	502,542	-	(502,542)	-
Total capital assets not being depreciated.....	15,859,899	3,200,000	(502,542)	18,557,357
<u>Capital assets being depreciated:</u>				
Land improvements.....	15,655,386	737,813	-	16,393,199
Buildings and improvements.....	236,132,001	1,584,829	-	237,716,830
Equipment.....	21,288,244	803,950	(130,292)	21,961,902
Infrastructure.....	45,456,109	2,652,114	(1,107,532)	47,000,691
Library books.....	1,427,963	276,471	(280,000)	1,424,434
Total capital assets being depreciated.....	319,959,703	6,055,177	(1,517,824)	324,497,056
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(4,904,340)	(780,386)	-	(5,684,726)
Buildings and improvements.....	(47,848,120)	(5,507,362)	-	(53,355,482)
Equipment.....	(15,373,821)	(1,310,786)	130,292	(16,554,315)
Infrastructure.....	(19,446,954)	(2,024,444)	1,107,532	(20,363,866)
Library books.....	(837,295)	(195,400)	280,000	(752,695)
Total accumulated depreciation.....	(88,410,530)	(9,818,378)	1,517,824	(96,711,084)
Total capital assets being depreciated, net.....	231,549,173	(3,763,201)	-	227,785,972
Total governmental activities capital assets.....	\$ 247,409,072	\$ (563,201)	\$ (502,542)	\$ 246,343,329

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 38,550	\$ -	\$ -	\$ 38,550
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	2,005,832	309,425	-	2,315,257
Equipment.....	940,694	-	-	940,694
Infrastructure.....	32,036,481	-	-	32,036,481
Total capital assets being depreciated.....	34,983,007	309,425	-	35,292,432
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(1,190,516)	(62,047)	-	(1,252,563)
Equipment.....	(642,524)	(63,054)	-	(705,578)
Infrastructure.....	(17,973,850)	(798,584)	-	(18,772,434)
Total accumulated depreciation.....	(19,806,890)	(923,685)	-	(20,730,575)
Total capital assets being depreciated, net.....	15,176,117	(614,260)	-	14,561,857
Total sewer activities capital assets.....	\$ 15,214,667	\$ (614,260)	\$ -	\$ 14,600,407
	Beginning Balance	Increases	Decreases	Ending Balance
Water Activities:				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ 1,104,422	\$ -	\$ -	\$ 1,104,422
Equipment.....	1,880,084	28,148	-	1,908,232
Infrastructure.....	17,979,577	14,705	-	17,994,282
Total capital assets being depreciated.....	20,964,083	42,853	-	21,006,936
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(869,733)	(27,611)	-	(897,344)
Equipment.....	(1,006,004)	(99,428)	-	(1,105,432)
Infrastructure.....	(10,230,314)	(446,281)	-	(10,676,595)
Total accumulated depreciation.....	(12,106,051)	(573,320)	-	(12,679,371)
Total water activities capital assets.....	\$ 8,858,032	\$ (530,467)	\$ -	\$ 8,327,565

	Beginning Balance	Increases	Decreases	Ending Balance
Veterans Memorial Rink Activities:				
Capital assets being depreciated:				
Equipment.....	\$ 113,789	\$ -	\$ -	\$ 113,789
Less accumulated depreciation for:				
Equipment.....	(37,781)	(11,379)	-	(49,160)
Total Veterans Memorial Rink activities capital assets.....	\$ 76,008	\$ (11,379)	\$ -	\$ 64,629

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

Governmental Activities:

General government.....	\$ 350,769
Public safety.....	703,379
Education.....	5,135,989
Public works.....	2,025,608
Cemetery.....	11,942
Community development.....	610,618
Health and human services.....	26,813
Culture and recreation.....	953,260
Total depreciation expense - governmental activities.....	\$ 9,818,378

Business-Type Activities:

Sewer.....	\$ 923,685
Water.....	573,320
Veterans Memorial Rink.....	11,379
Total depreciation expense - business-type activities.....	\$ 1,508,384

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
<i>Governmental Activities:</i>		
General	Highway projects.....	\$ 337,436
General	Community development.....	3,023
General	Nonmajor governmental funds.....	860,036
	Total Governmental.....	\$ 1,200,495
<i>Business-Type Activities:</i>		
Water Enterprise	Veteran's Memorial Rink Enterprise.....	\$ 13,953

As of June 30, 2010, the City has governmental and business-type interfund receivables and payables totaling \$1,200,495 and \$13,953, respectively. 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	Total
Stabilization Fund.....	\$ 3,290,533	\$ -	\$ 3,290,533 (1)
Nonmajor Governmental Funds.....	82,617	-	82,617 (2)
Sewer Enterprise Fund.....	-	1,003,201	1,003,201 (3)
Water Enterprise Fund.....	-	941,609	941,609 (3)
Total.....	\$ <u>3,373,150</u>	\$ <u>1,944,810</u>	\$ <u>5,317,960</u>

(1) Represents a budgeted transfer from the stabilization fund to the general fund.

(2) Represents budgeted transfers to the general fund from receipts reserved for appropriation.

(3) Represents transfers between capital project funds.

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, 2010, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2009	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2010
<i>Governmental Funds</i>							
BAN	Equipment.....	1.00	02/02/10	\$ 102,000	\$ -	\$ 102,000	\$ -
BAN	Incinerator Facility Removal.....	1.00	02/02/10	535,000	-	535,000	-
BAN	Buildings.....	1.00	02/02/10	350,000	-	350,000	-
BAN	Building Remodeling.....	1.00	02/02/10	81,000	-	81,000	-
BAN	Recreation.....	1.00	02/02/10	200,000	-	200,000	-
BAN	Building Renovations.....	1.25	08/19/10	-	31,000	-	31,000
BAN	Yard Structures.....	1.25	08/19/10	-	350,000	-	350,000
BAN	Design/Engineering.....	1.25	08/19/10	-	50,000	-	50,000
BAN	Equipment.....	1.25	08/19/10	-	57,000	-	57,000
BAN	Land Development.....	1.25	08/19/10	-	200,000	-	200,000
BAN	Incinerator Facility Removal.....	1.25	08/19/10	-	535,000	-	535,000
BAN	Technology.....	1.25	08/19/10	-	45,000	-	45,000
BAN	City Yard Structures.....	1.25	08/19/10	-	200,000	-	200,000
BAN	Design/Engineering.....	1.25	08/19/10	-	175,000	-	175,000
BAN	Land Acquisition.....	1.25	08/19/10	-	3,200,000	-	3,200,000
BAN	Water Mains/Sewer Drains.....	1.25	08/19/10	-	405,000	-	405,000
BAN	Water Mains/Sewer Drains Improvements...	1.25	08/19/10	-	315,000	-	315,000
Total.....				\$ 1,268,000	\$ 5,563,000	\$ 1,268,000	\$ 5,563,000
<i>Sewer Enterprise Fund</i>							
BAN	Infrastructure.....	1.00	02/02/10	\$ 650,000	\$ -	\$ 650,000	\$ -
BAN	Sewer Improvements.....	1.25	08/19/10	-	1,300,000	-	1,300,000
Total.....				\$ 650,000	\$ 1,300,000	\$ 650,000	\$ 1,300,000
<i>Water Enterprise Fund</i>							
BAN	Infrastructure.....	1.00	02/02/10	\$ 720,000	\$ -	\$ 720,000	\$ -

On August 19, 2010, the City rolled-over the \$6,863,000 of outstanding BAN's and issued additional BAN's totaling \$3,107,000. The new governmental and sewer BAN's totaled \$8,645,000 and \$1,325,000, and carry interest rates of 1.00% and 1.25%, respectively and are due on February 22, 2011.

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".

Details related to the outstanding indebtedness at June 30, 2010, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Building renovations.....	2.00-5.00	\$ 3,906,000	\$ -	\$ 741,000	\$ 3,165,000
School construction.....	2.00-5.00	52,423,758	-	3,228,638	49,195,120
Land development.....	2.00-5.00	8,375,000	-	1,199,000	7,176,000
Land acquisition.....	2.00-5.00	9,760,000	-	710,000	9,050,000
City equipment.....	2.00-5.00	3,440,000	-	717,000	2,723,000
City technology.....	2.00-5.00	570,000	-	155,000	415,000
Signals and communications.....	2.00-5.00	1,187,000	-	230,000	957,000
Design/engineering.....	2.00-5.00	210,000	-	120,000	90,000
Pond preservation.....	2.00-4.00	175,000	-	35,000	140,000
Sidewalk improvements.....	3.10-4.25	400,000	-	170,000	230,000
Streets.....	3.00-5.00	1,660,000	-	225,000	1,435,000
Drainage.....	3.00-5.00	291,900	-	25,900	266,000
Total Governmental bonds payable.....		\$ 82,398,658	\$ -	\$ 7,556,538	\$ 74,842,120

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

Fiscal Year	Principal	Interest	Total
2011.....	\$ 7,128,638	\$ 2,651,183	\$ 9,779,821
2012.....	6,623,638	2,402,597	9,026,235
2013.....	6,250,638	2,164,708	8,415,346
2014.....	5,168,638	1,950,274	7,118,912
2015.....	4,592,638	1,768,235	6,360,873
2016.....	4,531,638	1,592,635	6,124,273
2017.....	4,524,638	1,412,909	5,937,547
2018.....	4,503,638	1,246,151	5,749,789
2019.....	4,461,638	1,078,431	5,540,069
2020.....	4,206,638	908,625	5,115,263
2021.....	4,006,638	746,778	4,753,416
2022.....	3,931,638	598,146	4,529,784
2023.....	3,286,638	462,416	3,749,054
2024.....	3,170,638	345,442	3,516,080
2025.....	3,105,638	231,889	3,337,527
2026.....	2,095,638	122,770	2,218,408
2027.....	1,390,638	65,090	1,455,728
2028.....	995,638	29,527	1,025,165
2029.....	866,636	4,634	871,270
Totals.....	\$ 74,842,120	\$ 19,782,440	\$ 94,624,560

Bonds and Notes Payable Schedule – Sewer Enterprise Fund

Project	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Sewer projects.....	2.00-5.00	\$ 4,305,000	\$ -	\$ 365,000	\$ 3,940,000
Sewer improvements.....	4.00	1,070,000	-	207,000	863,000
Sewer equipment.....	2.00-5.00	905,000	-	83,000	822,000
Sewer surface drains.....	4.00	30,000	-	30,000	-
MWPAT.....	2.00	3,249,255	466,469	207,380	3,508,344
MWRA.....	0.00	302,500	-	60,500	242,000
Total Sewer Enterprise bonds payable.....		\$ 9,861,755	\$ 466,469	\$ 952,880	\$ 9,375,344

The City is a member of the Massachusetts Water Resources Authority (MWRA) which offers its members interest free loans for various purposes. As of June 30, 2010, the City has \$242,000 outstanding with the MWRA.

