

CITY OF WALTHAM, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2011



Waltham Clock

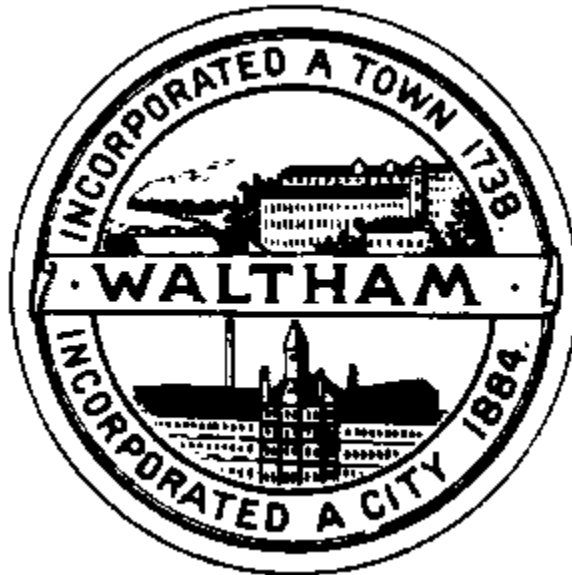


Waltham Watch Factory

CITY OF WALTHAM, MASSACHUSETTS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2011



Prepared by:

City Auditor's Office

CITY OF WALTHAM, MASSACHUSETTS
COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30, 2011

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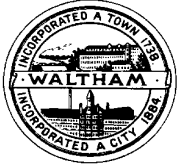
Introductory Section



Welcome to Waltham

Introductory Section

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City Auditor
Paul G. Centofanti

CITY OF WALTHAM

Commonwealth of Massachusetts

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Email: pcentofanti@city.waltham.ma.us

Letter of Transmittal

December 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, 2011 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, 2011, are fairly presented in conformity with GAAP.

The City of Waltham's financial statements have been audited by Powers & Sullivan LLC, 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, 2011, 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, 2011 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, has a population of 60,632.

Subject to local legislative decisions made by a fifteen (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, curbside collection and disposal of trash and recyclable materials, public education in grades kindergarten through twelve, water and sewer services, street maintenance, 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 (Route 128). 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, fiscally responsible 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 FY2011, the combined assessed value of these properties represented 32.9% 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 \$95.6 million in long and short term debt. The long term indebtedness consists of \$82.2 million of general obligation bonds; of which \$14.5 million is self-supporting

through enterprise fund revenues and \$13.4 million of bond anticipation notes are expected to be permanently funded in February 2012. 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 \$34.7 million as of June 30, 2011. The authorized and unissued debt includes \$14.5 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, 2011, the latest actuarial valuation date, the System had succeeded in funding 56% of the present value of the projected benefits earned by employees. The remaining unfunded amount is being systematically funded over the remaining 20 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's most recent actuarial valuation is dated July 1, 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.

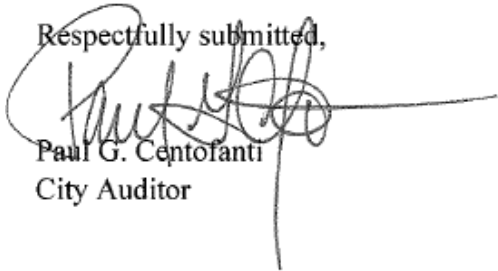
Awards and Acknowledgements

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, 2010. This was the seventh 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.