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
2011.....	\$ 919,932	\$ 322,306	\$ 1,242,238
2012.....	753,282	296,672	1,049,954
2013.....	755,944	272,908	1,028,852
2014.....	752,700	248,753	1,001,453
2015.....	573,054	225,209	798,263
2016.....	574,004	203,862	777,866
2017.....	576,055	181,415	757,470
2018.....	587,209	160,368	747,577
2019.....	589,464	139,535	728,999
2020.....	401,866	120,659	522,525
2021.....	404,713	104,477	509,190
2022.....	412,615	88,315	500,930
2023.....	415,577	71,939	487,516
2024.....	424,599	55,328	479,927
2025.....	437,682	38,276	475,958
2026.....	380,827	22,075	402,902
2027.....	209,036	10,422	219,458
2028.....	78,386	4,928	83,314
2029.....	72,919	2,326	75,245
2030.....	27,463	835	28,298
2031.....	28,017	280	28,297
Totals.....	\$ 9,375,344	\$ 2,570,888	\$ 11,946,232

Bonds and Notes Payable Schedule – Water Enterprise Fund

Project	Interest Rate (%)	Outstanding at June 30, 2009	Issued	Redeemed	Outstanding at June 30, 2010
Water mains.....	4.10-5.00	\$ 294,100	\$ -	\$ 24,100	\$ 270,000
Water improvements.....	4.00	2,235,000	-	266,000	1,969,000
Water tower.....	2.00-4.00	200,000	-	40,000	160,000
Water projects.....	3.00-5.00	950,000	-	207,000	743,000
Total Water Enterprise bonds payable.....		\$ 3,679,100	\$ -	\$ 537,100	\$ 3,142,000

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
2011.....	\$ 473,000	\$ 114,121	\$ 587,121
2012.....	383,000	96,989	479,989
2013.....	378,000	83,277	461,277
2014.....	243,000	72,436	315,436
2015.....	178,000	64,596	242,596
2016.....	138,000	57,883	195,883
2017.....	138,000	52,412	190,412
2018.....	113,000	48,107	161,107
2019.....	113,000	43,587	156,587
2020.....	106,000	38,394	144,394
2021.....	106,000	33,624	139,624
2022.....	106,000	29,384	135,384
2023.....	106,000	25,144	131,144
2024.....	106,000	20,904	126,904
2025.....	101,000	16,764	117,764
2026.....	101,000	12,660	113,660
2027.....	101,000	8,493	109,493
2028.....	101,000	4,289	105,289
2029.....	51,000	1,084	52,084
Totals.....	\$ 3,142,000	\$ 824,148	\$ 3,966,148

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, 2010, the City had the following authorized and unissued debt:

Purpose	Amount
School design/construction.....	\$ 1,273,642
Water improvements.....	5,623,000
Sewer improvements.....	13,634,380
Traffic improvements.....	1,800,000
Street construction.....	2,580,000
Planning.....	1,385,000
Recreational facility.....	650,000
Design/engineering.....	225,000
Removal of solid waste disposal facility.....	1,085,000
Land acquisition and development.....	3,481,000
Technology.....	145,000
Equipment.....	1,439,000
City yard structures.....	550,000
Streets, water, and sewer.....	405,000
Building remodeling.....	346,000
Total.....	<u>\$ 34,622,022</u>

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2010, 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.....	\$ 82,398,658	\$ -	\$ (7,556,538)	\$ 74,842,120	\$ 7,128,638
Workers' compensation.....	467,000	581,000	(390,000)	658,000	206,000
Compensated absences.....	3,255,776	2,362,866	(2,299,406)	3,319,236	2,324,955
Unamortized premium.....	531,351		(65,280)	466,071	61,267
Other postemployment benefits obligation.....	28,456,260	33,969,042	(22,848,080)	39,577,222	-
Total governmental activity long-term liabilities.....	<u>\$ 115,109,045</u>	<u>\$ 36,912,908</u>	<u>\$ (33,159,304)</u>	<u>\$ 118,862,649</u>	<u>\$ 9,720,860</u>
Business-Type Activities:					
Long-term bonds and notes.....	\$ 13,540,855	\$ 466,469	\$ (1,489,980)	\$ 12,517,344	\$ 1,392,932
Compensated absences.....	294,346	113,389	(128,844)	278,891	126,537
Other postemployment benefits obligation.....	462,963	552,652	(371,722)	643,893	-
Total business-type activity long-term liabilities.....	<u>\$ 14,298,164</u>	<u>\$ 1,132,510</u>	<u>\$ (1,990,546)</u>	<u>\$ 13,440,128</u>	<u>\$ 1,519,469</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, 2010, the amount of the liability for health insurance claims totaled \$3,511,000. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2008, 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 2010.....	\$ 3,454,000	\$ 34,481,000	\$ (34,424,000)	\$ 3,511,000	\$ 3,511,000
Fiscal Year 2009.....	3,581,000	34,418,000	(34,545,000)	3,454,000	3,454,000

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, 2010, the amount of the liability for workers' compensation claims totaled \$658,000.

Changes in the reported liability since July 1, 2008, 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 2010.....	\$ 467,000	\$ 581,000	\$ (390,000)	\$ 658,000	\$ 206,000
Fiscal Year 2009.....	591,000	205,000	(329,000)	467,000	239,000

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 \$14,290,000 for the fiscal year ended June 30, 2010, 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, 2009, the System's membership consists of the following:

Active members.....	895
Inactive members.....	128
Retirees and beneficiaries currently receiving benefits.....	<u>792</u>
Total.....	<u><u>1,815</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 98% 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, 2010, 2009, and 2008 were approximately \$13,427,000, \$12,878,000, and \$12,413,000, respectively, which equaled its required contribution for each fiscal year. At June 30, 2010, the City did not have a net pension obligation. The required contribution was determined as part of the January 1, 2010, actuarial valuation using the individual entry age normal actuarial cost method. The actuarial assumptions included an 8.25% investment rate of return and projected salary increases of 4.0% 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, 2010, was 22 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)
01/01/10	\$ 160,564,692	\$ 279,108,340	\$ 118,543,648	57.5%	\$ 47,443,385	249.9%
01/01/08	161,934,253	251,353,888	89,419,635	64.4%	45,141,147	198.1%
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%

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 98% 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 2010 totaled approximately \$31,000.

The schedule of funding progress, presented as required supplementary information, following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions, presented as required supplementary information, following the notes to the basic financial statements, presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the City is one participating employer, as well as the City's proportionate share of the plan's annual contributions. This information is designed to be helpful for understanding the scale of the information presented relative to the City.

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description – The City of Waltham administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides lifetime healthcare, dental and life insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. Chapter 32B of the MGL assigns authority to establish and amend benefit provisions of the plan. Benefit provisions are negotiated between the City and the unions representing City employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

Funding Policy – Contribution requirements are also negotiated between the City and union representatives. The required contribution is based on a pay-as-you-go financing requirement. The City contributes a variable portion of the cost of current-year premiums, which varies by plan, for eligible retired plan members and their spouses. Plan members receiving benefits contribute the remaining portion of their premium costs. For fiscal year 2010, the City contributed \$23.2 million to the plan.

Annual OPEB Cost and Net OPEB Obligation – The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded

actuarial liabilities (or funding excess) over a period not to exceed thirty years. The components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation are summarized in the following table:

Annual required contribution.....	\$ 34,263,364
Interest on net OPEB obligation.....	1,156,769
Adjustment to annual required contribution.....	<u>(898,439)</u>
Annual OPEB cost (expense).....	34,521,694
Contributions made.....	<u>(23,219,802)</u>
Increase in net OPEB obligation.....	11,301,892
Net OPEB obligation--beginning of year.....	<u>28,919,223</u>
Net OPEB obligation--end of year.....	<u>\$ 40,221,115</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2010	\$ 34,521,694	67%	\$ 40,221,115
6/30/2009	30,128,701	59%	28,919,223
6/30/2008	28,938,268	42%	16,659,199

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$676 million, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$74.9 million, and the ratio of the UAAL to the covered payroll was 902 percent.

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

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

In the July 1, 2009, actuarial valuation, actuarial liabilities were determined using the projected unit credit cost method. The actuarial assumptions included a 4% investment return assumption, which is based on the expected yield on the assets of the City, calculated based on the funded level of the plan at the valuation date, and an annual medical care inflation rate of 8.5% initially, graded to 5% over 8 years. The UAAL is being amortized over a 30 year period, with amortization payments increasing at 4.5% per year on a closed basis. The remaining amortization period at June 30, 2010 is 26 years.

NOTE 11 – COMMITMENTS

The City has various commitments totaling approximately \$25.4 million for projects related to street/water/sewer infrastructure, building renovations, equipment and land development. Approximately \$21.7 million has been spent on these projects at June 30, 2010.

NOTE 12 – 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, 2010, 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, 2010, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2010.

NOTE 13 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2010, the following GASB pronouncements were implemented:

- The GASB issued Statement #57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans. The standards in this statement permits an agent employer that has an individual employer OPEB plan with fewer than 100 members to use an alternative measurement method to produce actuarially based information for purposes of financial reporting, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Management elected to implement this standard early and this standard did not impact the basic financial statements.
- The GASB issued Statement #58, Accounting and Financial Reporting for Chapter 9 Bankruptcies. The standards in this statement provide guidance for bankrupt state and local governments by establishing requirements for recognizing and measuring the effects of the bankruptcy process on assets and liabilities and for classifying changes in those items and related costs. Management elected to implement this standard early and this standard did not impact the basic financial statements.

Future Implementation of GASB Pronouncements:

- The GASB issued Statement #54, Fund Balance Reporting and Governmental Fund Type Definitions, which is required to be implemented in fiscal year 2011. Management believes that this pronouncement will require additional disclosure and will impact the basic financial statements.

- The GASB issued Statement #59, *Financial Instruments Omnibus*. The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The provisions of this Statement are effective for financial statements for periods beginning after June 15, 2010.

Required Supplementary Information

General Fund Budgetary Comparison Schedule

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

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

FISCAL YEAR ENDED JUNE 30, 2010

	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.....	\$ 137,011,788	\$ 137,011,788	\$ 136,337,676	\$ -	(674,112)
Tax liens.....	-	-	685,462	-	685,462
Motor vehicle and other excise taxes.....	6,160,000	6,160,000	5,822,906	-	(337,094)
Hotel/motel tax.....	2,002,400	2,002,400	1,974,863	-	(27,537)
Penalties and interest on taxes.....	460,000	460,000	506,816	-	46,816
Fees and rentals.....	485,600	635,600	659,947	-	24,347
Payments in lieu of taxes.....	46,000	46,000	33,586	-	(12,414)
Licenses and permits.....	2,500,000	2,500,000	2,165,567	-	(334,433)
Fines and forfeitures.....	750,000	786,000	898,188	-	112,188
Intergovernmental.....	18,476,988	18,476,988	18,434,506	-	(42,482)
Departmental and other.....	916,000	730,000	446,333	-	(283,667)
Special assessments.....	100,000	100,000	282,434	-	182,434
Investment income.....	500,000	500,000	161,871	-	(338,129)
TOTAL REVENUES.....	169,408,776	169,408,776	168,410,155	-	(998,621)
EXPENDITURES:					
Current:					
General government					
City Council					
Personnel.....	267,069	267,069	267,069	-	-
General.....	57,300	57,300	57,052	-	248
Equip/Unusual.....	25,325	25,325	-	20,325	5,000
Capital Improvement.....	982	982	-	982	-
Total.....	350,676	350,676	324,121	21,307	5,248
Mayor's Office					
Personnel.....	261,769	261,769	250,983	-	10,786
General.....	24,850	24,850	24,278	-	572
Equip/Unusual.....	305,195	305,195	116,151	183,456	5,588
Capital Improvement.....	17,466	17,466	4,718	-	12,748
Total.....	609,280	609,280	396,130	183,456	29,694
Auditors					
Personnel.....	552,979	552,979	552,613	-	366
General.....	8,035	8,035	6,719	27	1,289
Equip/Unusual.....	5,920	5,920	172	5,748	-
Capital Improvement.....	804	804	-	804	-
Total.....	567,738	567,738	559,504	6,579	1,655
Treasurer and Collector					
Personnel.....	797,107	797,107	795,626	-	1,481
General.....	238,398	248,398	229,028	10,844	8,526
Equipment/Unusual.....	5,000	-	-	-	-
Capital Improvement.....	1,000	1,000	-	1,000	-
Total.....	1,041,505	1,046,505	1,024,654	11,844	10,007
Assessors					
Personnel.....	370,579	370,579	364,884	-	5,695
General.....	44,765	44,765	44,760	-	5
Equipment/Unusual.....	19,110	19,110	19,110	-	-
Capital Improvement.....	4,970	4,970	4,020	950	-
Total.....	439,424	439,424	432,774	950	5,700

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Purchasing					
Personnel.....	168,273	168,273	168,237	-	36
General.....	5,150	5,150	4,440	710	-
Special.....	262,719	262,719	225,636	-	37,083
Total.....	436,142	436,142	398,313	710	37,119
Trust Funds					
Personnel.....	1,000	1,300	1,300	-	-
General.....	17,150	17,150	15,564	-	1,586
Total.....	18,150	18,450	16,864	-	1,586
Law Department					
Personnel.....	699,607	699,607	699,503	-	104
General.....	51,050	66,050	49,060	2,453	14,537
Equipment/Unusual.....	128,519	296,019	182,991	113,028	-
Capital Improvement.....	21,374	21,374	4,076	17,298	-
Total.....	900,550	1,083,050	935,630	132,779	14,641
Building General Support and Maintenance					
Personnel.....	1,466,039	1,466,189	1,409,636	-	56,553
General.....	241,469	281,469	225,158	14,701	41,610
Equipment/Unusual.....	5,000	5,000	5,000	-	-
Capital Improvement.....	29,472	36,782	4,000	32,782	-
Total.....	1,741,980	1,789,440	1,643,794	47,483	98,163
Utilities					
General.....	982,324	1,176,847	1,122,022	54,825	-
Central Telephone Service					
Personnel.....	27,707	27,707	25,094	-	2,613
General.....	180,000	188,100	175,900	6,082	6,118
Total.....	207,707	215,807	200,994	6,082	8,731
Personnel.....					
Personnel.....	277,656	287,410	283,067	-	4,343
General.....	3,200	3,200	2,976	224	-
Equipment/Unusual.....	58,000	58,000	38,008	3,125	16,867
Total.....	338,856	348,610	324,051	3,349	21,210
Work Study.....					
General.....	6,000	6,000	353	2,454	3,193
City Clerk					
Personnel.....	327,486	327,486	320,478	-	7,008
General.....	22,550	22,550	17,646	-	4,904
Total.....	350,036	350,036	338,124	-	11,912
Information Technology					
Personnel.....	892,820	892,234	889,468	-	2,766
General.....	267,625	263,625	260,923	1,113	1,589
Equipment/Unusual.....	10,425	10,425	4,240	6,185	-
Capital Improvement.....	99,055	99,055	-	99,055	-
Total.....	1,269,925	1,265,339	1,154,631	106,353	4,355

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
Voter Registration					
Personnel.....	205,407	205,407	205,388	-	19
General.....	94,300	166,754	66,767	1,935	98,052
Total.....	299,707	372,161	272,155	1,935	98,071
Total General Government.....	9,560,000	10,075,505	9,144,114	580,106	351,285
Public safety					
Police and Animal Control					
Personnel.....	12,806,358	12,806,358	12,525,253	-	281,105
General.....	208,953	272,950	226,483	17,714	28,753
Equipment/Unusual.....	168,198	168,198	135,457	15,274	17,467
Special.....	146,600	146,600	138,175	-	8,425
Total.....	13,330,109	13,394,106	13,025,368	32,988	335,750
Dispatch					
Personnel.....	1,361,971	1,361,971	1,340,647	-	21,324
General.....	17,100	17,100	15,654	-	1,446
Special.....	6,600	6,600	5,954	-	646
Total.....	1,385,671	1,385,671	1,362,255	-	23,416
Fire					
Personnel.....	13,324,398	13,324,398	12,616,313	538,747	169,338
General.....	259,435	303,020	269,712	21,675	11,633
Equipment/Unusual.....	95,539	95,539	72,872	22,607	60
Special.....	120,650	126,065	126,008	-	57
Capital Improvement.....	-	169,702	-	169,702	-
Total.....	13,800,022	14,018,724	13,084,905	752,731	181,088
Emergency Management					
Personnel.....	65,939	65,939	65,928	-	11
General.....	6,400	6,400	6,400	-	-
Equipment/Unusual.....	11,180	11,180	5,572	5,608	-
Total.....	83,519	83,519	77,900	5,608	11
Wires General Support and Inspection					
Personnel.....	552,405	562,673	557,064	-	5,609
General.....	216,225	216,224	166,045	9,176	41,003
Equipment/Unusual.....	3,000	3,000	-	-	3,000
Total.....	771,630	781,897	723,109	9,176	49,612
Licensing					
Personnel.....	3,000	3,000	3,000	-	-
General.....	3,900	3,900	2,722	-	1,178
Total.....	6,900	6,900	5,722	-	1,178
Total Public Safety.....	29,377,851	29,670,817	28,279,259	800,503	591,055
Education					
Personnel.....	50,221,555	50,215,046	45,092,346	3,985,985	1,136,715
General.....	16,514,489	16,036,958	15,174,052	1,045,377	(182,471)
Professional Development.....	-	259,409	306,837	-	(47,428)
Capital Improvement.....	16,000	240,631	48,655	16,000	175,976
Total Education.....	66,752,044	66,752,044	60,621,890	5,047,362	1,082,792

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Public Works					
Consolidated Public Works Administration					
Personnel.....	3,742,803	3,782,803	3,682,909	-	99,894
General.....	897,982	897,982	867,333	27,758	2,891
Equipment/Unusual.....	621,867	621,867	149,839	372,596	99,432
Capital Improvement.....	83,978	83,978	2,320	81,658	-
Total.....	5,346,630	5,386,630	4,702,401	482,012	202,217
Snow and Ice Removal					
General.....	428,300	1,394,300	1,386,747	-	7,553
Street Lighting					
General.....	618,350	618,350	480,441	18,779	119,130
Collection and Disposal of Rubbish					
Equipment and unusual.....	5,499,782	5,499,782	5,046,297	34,507	418,978
Total Public Works.....	11,893,062	12,899,062	11,615,886	535,298	747,878
Community Development					
City Planner					
Personnel.....	314,868	223,505	223,505	-	-
General.....	850	850	850	-	-
Equipment/Unusual.....	70,050	73,250	345	72,905	-
Capital Improvement.....	48,390	592,265	2,543	589,722	-
Total.....	434,158	889,870	227,243	662,627	-
Housing					
Personnel.....	304,337	223,609	223,609	-	-
General.....	1,350	1,350	1,331	-	19
Total.....	305,687	224,959	224,940	-	19
Board of Survey and Planning					
Personnel.....	3,000	3,000	3,000	-	-
General.....	3,900	3,900	2,422	-	1,478
Total.....	6,900	6,900	5,422	-	1,478
Zoning Board of Appeals					
Personnel.....	1,650	1,500	1,500	-	-
General.....	20,225	20,225	13,779	-	6,446
Total.....	21,875	21,725	15,279	-	6,446
Traffic Engineering					
Personnel.....	283,489	283,489	241,479	-	42,010
General.....	45,404	45,404	41,352	342	3,710
Equipment/Unusual.....	42,000	42,000	700	41,300	-
Capital Improvement.....	7,693	7,693	3,000	4,693	-
Total.....	378,586	378,586	286,531	46,335	45,720
Conservation Commission					
Personnel.....	55,193	55,193	53,108	-	2,085
General.....	2,225	2,225	844	-	1,381
Equipment/Unusual.....	2,000	2,000	-	-	2,000
Capital Improvement.....	53,915	53,915	-	53,915	-
Total.....	113,333	113,333	53,952	53,915	5,466

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Historical Commission					
Personnel.....	23,500	23,500	23,500	-	-
General.....	4,600	4,600	4,367	206	27
Equipment/Unusual.....	14,327	14,327	5,955	8,372	-
Total.....	42,427	42,427	33,822	8,578	27
Paine Estate					
Personnel.....	119,052	96,780	94,717	-	2,063
General.....	31,500	31,500	22,374	3,280	5,846
Total.....	150,552	128,280	117,091	3,280	7,909
Engineering					
Personnel.....	376,921	389,459	380,450	-	9,009
General.....	3,800	3,800	3,708	60	32
Equipment/Unusual.....	14,738	14,738	-	14,738	-
Capital Improvement.....	35,522	35,522	27,888	5,393	2,241
Total.....	430,981	443,519	412,046	20,191	11,282
Total Community Development.....	1,884,499	2,249,599	1,376,326	794,926	78,347
Health and Human Services					
Health					
Personnel.....	705,584	705,584	690,173	-	15,411
General.....	43,734	43,734	40,691	-	3,043
Equipment/Unusual.....	600	600	435	-	165
Total.....	749,918	749,918	731,299	-	18,619
Veterans					
Personnel.....	153,036	153,071	153,071	-	-
General.....	205,775	205,775	194,048	85	11,642
Total.....	358,811	358,846	347,119	85	11,642
Council on Aging / Meals on Wheels					
Personnel.....	352,599	313,945	288,090	-	25,855
General.....	151,992	151,992	122,864	10,792	18,336
Total.....	504,591	465,937	410,954	10,792	44,191
Celebration of Holidays					
General.....	21,100	21,100	11,000	10,000	100
Handicap Commission					
General.....	200	200	158	-	42
Capital Improvements.....	55,000	55,000	52,320	2,680	-
Total.....	55,200	55,200	52,478	2,680	42
Total Health and Human Services.....	1,689,620	1,651,001	1,552,850	23,557	74,594
Culture and Recreation					
Library					
Personnel.....	1,788,447	1,713,447	1,707,119	-	6,328
General.....	237,663	320,280	317,348	2,932	-
Equipment/Unusual.....	63,937	63,937	62,803	1,134	-
Total.....	2,090,047	2,097,664	2,087,270	4,066	6,328

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
Recreation					
Personnel.....	378,231	378,231	378,172	-	59
General.....	14,400	14,400	11,301	99	3,000
Equipment/Unusual.....	-	6,269	-	-	6,269
Capital Improvement.....	12,986	12,986	12,896	90	-
Total.....	405,617	411,886	402,369	189	9,328
Playgrounds					
Personnel.....	42,000	42,000	42,000	-	-
General.....	158,526	158,526	110,949	45,000	2,577
Equipment/Unusual.....	5,000	5,000	2,040	-	2,960
Total.....	205,526	205,526	154,989	45,000	5,537
Summer Fun					
Personnel.....	59,796	59,796	59,796	-	-
General.....	13,512	13,512	10,560	855	2,097
Total.....	73,308	73,308	70,356	855	2,097
Support of Recreation Activities					
General.....	102,000	102,000	87,930	5,000	9,070
Equipment/Unusual.....	16,269	10,000	5,720	-	4,280
Total.....	118,269	112,000	93,650	5,000	13,350
Total Culture and Recreation	2,892,767	2,900,384	2,808,634	55,110	36,640
Pension Benefits					
Contributory Retirement.....	13,921,752	13,752,867	13,422,791	-	330,076
Non-Contributory Retirement.....	103,185	272,070	31,204	165,685	75,181
Total.....	14,024,937	14,024,937	13,453,995	165,685	405,257
Employee Benefits					
Worker's Compensation.....	350,500	600,500	584,645	15,855	-
Optional Medical Extension.....	1,642,000	1,642,000	1,642,000	-	-
Hospital and Medical Insurance.....	32,857,051	32,857,051	32,776,452	8,412	72,187
Group Life Insurance - City.....	98,529	98,529	89,657	8,872	-
Social Security.....	30,000	30,000	30,000	-	-
Unemployment.....	100,000	106,728	72,823	-	33,905
Total.....	35,078,080	35,334,808	35,195,577	33,139	106,092
State and county charges.....	1,658,579	1,658,579	1,534,764	-	123,815
Debt service:					
Principal.....	7,563,638	8,356,538	7,556,538	800,000	-
Interest.....	3,201,930	5,085,377	3,225,848	1,722,400	137,129
TOTAL EXPENDITURES.....	185,577,007	190,658,651	176,365,681	10,558,086	3,734,884
EXCESS (DEFICIENCY) OF REVENUES					
OVER EXPENDITURES.....	(16,168,231)	(21,249,875)	(7,955,526)	(10,558,086)	2,736,263

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2010

	Budgeted Amounts				
	Original Budget	Final Budget	Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bonds.....	-	-	35,619	-	35,619
Transfers in.....	3,421,000	6,794,150	6,431,480	-	(362,670)
 TOTAL OTHER FINANCING SOURCES (USES).....	 3,421,000	 6,794,150	 6,467,099	 -	 (327,051)
 NET CHANGE IN FUND BALANCE.....	 (12,747,231)	 (14,455,725)	 (1,488,427)	 (10,558,086)	 2,409,212
 BUDGETARY FUND BALANCE, Beginning of year.....	 25,935,344	 25,935,344	 25,935,344	 -	 -
 BUDGETARY FUND BALANCE, End of year.....	 \$ 13,188,113	 11,479,619	 \$ 24,446,917	 \$ (10,558,086)	 \$ 2,409,212

(concluded)

See notes to required supplementary information.

Retirement System Schedule of Funding Progress and Employer Contributions

The Retirement System Schedule of Funding progress presents multiyear trend information about whether the actuarial value of planned assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The Retirement System Schedule of Employer Contributions presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the City is one participating employer, as well as the City's proportionate share of the plan's annual contributions.

WALTHAM CONTRIBUTORY RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

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)
01/01/10	\$ 160,564,692	\$ 279,108,340	\$ 118,543,648	57.5%	\$ 47,443,385	249.9%
01/01/08	161,934,253	251,353,888	89,419,635	64.4%	45,141,147	198.1%
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%

Schedule of Employer Contributions

System Wide				City of Waltham	
Fiscal Year Ended	Annual Required Contributions	Actual Contributions Made	Percentage Contributed	Actual Contributions Made	City Contributions as a Percentage of System Wide Contributions
2010	\$ 13,752,867	\$ 13,752,867	100%	\$ 13,427,327	98%
2009	13,192,164	13,192,164	100%	12,878,477	98%
2008	12,695,230	12,695,230	100%	12,412,792	98%
2007	11,408,000	11,408,000	100%	11,132,517	98%
2006	10,986,000	10,986,000	100%	10,702,599	97%
2005	10,186,601	10,186,601	100%	9,899,015	97%

See notes to required supplementary information.

Other Postemployment Benefit Plan Schedules

The Schedule of Funding Progress compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets.

The Schedule of Employer Contributions presents multiyear trend information for required and actual contributions relating to the plan.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

OTHER POSTEMPLOYMENT BENEFIT PLAN
SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Projected Unit Credit (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
7/1/2009	\$ -	\$ 675,785,889	\$ 675,785,889	0%	\$ 74,891,604	902%
7/1/2006	-	517,127,027	517,127,027	0%	81,699,545	633%

Schedule of Employer Contributions

Year Ended	Annual Required Contribution	Actual Contributions Made	Percentage Contributed
6/30/2010	\$ 34,263,364	\$ 23,219,802	68%
6/30/2009	30,299,577	17,868,677	59%
6/30/2008	28,938,268	12,279,069	42%

The City implemented GASB Statement No. 45 for the fiscal year ended June 30, 2008.
Information for prior years is not available.

See notes to required supplementary information.

**OTHER POST EMPLOYMENT BENEFIT PLAN
ACTUARIAL METHODS AND ASSUMPTIONS**

Actuarial Methods:

Valuation date.....	July 1, 2009
Actuarial cost method.....	Projected Unit Credit
Amortization method.....	Amortization payments increasing at 4.5%, closed
Remaining amortization period.....	26 years as of July 1, 2010

Actuarial Assumptions:

Investment rate of return.....	4.0%, pay-as-you-go
Medical care inflation rate.....	8.5% graded to 5.0% over 8 years

Plan Membership:

Current retirees, beneficiaries, and dependents....	1,242
Current active members.....	<u>1,369</u>
Total.....	<u><u>2,611</u></u>

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 2010 approved budget authorized approximately \$176.4 million in appropriations and other amounts to be raised. Also approved were carry forwards totaling \$9.2 million. During fiscal year 2010, the Council also approved supplemental appropriations totaling approximately \$5.1 million (3% of initial budget). Approximately 72% of the supplemental appropriations are attributable to the cost of snow and ice removal and building utilities. Debt principal and interest also increased due to the City's policy of funding in the current year, amounts to be carried forward to the next year.

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, 2010, is presented below:

Net change in fund balance - budgetary basis.....	\$ (1,488,427)
<u>Basis of accounting differences:</u>	
Net change in revenues in recording 60 day receipts.....	(20,538)
Net change in revenues in recording tax refunds payable.....	(141,000)
Increase in revenues due to on-behalf payments.....	14,290,338
Increase in expenditures due to on-behalf payments.....	<u>(14,290,338)</u>
Net change in fund balance - GAAP basis.....	\$ <u>(1,649,965)</u>

3. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2010, the City's expenditures did not exceed appropriations.

NOTE B – PENSION PLAN

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 \$14,290,000 for the fiscal year ended June 30, 2010, 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.

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 98%, respectively, of the total. Chapter 32 of the MGL governs the contributions of plan members and the City.

At June 30, 2010, the City did not have a net pension obligation. The required contribution was determined as part of the January 1, 2010, actuarial valuation using the individual entry age normal actuarial cost method. The actuarial assumptions included an 8.25% investment rate of return and projected salary increases of 4.0% 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, 2010, was 22 years.

The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Additionally, the schedule of employer contributions presents multiyear trend information for required and actual contributions relating to the cost-sharing plan as a whole, of which the City is one participating employer, as well as the City's proportionate share of the plan's annual contributions. This information is designed to be helpful for understanding the scale of the information presented relative to the City.

NOTE C – OTHER POSTEMPLOYMENT BENEFITS

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

The City currently finances its other postemployment benefits (OPEB) on a pay-as-you-go basis. As a result, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 0%. In accordance with Governmental Accounting Standards, the City has recorded its OPEB cost equal to the actuarial determined annual required contribution (ARC) which includes the normal cost of providing benefits for the year and a component for the amortization of the total unfunded actuarial accrued liability of the plan.

The Schedule of Funding Progress presents multi-year trend information which compares, over time, the actuarial accrued liability for benefits with the actuarial value of accumulated plan assets. Because the City implemented GASB Statement 45 in fiscal 2008, information for prior years is not available.

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

The Schedule of Employer Contributions presents multiyear trend information for required and actual contributions relating to the plan.

The Schedule of Actuarial Methods and Assumptions presents factors that significantly affect the identification of trends in the amounts reported.

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.

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

Capital Project Funds

Capital Project Funds are 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).

School Capital Projects – This fund is used to account for the construction and renovation to the City's schools. These projects will be funded through the issuance of long-term bonds and notes and other available funds.

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.

Cemetery Trust Funds – 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, 2010

	Special Revenue Funds					
	Other Special Revenue	Public Law Fund	City State Grants	School State Grants	Insurance Recovery	Gifts
ASSETS						
Cash and cash equivalents.....	\$ 1,893,664	\$ -	\$ 284,377	\$ 262	\$ 26,928	\$ 545,990
Investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Departmental and other.....	335	-	-	-	-	-
TOTAL ASSETS.....	\$ 1,893,999	\$ -	\$ 284,377	\$ 262	\$ 26,928	\$ 545,990
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Warrants payable.....	\$ 15,019	\$ 40,874	\$ 58,869	\$ 3,265	\$ -	\$ 1,616
Deferred revenues.....	335	-	-	-	-	-
Due to other funds.....	-	499,929	-	-	-	-
TOTAL LIABILITIES.....	15,354	540,803	58,869	3,265	-	1,616
FUND BALANCES:						
Reserved for:						
Perpetual permanent funds.....	-	-	-	-	-	-
Unreserved:						
Undesignated, reported in:						
Special revenue funds.....	1,878,645	(540,803)	225,508	(3,003)	26,928	544,374
Capital projects funds.....	-	-	-	-	-	-
Permanent funds.....	-	-	-	-	-	-
TOTAL FUND BALANCES.....	1,878,645	(540,803)	225,508	(3,003)	26,928	544,374
TOTAL LIABILITIES AND FUND BALANCES..	\$ 1,893,999	\$ -	\$ 284,377	\$ 262	\$ 26,928	\$ 545,990

Special Revenue Funds					
Sale of Lots/Graves	Revenue Reserve	School Lunch	Parking Meters	UDAG Nova Biomedical	Vocational School Reserve
\$ 1,079,855	\$ 533,965	\$ 412,979	\$ 1,369,607	\$ 121,800	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
\$ 1,079,855	\$ 533,965	\$ 412,979	\$ 1,369,607	\$ 121,800	\$ -
\$ -	\$ 7,180	\$ 5,324	\$ 16,675	\$ 2,413	\$ 2,807
-	-	-	-	-	-
-	-	-	-	-	1,962
-	7,180	5,324	16,675	2,413	4,769
-	-	-	-	-	-
1,079,855	526,785	407,655	1,352,932	119,387	(4,769)
-	-	-	-	-	-
-	-	-	-	-	-
1,079,855	526,785	407,655	1,352,932	119,387	(4,769)
\$ 1,079,855	\$ 533,965	\$ 412,979	\$ 1,369,607	\$ 121,800	\$ -

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

JUNE 30, 2010

	Special Revenue Funds				Capital Projects
	Public Safety Trust Funds	Traffic Impact Fund	Police and Fire Detail	Subtotal	School Capital Projects
ASSETS					
Cash and cash equivalents.....	\$ 847,659	\$ 1,795,090	\$ -	\$ 8,912,176	\$ 1,166,571
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	278,977	279,312	-
TOTAL ASSETS.....	\$ 847,659	\$ 1,795,090	\$ 278,977	\$ 9,191,488	\$ 1,166,571
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 54,285	\$ -	\$ -	\$ 208,327	\$ -
Deferred revenues.....	-	-	278,977	279,312	-
Due to other funds.....	-	-	358,145	860,036	-
TOTAL LIABILITIES.....	54,285	-	637,122	1,347,675	-
FUND BALANCES:					
Reserved for:					
Perpetual permanent funds.....	-	-	-	-	-
Unreserved:					
Undesignated, reported in:					
Special revenue funds.....	793,374	1,795,090	(358,145)	7,843,813	-
Capital projects funds.....	-	-	-	-	1,166,571
Permanent funds.....	-	-	-	-	-
TOTAL FUND BALANCES.....	793,374	1,795,090	(358,145)	7,843,813	1,166,571
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 847,659	\$ 1,795,090	\$ 278,977	\$ 9,191,488	\$ 1,166,571

Permanent Funds			
Cemetery Trust Funds	Other Permanent Funds	Subtotal	Total Governmental Funds
\$ 360,877	\$ 92,279	\$ 453,156	\$ 10,531,903
1,285,467	363,844	1,649,311	1,649,311
-	-	-	279,312
<u>\$ 1,646,344</u>	<u>\$ 456,123</u>	<u>\$ 2,102,467</u>	<u>\$ 12,460,526</u>
\$ -	\$ -	\$ -	\$ 208,327
-	-	-	279,312
-	-	-	860,036
-	-	-	1,347,675
1,558,216	211,990	1,770,206	1,770,206
-	-	-	7,843,813
-	-	-	1,166,571
88,128	244,133	332,261	332,261
1,646,344	456,123	2,102,467	11,112,851
<u>\$ 1,646,344</u>	<u>\$ 456,123</u>	<u>\$ 2,102,467</u>	<u>\$ 12,460,526</u>

(Concluded)

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

FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Funds				
	Other Special Revenue	Public Law Fund	City State Grants	School State Grants	Insurance Recovery
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and rentals.....	-	-	-	-	-
Fines and forfeitures.....	-	-	-	-	-
Intergovernmental.....	61,665	2,949,212	805,860	358,945	-
Departmental and other.....	529,191	-	-	-	35,879
Contributions.....	66,111	-	-	-	-
Investment income.....	-	-	28	-	-
Miscellaneous.....	-	-	-	-	-
TOTAL REVENUES.....	656,967	2,949,212	805,888	358,945	35,879
EXPENDITURES:					
Current:					
General government.....	16,460	-	12,807	-	-
Public safety.....	1,685	-	508,180	-	2,014
Education.....	-	3,065,785	-	339,083	-
Public works.....	-	-	-	-	23,004
Community development.....	1,198	-	319,339	-	-
Human services.....	108,715	-	69,882	-	-
Culture and recreation.....	119,704	-	9,407	-	-
TOTAL EXPENDITURES.....	247,762	3,065,785	919,615	339,083	25,018
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	<u>409,205</u>	<u>(116,573)</u>	<u>(113,727)</u>	<u>19,862</u>	<u>10,861</u>
OTHER FINANCING SOURCES (USES):					
Transfers in.....	-	-	-	-	-
Transfers out.....	(82,617)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	<u>(82,617)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES.....	326,588	(116,573)	(113,727)	19,862	10,861
FUND BALANCES AT BEGINNING OF YEAR.....	<u>1,552,057</u>	<u>(424,230)</u>	<u>339,235</u>	<u>(22,865)</u>	<u>16,067</u>
FUND BALANCES AT END OF YEAR.....	<u>\$ 1,878,645</u>	<u>\$ (540,803)</u>	<u>\$ 225,508</u>	<u>\$ (3,003)</u>	<u>\$ 26,928</u>

Special Revenue Funds						
Gifts	Sale of Lots/Graves	Revenue Reserve	School Lunch	Parking Meters	UDAG Nova Biomedical	Vocational School Reserve
\$ -	\$ -	\$ -	\$ -	\$ 498,741	\$ -	\$ -
-	-	475,648	837,394	-	-	59,376
-	-	-	-	147,118	-	-
-	-	947,009	885,970	-	-	-
-	55,350	19,501	16,419	-	-	-
143,435	-	86,671	-	-	-	-
114	-	248	136	-	449	-
-	-	-	-	-	-	-
<u>143,549</u>	<u>55,350</u>	<u>1,529,077</u>	<u>1,739,919</u>	<u>645,859</u>	<u>449</u>	<u>59,376</u>
40,146	-	-	-	-	-	-
5,450	-	-	-	-	-	-
-	-	1,246,325	1,837,780	-	-	48,697
-	-	-	-	-	-	-
46,898	-	-	-	417,407	51,615	-
20,610	-	-	-	-	-	-
189,496	-	-	-	-	-	-
<u>302,600</u>	<u>-</u>	<u>1,246,325</u>	<u>1,837,780</u>	<u>417,407</u>	<u>51,615</u>	<u>48,697</u>
<u>(159,051)</u>	<u>55,350</u>	<u>282,752</u>	<u>(97,861)</u>	<u>228,452</u>	<u>(51,166)</u>	<u>10,679</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(159,051)	55,350	282,752	(97,861)	228,452	(51,166)	10,679
<u>703,425</u>	<u>1,024,505</u>	<u>244,033</u>	<u>505,516</u>	<u>1,124,480</u>	<u>170,553</u>	<u>(15,448)</u>
\$ <u>544,374</u>	\$ <u>1,079,855</u>	\$ <u>526,785</u>	\$ <u>407,655</u>	\$ <u>1,352,932</u>	\$ <u>119,387</u>	\$ <u>(4,769)</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Funds			
	Public Safety Trust Funds	Traffic Impact Fund	Police and Fire Detail	Subtotal
REVENUES:				
Charges for services.....	\$ -	\$ -	\$ -	\$ 498,741
Fees and rentals.....	-	-	-	1,372,418
Fines and forfeitures.....	-	-	-	147,118
Intergovernmental.....	-	-	-	6,008,661
Departmental and other.....	111,690	-	860	768,890
Contributions.....	-	-	-	296,217
Investment income.....	3,436	1,672	-	6,083
Miscellaneous.....	-	20,400	2,124,634	2,145,034
TOTAL REVENUES.....	115,126	22,072	2,125,494	11,243,162
EXPENDITURES:				
Current:				
General government.....	-	-	-	69,413
Public safety.....	99,125	-	2,210,794	2,827,248
Education.....	-	-	-	6,537,670
Public works.....	-	-	-	23,004
Community development.....	-	58,146	-	894,603
Human services.....	-	-	-	199,207
Culture and recreation.....	-	-	-	318,607
TOTAL EXPENDITURES.....	99,125	58,146	2,210,794	10,869,752
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	16,001	(36,074)	(85,300)	373,410
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	-	-	-
Transfers out.....	-	-	-	(82,617)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	(82,617)
NET CHANGE IN FUND BALANCES.....	16,001	(36,074)	(85,300)	290,793
FUND BALANCES AT BEGINNING OF YEAR.....	777,373	1,831,164	(272,845)	7,553,020
FUND BALANCES AT END OF YEAR.....	\$ 793,374	\$ 1,795,090	\$ (358,145)	\$ 7,843,813

Capital Projects		Permanent Funds			Total Governmental Funds
School Capital Projects	Cemetery Trust Funds	Other Permanent Funds	Subtotal		
\$ -	\$ -	\$ -	\$ -	\$ 498,741	
-	-	-	-	1,372,418	
-	-	-	-	147,118	
1,294,059	-	-	-	7,302,720	
-	-	145	145	769,035	
-	18,300	-	18,300	314,517	
-	46,372	7,977	54,349	60,432	
-	-	-	-	2,145,034	
<u>1,294,059</u>	<u>64,672</u>	<u>8,122</u>	<u>72,794</u>	<u>12,610,015</u>	
-	-	1,204	1,204	70,617	
-	-	-	-	2,827,248	
323,077	-	-	-	6,860,747	
-	61,908	-	61,908	84,912	
-	-	-	-	894,603	
-	-	-	-	199,207	
-	-	-	-	318,607	
<u>323,077</u>	<u>61,908</u>	<u>1,204</u>	<u>63,112</u>	<u>11,255,941</u>	
<u>970,982</u>	<u>2,764</u>	<u>6,918</u>	<u>9,682</u>	<u>1,354,074</u>	
1,944,810	-	-	-	1,944,810	
-	-	-	-	(82,617)	
<u>1,944,810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,862,193</u>	
2,915,792	2,764	6,918	9,682	3,216,267	
<u>(1,749,221)</u>	<u>1,643,580</u>	<u>449,205</u>	<u>2,092,785</u>	<u>7,896,584</u>	
\$ <u>1,166,571</u>	\$ <u>1,646,344</u>	\$ <u>456,123</u>	\$ <u>2,102,467</u>	\$ <u>11,112,851</u>	

(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 NET ASSETS

JUNE 30, 2010

	Private Purpose Trust Funds		
	Scholarship Trust Funds	Housing Trust Funds	Total
ASSETS			
Cash and cash equivalents.....\$	509,636 \$	1,899,543 \$	2,409,179
Government agencies.....	2,019,187	-	2,019,187
TOTAL ASSETS.....	2,528,823	1,899,543	4,428,366
LIABILITIES			
Warrants payable.....	-	146,088	146,088
NET ASSETS			
Held in trust for other purposes.....\$	2,528,823 \$	1,753,455 \$	4,282,278

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2010

	Private Purpose Trust Funds		
	Scholarship Trust Funds	Housing Trust Funds	Total
ADDITIONS:			
Contributions:			
Private donations.....	\$ 21,324	\$ -	\$ 21,324
Net investment income (loss):			
Interest.....	68,280	10,536	78,816
TOTAL ADDITIONS.....	89,604	10,536	100,140
DEDUCTIONS:			
Educational scholarships.....	131,250	-	131,250
Housing subsidies.....	-	767,343	767,343
TOTAL DEDUCTIONS.....	131,250	767,343	898,593
CHANGE IN NET ASSETS.....	(41,646)	(756,807)	(798,453)
NET ASSETS AT BEGINNING OF YEAR.....	2,570,469	2,510,262	5,080,731
NET ASSETS AT END OF YEAR.....	\$ 2,528,823	\$ 1,753,455	\$ 4,282,278

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, 2010

	Beginning of Year	Additions	Deletions	End of Year
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 740,449	\$ 903,220	\$ (867,040)	\$ 776,629
LIABILITIES				
Warrants payable.....	\$ 8,272	\$ 38,857	\$ (8,272)	\$ 38,857
Liabilities due depositors.....	732,177	864,363	(858,768)	737,772
TOTAL LIABILITIES.....	\$ 740,449	\$ 903,220	\$ (867,040)	\$ 776,629

Statistical Section



Waltham Common - Winter

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 Nine Fiscal Years

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 167,046,725	\$ 166,859,105	\$ 169,360,245
Restricted.....	5,119,144	7,967,649	7,615,103	8,662,081	6,684,687	6,772,208	8,155,442	8,967,296	7,547,471
Unrestricted.....	54,994,371	57,411,609	50,684,886	44,046,989	48,221,543	54,748,751	38,856,595	22,706,711	12,459,498
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>	<u>\$ 214,058,762</u>	<u>\$ 198,533,112</u>	<u>\$ 189,367,214</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	\$ 15,605,526	\$ 14,475,464	\$ 11,605,346
Unrestricted.....	9,473,742	13,406,944	13,514,487	13,806,301	9,336,814	14,469,972	16,754,344	16,923,713	13,507,266
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>	<u>\$ 32,359,870</u>	<u>\$ 31,399,177</u>	<u>\$ 25,112,612</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	\$ 187,511,336	\$ 181,334,569	\$ 180,965,591
Restricted.....	5,119,144	7,967,649	7,615,103	8,662,081	6,684,687	6,772,208	8,155,442	8,967,296	7,547,471
Unrestricted.....	64,468,113	70,818,553	64,199,373	57,853,290	57,558,357	69,218,723	50,751,854	39,630,424	25,966,764
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>	<u>\$ 246,418,632</u>	<u>\$ 229,932,289</u>	<u>\$ 214,479,826</u>

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

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Expenses						
Governmental activities:						
General government.....	\$ 14,021,793	\$ 12,355,882	\$ 12,444,145	\$ 11,297,905	\$ 11,977,216	\$ 10,808,307
Public safety.....	41,090,289	40,660,657	41,995,107	42,668,631	46,731,199	49,652,433
Education.....	59,523,029	75,392,346	82,632,614	79,312,823	89,112,944	95,343,997
Public works.....	15,355,271	15,016,238	13,392,563	14,239,159	14,542,384	15,607,027
Community development.....	4,552,851	5,861,444	4,862,504	3,922,508	5,313,135	4,922,180
Health and human services.....	2,915,583	2,798,609	1,992,123	2,084,853	2,190,954	2,373,030
Culture and recreation.....	4,131,335	3,371,350	5,903,371	5,228,564	4,254,812	4,227,546
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.....	<u>142,462,250</u>	<u>157,139,358</u>	<u>165,434,327</u>	<u>161,639,386</u>	<u>177,358,704</u>	<u>185,643,905</u>
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.....	<u>17,817,050</u>	<u>18,418,957</u>	<u>19,560,125</u>	<u>20,341,267</u>	<u>21,692,059</u>	<u>24,342,229</u>
Total primary government expenses.....	<u>\$ 160,279,300</u>	<u>\$ 175,558,315</u>	<u>\$ 184,994,452</u>	<u>\$ 181,980,653</u>	<u>\$ 199,050,763</u>	<u>\$ 209,986,134</u>
Program Revenues						
Governmental activities:						
General government charges for services.....	\$ 911,840	\$ 896,662	\$ 3,384,744	\$ 3,987,652	\$ 5,558,844	\$ 4,646,711
Public Safety charges for services.....	4,359,428	4,786,769	2,136,268	2,133,941	2,291,049	2,438,923
Education charges for services.....	1,338,875	1,443,669	2,348,013	2,272,649	2,747,252	2,834,459
Public works charges for services.....	73,402	156,285	162,640	57,709	382,803	622,572
Other charges for services.....	829,464	975,761	1,380,304	1,416,363	1,459,806	1,510,571
Operating grants and contributions.....	13,559,705	28,492,174	25,134,253	26,985,474	28,774,027	30,656,882
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.....	<u>22,612,278</u>	<u>64,723,225</u>	<u>54,316,830</u>	<u>68,431,859</u>	<u>51,622,902</u>	<u>49,208,856</u>
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.....	<u>20,895,152</u>	<u>20,332,731</u>	<u>20,557,763</u>	<u>20,730,478</u>	<u>21,544,591</u>	<u>24,835,960</u>
Total primary government program revenues.....	<u>\$ 43,507,430</u>	<u>\$ 85,055,956</u>	<u>\$ 74,874,593</u>	<u>\$ 89,162,337</u>	<u>\$ 73,167,493</u>	<u>\$ 74,044,816</u>
Net (Expense)/Revenue						
Governmental activities.....	\$ (119,849,972)	\$ (92,416,133)	\$ (111,117,497)	\$ (93,207,527)	\$ (120,276,934)	\$ (136,435,049)
Business-type activities.....	<u>3,078,102</u>	<u>1,913,774</u>	<u>(19,560,125)</u>	<u>(20,341,267)</u>	<u>(147,468)</u>	<u>493,731</u>
Total primary government net expense.....	<u>\$ (116,771,870)</u>	<u>\$ (90,502,359)</u>	<u>\$ (130,677,622)</u>	<u>\$ (113,548,794)</u>	<u>\$ (120,424,402)</u>	<u>\$ (135,941,318)</u>
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	10,350,515	10,807,226	11,050,883	13,152,486
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.....	<u>122,620,122</u>	<u>114,791,870</u>	<u>125,629,929</u>	<u>130,038,439</u>	<u>136,296,769</u>	<u>142,472,850</u>
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.....	<u>105,939</u>	<u>178,911</u>	<u>20,290</u>	<u>61,438</u>	<u>175,456</u>	<u>132,541</u>
Total primary government.....	<u>\$ 122,726,061</u>	<u>\$ 114,970,781</u>	<u>\$ 125,650,219</u>	<u>\$ 130,099,877</u>	<u>\$ 136,472,225</u>	<u>\$ 142,605,391</u>
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.....	<u>3,184,041</u>	<u>2,092,685</u>	<u>(19,539,835)</u>	<u>(20,279,829)</u>	<u>27,988</u>	<u>626,272</u>
Total primary government.....	<u>\$ 5,954,191</u>	<u>\$ 24,468,422</u>	<u>\$ (5,027,403)</u>	<u>\$ 16,551,083</u>	<u>\$ 10,588,955</u>	<u>\$ 6,664,073</u>

Fiscal Year		
2008	2009	2010
\$ 12,828,297	\$ 12,936,686	\$ 12,548,346
57,670,691	56,145,799	57,363,358
109,656,513	113,953,264	112,799,898
17,408,819	18,303,644	17,436,688
5,796,409	5,810,281	5,034,910
2,717,555	2,696,784	2,818,957
4,705,448	4,230,997	5,028,081
-	-	-
2,596,363	2,448,936	3,054,071
213,380,095	216,526,391	216,084,309
14,657,691	15,512,343	17,385,085
10,077,596	11,198,348	11,129,805
419,504	434,579	384,013
25,154,791	27,145,270	28,898,903
\$ 238,534,886	\$ 243,671,661	\$ 244,983,212
\$ 5,228,939	\$ 5,163,594	\$ 1,969,326
2,552,702	2,857,635	3,443,664
2,961,479	3,700,154	3,908,483
975,061	415,032	666,730
1,674,251	1,723,028	1,721,146
31,048,318	33,649,763	33,503,809
24,884,028	1,915,581	2,246,744
69,324,778	49,424,787	47,459,902
-	-	-
16,311,578	14,557,425	14,029,718
12,353,427	10,869,955	10,089,418
351,698	355,196	379,428
-	247,500	-
29,016,703	26,030,076	24,498,564
\$ 98,341,481	\$ 75,454,863	\$ 71,958,466
\$ (138,596,449)	\$ (162,808,858)	\$ (168,624,407)
3,861,912	(1,115,194)	(4,400,339)
\$ (134,734,537)	\$ (163,924,052)	\$ (173,024,746)
\$ 117,203,576	\$ 126,943,021	\$ 136,608,856
358,871	1,282,908	446,529
6,585,465	6,039,430	6,013,280
2,177,556	1,916,727	1,974,863
2,215,987	2,088,829	2,217,436
449,873	440,482	510,939
9,600	45,834	33,586
13,611,256	11,841,812	9,319,430
2,265,352	976,911	388,780
-	-	-
-	-	1,944,810
144,877,536	151,575,954	159,458,509
73,764	154,501	58,584
-	-	(1,944,810)
73,764	154,501	(1,886,226)
\$ 144,951,300	\$ 151,730,455	\$ 157,572,283
\$ 822,219	\$ (15,525,650)	\$ (9,165,898)
3,935,676	(960,693)	(6,286,565)
\$ 4,757,895	\$ (16,486,343)	\$ (15,452,463)

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved.....	\$ 9,158,131	\$ 12,251,925	\$ 11,452,472	\$ 8,578,650	\$ 11,538,490	\$ 13,343,295	\$ 10,491,290	\$ 10,889,750	\$ 9,203,972	\$ 10,558,086
Unreserved.....	26,137,384	22,818,750	22,078,742	20,981,827	18,059,088	18,951,797	21,677,383	17,315,054	16,381,705	13,377,626
Total general fund.....	\$ 35,295,515	\$ 35,070,675	\$ 33,531,214	\$ 29,560,477	\$ 29,597,578	\$ 32,295,092	\$ 32,168,673	\$ 28,204,804	\$ 25,585,677	\$ 23,935,712
All Other Governmental Funds										
Reserved.....	\$ 59,546	\$ 1,694,401	\$ 1,667,463	\$ 1,506,344	\$ 1,529,871	\$ 1,664,119	\$ 1,697,219	\$ 1,719,969	\$ 1,751,907	\$ 1,770,206
Unreserved, reported in:										
Special revenue funds.....	15,108,508	10,912,444	13,929,864	19,805,905	17,596,831	18,455,420	22,165,402	24,975,115	24,272,725	23,780,763
Capital projects funds.....	(4,653,295)	(30,791,122)	(47,319,847)	(57,961,099)	(58,937,147)	(38,767,997)	(1,254,426)	6,907,731	349,087	(1,760,707)
Permanent funds.....	-	571,381	823,330	352,555	291,743	320,541	318,782	353,057	340,878	332,261
Total all other governmental funds.....	\$ 10,514,759	\$ (17,612,896)	\$ (30,899,190)	\$ (36,296,295)	\$ (39,518,702)	\$ (18,327,917)	\$ 22,926,977	\$ 33,955,872	\$ 26,714,597	\$ 24,122,523

Fiscal year 2001 excludes 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

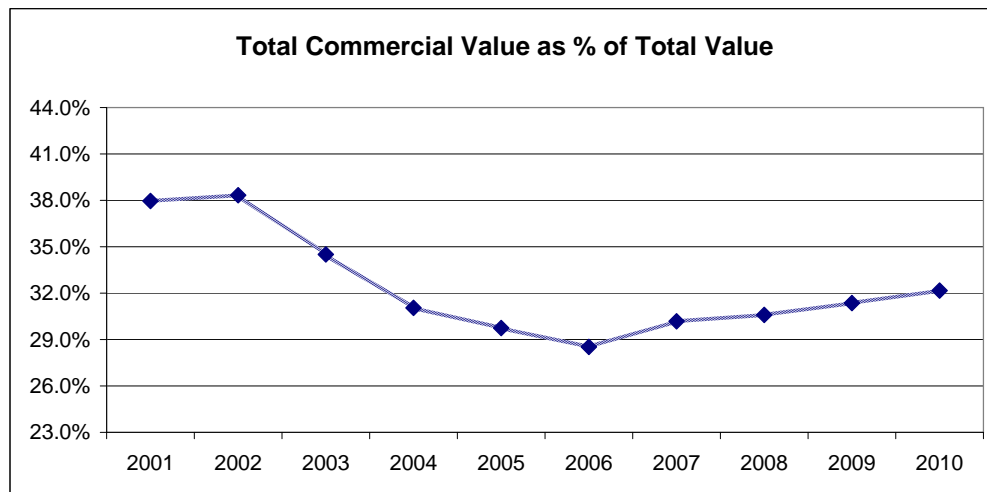
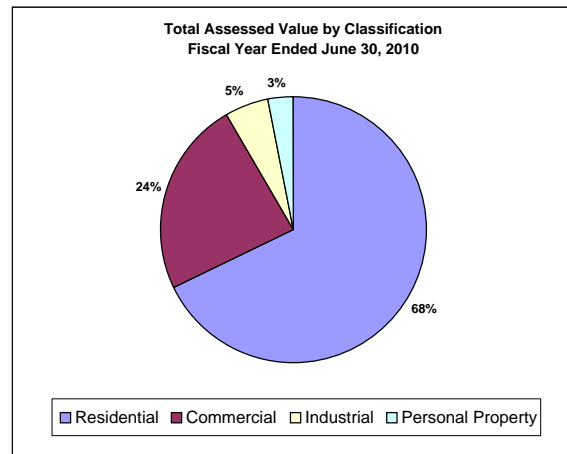
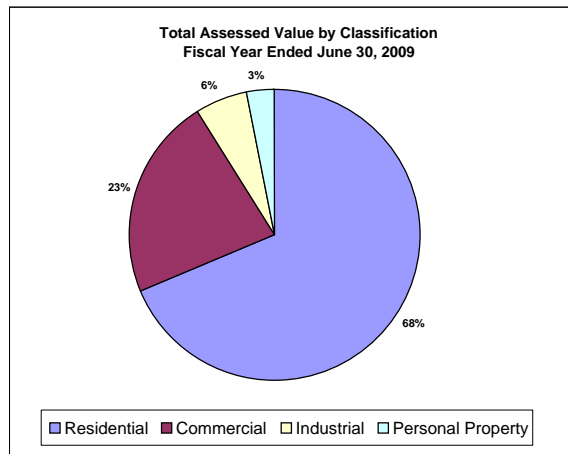
	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Revenues:										
Real estate and personal property taxes,										
net of tax refunds.....	\$ 89,616,993	\$ 95,023,169	\$ 100,332,563	\$ 106,199,284	\$ 108,293,615	\$ 111,573,036	\$ 114,743,267	\$ 116,937,707	\$ 126,844,968	\$ 136,176,138
Tax liens.....	-	598,125	316,588	577,972	568,874	388,786	271,339	249,893	509,178	685,462
Motor vehicle and other excise taxes.....	5,634,915	7,451,112	7,387,227	6,163,156	6,524,925	6,360,950	5,989,376	6,826,127	6,149,014	5,822,906
Community preservation tax.....	-	-	-	-	-	1,797,283	2,126,162	2,215,987	2,088,829	2,217,436
Hotel/motel tax.....	-	-	-	1,494,529	1,577,119	1,791,211	1,983,506	2,177,556	1,916,727	1,974,863
Charges for services.....	-	4,527,541	4,481,348	406,699	362,048	350,460	342,937	436,355	469,206	498,741
Penalties and interest on taxes.....	-	767,868	586,956	511,752	457,007	404,635	449,572	449,873	440,482	510,939
Fees and rentals.....	-	-	-	370,277	428,481	405,660	501,438	536,719	450,611	2,032,365
Payment in lieu of taxes.....	-	255,976	82,257	43,113	45,000	95,301	33,200	9,600	45,834	33,586
Licenses and permits.....	-	2,365,092	2,727,429	2,834,822	3,299,548	3,535,083	4,355,487	4,946,886	4,219,961	2,165,567
Fines and forfeitures.....	-	562,872	528,875	522,345	522,629	482,128	544,149	585,032	640,202	1,045,306
Intergovernmental.....	30,737,955	27,858,215	27,944,662	34,350,305	59,213,246	84,495,059	72,937,451	70,472,597	43,890,085	43,542,464
Departmental and other.....	15,507,424	-	-	2,434,584	2,715,559	4,073,952	2,157,758	2,307,716	3,085,503	1,215,368
Special assessments.....	-	-	-	151,837	191,038	121,514	118,998	106,883	98,438	282,434
Contributions.....	-	868,234	179,929	759,407	333,040	539,784	155,691	260,074	281,259	314,517
Investment income.....	2,767,360	1,946,079	1,170,914	871,766	1,501,818	2,497,639	2,921,715	1,979,159	889,116	350,319
Miscellaneous.....	1,376,482	1,500,020	2,648,918	1,277,946	1,440,595	2,006,458	2,448,795	3,075,317	2,127,933	2,222,469
Total Revenue.....	145,641,129	143,724,303	148,387,666	158,969,794	187,474,542	220,918,939	212,080,841	213,573,481	194,147,346	201,090,880
Expenditures:										
General government.....	11,322,779	11,361,053	10,259,888	9,350,364	8,586,286	8,447,755	8,414,315	8,806,897	9,409,274	9,082,529
Public safety.....	24,338,056	26,429,319	27,344,357	26,051,354	26,888,370	28,279,739	30,092,856	30,177,858	30,867,119	31,106,507
Education.....	48,662,367	51,471,674	53,211,630	62,357,832	66,497,101	68,856,050	73,644,435	75,244,100	81,547,267	81,477,625
Public works.....	8,196,701	7,661,030	9,536,067	10,517,025	10,724,718	11,944,107	10,393,362	11,582,087	11,424,619	11,414,663
Community development.....	2,477,866	5,507,712	5,423,132	4,459,788	3,438,692	4,490,448	3,452,090	5,186,866	5,996,538	4,177,061
Health and human services.....	1,045,645	1,548,259	1,565,382	1,333,886	1,446,547	1,525,335	1,571,631	1,569,112	1,591,448	1,751,057
Culture and recreation.....	2,637,838	3,521,925	3,878,939	3,557,754	3,446,171	2,896,147	2,856,531	3,050,634	3,211,970	3,149,481
Pension benefits.....	8,049,554	8,458,400	9,050,567	8,656,467	9,665,038	10,116,370	10,556,442	12,081,677	12,282,098	12,747,613
Employee benefits.....	16,035,000	20,932,586	22,768,151	26,159,701	25,304,094	26,429,630	28,246,033	33,074,839	32,072,199	34,768,726
Claims and judgments.....	-	2,693	63,977	-	-	-	-	-	-	-
State and county charges.....	1,650,269	1,679,366	1,589,676	1,449,923	1,362,478	1,325,343	1,419,642	1,438,294	1,556,523	1,507,037
Capital outlay.....	14,448,040	26,169,476	34,134,291	35,364,211	46,214,191	14,582,399	10,815,801	46,058,616	11,598,644	5,348,663
Debt service.....										
Principal.....	1,690,000	2,140,000	1,730,000	3,865,000	4,120,000	25,055,000	5,520,000	5,270,000	5,115,000	7,556,538
Interest.....	321,800	787,692	1,047,839	2,468,187	3,254,358	3,432,451	3,000,128	2,638,497	2,901,122	3,225,848
Total Expenditures.....	140,875,915	167,671,185	181,603,896	195,591,492	210,948,044	207,380,774	189,983,266	236,179,477	209,573,821	207,313,348
Excess of revenues over (under) expenditures.....	4,765,214	(23,946,882)	(33,216,230)	(36,621,698)	(23,473,502)	13,538,165	22,097,575	(22,605,996)	(15,426,475)	(6,222,468)
Other Financing Sources (Uses)										
Issuance of bonds and notes.....	3,440,000	-	17,140,000	25,635,000	19,885,000	-	18,470,000	29,633,658	5,040,000	-
Premium from issuance of bonds and notes.....	-	-	1,360,141	980,374	403,197	-	619,952	37,364	526,073	35,619
Sale of capital assets.....	-	308,000	28,750	-	-	-	-	-	-	-
Transfers in.....	6,997,781	6,406,687	4,727,086	4,145,419	2,604,231	-	1,700,597	1,903,390	2,864,687	5,317,960
Transfers out.....	(6,997,781)	(6,499,187)	(4,865,502)	(4,145,419)	(2,604,231)	-	(1,759,649)	(1,903,390)	(2,864,687)	(3,373,150)
Total other financing sources (uses).....	3,440,000	215,500	18,390,475	26,615,374	20,288,197	-	19,030,900	29,671,022	5,566,073	1,980,429
Net change in fund balance.....	\$ 8,205,214	\$ (23,731,382)	\$ (14,825,755)	\$ (10,006,324)	\$ (3,185,305)	\$ 13,538,165	\$ 41,128,475	\$ 7,065,026	\$ (9,860,402)	\$ (4,242,039)
Debt service as a percentage of noncapital expenditures.....	1.59%	2.07%	1.88%	3.86%	4.61%	4.47% (a)	4.76%	4.22%	4.11%	5.43%

Notes:

- Fiscal year 2001 excludes 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									
	Residential Value	Residential Tax Rate	Commercial Value	Industrial Value	Personal Property	Total Commercial Value	Commercial Tax Rate	Total Direct Rate	Total City Value	
2001	(1)	\$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		\$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	(1)	\$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		\$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	(1)	\$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
2008		\$6,252,981,375	\$10.55	\$1,976,938,538	\$522,963,697	\$256,840,580	\$ 2,756,742,815	\$23.21	\$14.42	\$9,009,724,190
2009		\$6,122,890,011	\$11.30	\$2,008,953,904	\$526,041,471	\$263,231,090	\$ 2,798,226,465	\$25.31	\$15.69	\$8,921,116,476
2010	(1)	\$5,795,080,312	\$12.54	\$2,026,368,766	\$464,727,284	\$256,463,760	\$ 2,747,559,810	\$28.67	\$17.73	\$8,542,640,122



(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.

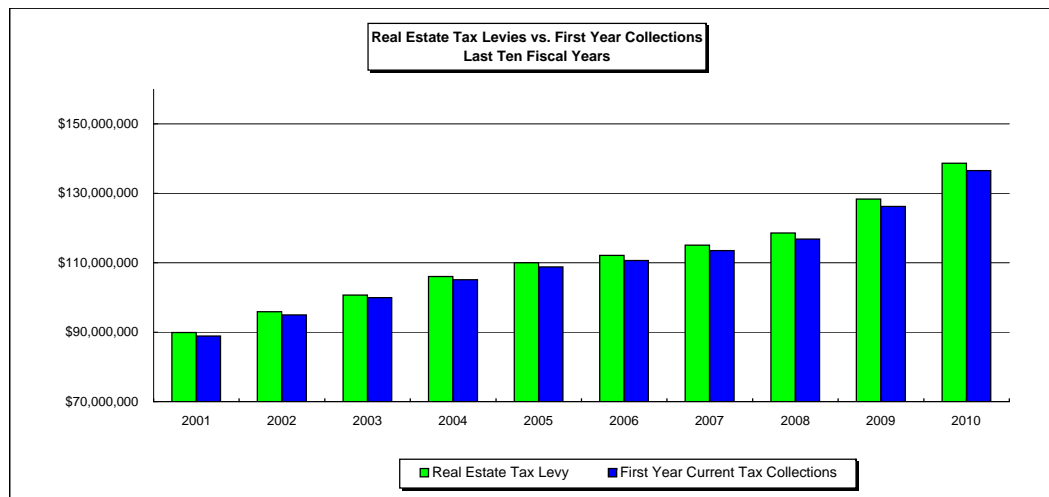
**City of Waltham, Massachusetts
Principal Taxpayers
Current Year and Nine Years Ago**

Name	Nature of Business	2010			2001		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
BCCC Property LLC	Office Building	\$155,823,560	1	1.82%	-	-	-
Astra	Office Building	\$91,930,490	2	1.08%	-	-	-
BP Reservoir Place, LLC	Office Building	\$77,126,030	3	0.90%	\$123,254,800	2	2.06%
NSTAR	Utility	\$71,933,180	4	0.84%	-	-	-
Windsor Village	Apartments	\$62,616,200	5	0.73%	\$63,455,700	4	1.06%
MMS Lot & MMS Winter St LLC	Office Building	\$60,844,080	6	0.71%	\$48,035,200	8	0.80%
PD Winter Street Trust	Office Building	\$58,398,200	7	0.68%	-	-	-
404 Wyman St.	Office Building	\$58,243,130	8	0.68%	\$70,597,600	2	1.18%
Longview Place, LLC. Hope Ave.	Apartments	\$54,495,300	9	0.64%	-	-	-
Brandeis University	Office Building	\$54,384,500	10	0.64%	\$53,800,900	6	0.90%
SRI Two Rtly Tr. Bay Colony	Office Building	-	-	-	\$165,146,300	1	2.77%
Polaroid	Manufacturing Facility	-	-	-	\$67,768,200	3	1.14%
Prospect Hill Acquisition Tr.	Office Building	-	-	-	\$55,969,500	5	0.94%
Waltham Corporate Center	Office Building	-	-	-	\$50,259,700	7	0.84%
The Realty Assoc Fund III	Office Building	-	-	-	\$46,646,100	9	0.78%
275 Wyman Street Realty Tr.	Office Building	-	-	-	\$44,492,900	10	0.75%
Totals		\$745,794,670		8.73%	\$789,426,900		13.22%

Source: Assessor's Department, City of Waltham

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

Fiscal Year		Total Tax Levy	Less Abatements & Exemptions	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
2001	(1)	\$ 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		\$ 97,132,870	\$ 1,192,539	\$ 95,940,331	98.77%	\$ 95,010,950	99.03%	\$ 961,410	\$ 95,972,360	100.03%	\$ (32,029)	-0.03%
2003		\$ 101,680,103	\$ 946,821	\$ 100,733,282	99.07%	\$ 99,955,013	99.23%	\$ 1,182,257	\$ 101,137,270	100.40%	\$ (403,988)	-0.40%
2004	(1)	\$ 106,597,742	\$ 579,050	\$ 106,018,692	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		\$ 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	(1)	\$ 115,760,050	\$ 650,404	\$ 115,109,646	99.44%	\$ 113,547,290	98.64%	\$ 1,190,823	\$ 114,738,113	99.68%	\$ 371,533	0.32%
2008		\$ 119,538,305	\$ 918,871	\$ 118,619,434	99.23%	\$ 116,826,578	98.49%	\$ 890,609	\$ 117,717,187	99.24%	\$ 902,247	0.76%
2009		\$ 129,065,767	\$ 674,763	\$ 128,391,004	99.48%	\$ 126,252,280	98.33%	\$ 1,432,313	\$ 127,684,593	99.45%	\$ 706,411	0.55%
2010	(1)	\$ 139,964,888	\$ 1,264,748	\$ 138,700,140	99.10%	\$ 136,591,479	98.48%	\$ 264,574	\$ 136,856,053	98.67%	\$ 1,844,087	1.33%



(1) Revaluation year.

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
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	\$9,264,421,800	\$58,110,000	\$0	\$981	3.72%	0.63%
2008	60,236	\$1,588,061,904	\$9,934,066,400	\$82,473,658	\$0	\$1,369	5.19%	0.83%
2009	60,605	\$1,597,790,220	\$9,934,066,400	\$82,398,658	\$0	\$1,360	5.16%	0.83%
2010	60,605	\$1,597,790,220	\$9,205,804,000	\$74,842,120	\$0	\$1,235	4.68%	0.81%

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
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%
2008	\$11,719,771	\$0	\$94,193,429	\$1,564	5.93%	0.95%
2009	\$13,540,855	\$0	\$95,939,513	\$1,583	6.00%	0.97%
2010	\$12,517,344	\$0	\$87,359,464	\$1,441	5.47%	0.95%

(1) Sewer and Water Funds

Source: Audited Financial Statements, U. S. Census, Division of Local Services

City of Waltham, Massachusetts
Direct and Overlapping Governmental Activities Debt

As of June 30, 2010

<u>City of Waltham, Massachusetts</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>	<u>Current Year Assessment for Operations and Debt Service</u>
Debt repaid with property taxes and user charges				
MWRA Water.....	\$ 1,965,302,000	3.855%	\$ 75,762,392	\$ 7,639,702
MWRA Sewer.....	3,902,910,000	2.886%	112,637,983	11,906,428
MBTA.....	5,522,119,947	0.800%	<u>44,176,960</u>	<u>1,228,617</u>
Subtotal.....			232,577,334	<u><u>\$ 20,774,747</u></u>
City direct debt.....			<u>74,842,120</u>	
Total direct and overlapping debt.....			<u><u>\$ 307,419,454</u></u>	

Source: Official Statement for Sale of Bonds

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Equalized Valuation.....	\$ 5,461,431,800	\$ 7,455,289,200	\$ 7,455,289,200	\$ 8,289,720,700	\$ 8,289,720,700	\$ 9,255,808,700	\$ 9,264,421,800	\$ 9,934,066,400	\$ 9,934,066,400	\$ 9,205,804,000
Debt Limit -5% of Equalized Valuation..	273,071,590	372,764,460	372,764,460	414,486,035	414,486,035	462,790,435	463,221,090	496,703,320	496,703,320	460,290,200
Less:										
Outstanding debt applicable to limit...	11,847,901	10,883,656	25,924,265	28,196,873	43,309,582	47,902,291	66,632,569	73,510,840	92,277,513	83,760,995
Authorized and unissued debt.....	166,900,000	168,815,000	165,423,545	161,298,545	139,279,402	84,412,854	70,903,551	39,822,677	16,099,973	29,314,022
Legal debt margin.....	\$ 94,323,689	\$ 193,065,804	\$ 181,416,650	\$ 224,990,617	\$ 231,897,051	\$ 330,475,290	\$ 325,684,970	\$ 383,369,803	\$ 388,325,834	\$ 347,215,183
Total debt applicable to the limit as a percentage of debt limit.....	65.46%	48.21%	51.33%	45.72%	44.05%	28.59%	29.69%	22.82%	21.82%	24.57%

Source: City Auditor's Office, City of Waltham

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

Employer	Nature of Business	2010			2001		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brandeis University	Higher Education	1,512	1	4.29%	1,512	3	4.30%
Bentley University	Higher Education	800	2	2.27%	698	9	1.98%
Bank of America	Financial Services	660	3	1.87%	-	-	-
Keyspan	Utility	650	4	1.84%	-	-	-
AM-FM Cleaning Corporation	Janitorial Contracting	600	5	1.70%	-	-	-
Nova Biomedical Corporation	BioTech Research	600	6	1.70%	600	10	1.71%
Raytheon Corporation	Electronics	587	7	1.66%	1,200	5	3.41%
Verizon	Communications	520	8	1.47%	-	-	-
Parexel International Corporation	R&D Consultant	500	9	1.42%	-	-	-
Automatic Data Processing	Payroll Services	420	10	1.19%	-	-	-
Polaroid Corporation	Camera Manufacturer	-	-	-	2,600	1	7.39%
FleetBoston	Financial Services	-	-	-	2,100	2	5.97%
Tufts Health Plan	Health Care	-	-	-	1,500	4	4.26%
Deaconess Waltham Hospital	Health Care	-	-	-	1,000	6	2.84%
Parametric Technology Corporation	Computer Systems	-	-	-	900	7	2.56%
IBM Corporation	Computers	-	-	-	800	8	2.27%
		<u>6,849</u>		<u>19.42%</u>	<u>12,910</u>		<u>36.69%</u>

Source: Massachusetts Department of Employment and Training

**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
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	4.0%
2007	59,226	1,561,434,264	\$26,364	34.2	4,836	3.6%
2008	60,236	1,588,061,904	\$26,364	34.2	4,725	4.2%
2009	60,605	1,597,790,220	\$26,364	34.2	4,751	6.0%
2010	60,605	1,597,790,220	\$26,364	34.2	4,763	7.1%

Source: U. S. Census, Division of Local Services

Median age is based on most recent census data

2001 to 2007 population estimates are based on the 2000 census results

2008 to 2010 population estimates obtained from the Division of Local Services

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

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Function:										
General government.....	124	127	123	123	122	110	107	107	106	102
Public safety.....	383	380	384	367	377	374	369	370	359	358
Education.....	895	903	880	871	872	869	913	906	918	911
Consolidated public works.....	65	67	64	58	58	72	71	71	67	63
Community development.....	13	15	27	25	26	31	28	30	27	26
Health and human services.....	15	17	17	18	20	20	20	20	19	18
Culture and recreation.....	31	32	32	29	29	23	25	26	25	24
Water/sewer.....	<u>39</u>	<u>39</u>	<u>36</u>	<u>33</u>	<u>31</u>	<u>33</u>	<u>32</u>	<u>32</u>	<u>27</u>	<u>27</u>
Total	<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>1,565</u>	<u>1,562</u>	<u>1,548</u>	<u>1,529</u>

Source: City records.

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

Function/Program	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Cash flow (millions).....	350	375	400	440	460	480	500	520	540	550
Accounts payable invoices processed.....	30,440	31,109	31,778	36,640	37,000	37,000	37,000	36,000	36,000	36,000
Payroll checks processed.....	60,561	61,892	63,223	72,885	73,000	73,000	73,000	72,000	72,000	72,000
Police										
Arrests.....	1,567	1,334	1,175	1,058	1,074	1,193	1,137	1,194	1,006	1,181
Traffic citations.....	16,040	14,439	10,803	12,297	15,406	16,496	14,569	13,914	11,140	10,363
Parking violations.....	n/a	6,671	4,531	4,652	5,311	5,170	5,181	4,939	5,150	5,247
Service calls.....	34,632	44,394	40,837	42,079	38,563	35,119	34,494	34,694	35,000	35,000
Major investigations.....	997	709	1,092	1,470	1,542	1,607	1,721	1,826	1,880	1,587
Fire										
Inspections - schools/nursing homes/hospitals.....	240	240	240	223	220	200	100	100	100	100
Inspections - commercial/industrial.....	749	714	749	254	270	260	525	520	550	550
Emergency responses - box alarms.....	1,090	1,033	1,090	1,125	1,082	1,150	1,200	1,200	1,200	1,360
Emergency responses - still alarms.....	3,500	3,905	3,500	5,723	5,588	5,800	5,650	5,500	6,000	5,990
Emergency responses - false alarms.....	195	123	195	203	200	150	160	170	190	150
Water										
Consumption in gallons (billions/year).....	2.9	3.2	2.9	2.9	2.7	3	3	3	3	2.8
Leak detection (miles).....	n/a	n/a	160	155	155	160	151	165	165	165
Service repairs.....	n/a	n/a	165	158	208	183	225	150	155	155
Sewer										
Service repairs.....	n/a	n/a	n/a	23	25	30	45	43	40	42
Stoppages - mains.....	n/a	n/a	n/a	118	98	18	150	125	100	54
Stoppages - services.....	n/a	n/a	n/a	232	290	41	275	249	300	238
Health and Human Services										
Permits - public health.....	925	924	925	822	797	771	760	746	885	833
Senior citizen programs.....	70	10	10	15	26	26	26	26	26	26
Senior citizen programs - participants.....	2,000	2,400	2,000	2,350	2,400	2,400	2,500	2,351	2,200	2,600
Recreation activities.....	156	163	159	165	166	170	230	195	200	204
Recreation activities - participants.....	22,500	22,700	16,406	17,085	17,080	17,125	15,050	13,000	14,000	15,000
Veterans cases.....	550	550	550	570	640	750	850	950	1,050	1,050
Cemetery burials.....	251	246	251	208	230	230	215	168	100	200
Libraries										
Items circulated.....	551,660	553,950	591,727	642,884	641,497	645,000	640,000	578,192	575,000	520,000
Registered borrowers.....	34,000	30,000	28,640	29,963	31,744	32,500	32,500	30,268	32,000	29,750

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									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government										
Number of Buildings.....	58	58	59	60	59	59	59	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	7	7	7	7	6	6	6
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	159	159	159
Fire hydrants.....	-	-	-	-	1,176	1,176	1,176	1,176	1,176	1,176
Sanitary sewers (miles).....	-	-	-	-	160	160	160	160	160	160
Storm sewers (miles).....	-	-	-	-	121	121	121	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	7	7	7	7	7	7
Fields (soccer/multi-purpose).....	4	4	4	4	8	8	8	8	8	8
Wading pools/spray parks.....	3	3	4	4	5	5	5	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