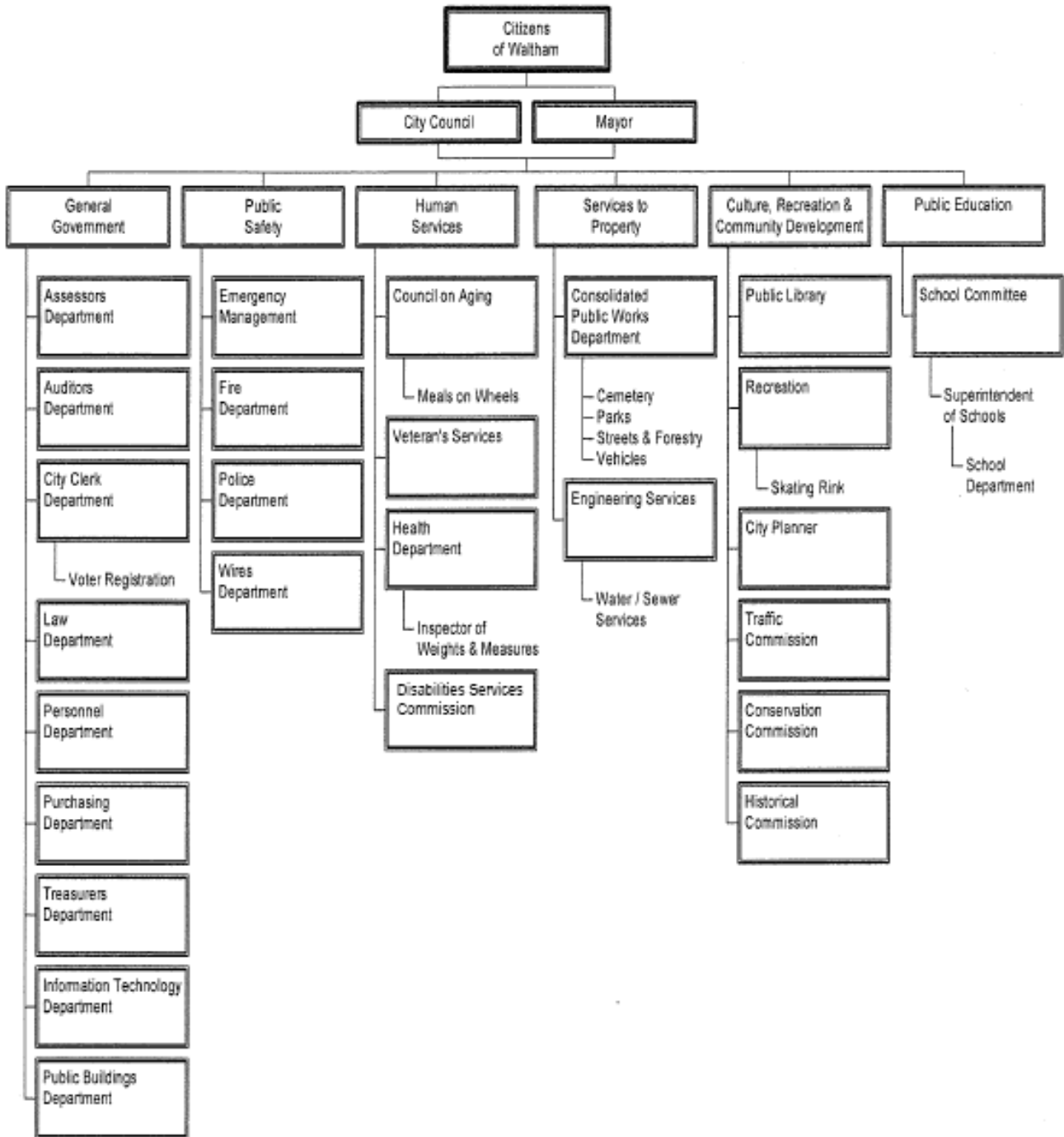
The preparation of this report would not have been possible without the dedication and commitment to excellence of the staff of the Auditing Department. We would like to express our appreciation to the members of all the departments who assisted and contributed to the preparation of this report. We would also like to acknowledge and give credit to the Mayor and the City Council for their consistent support to uphold the highest standards of professionalism in the management of the City of Waltham's finances.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Paul G. Centofanti", with a long horizontal line extending to the right.

Paul G. Centofanti
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

Paul G. Centofanti

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, 2010

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

Financial Section



Waltham City Hall

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, 2011 (except for the Waltham Contributory Retirement System which is as of and for the year ended December 31, 2010), 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, 2011 (except for the Waltham Contributory Retirement System which is as of December 31, 2010), and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 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 methods and assumptions, 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 black ink that reads "Powers & Sullivan - LLC". The signature is written in a cursive, flowing style.

December 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, 2011. 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 \$218 million (net assets).
- Of this amount, 13% or \$27.4 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 \$25.3 million. Total fund balance represents 13% of total general fund expenditures.
- The City's total debt (short-term and long-term combined) increased by \$1.4 million during the current fiscal year. This was due to the net effect of \$25.3 million in principal payments on maturing debt and the issuance of \$26.7 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 \$11.5 million in other postemployment benefit obligations bringing the total liability to \$51.7 million.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities include general government, public safety, education, public works, 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 \$218 million at the close of fiscal 2011, an increase of \$3.5 million from the prior year.

Net assets of \$181.7 million (83%) 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, \$8.9 million (4%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$27.4 million (13%) 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 \$188.6 million at the close of fiscal 2011.

	<u>Fiscal 2011</u>	<u>Fiscal 2010</u>
Assets:		
Current assets.....	\$ 80,407,274	\$ 72,087,257
Noncurrent assets (excluding capital).....	2,973,932	3,056,776
Capital assets.....	<u>245,306,794</u>	<u>246,343,329</u>
Total assets.....	<u>328,688,000</u>	<u>321,487,362</u>
Liabilities:		
Current liabilities (excluding debt).....	10,443,268	10,225,454
Noncurrent liabilities (excluding debt).....	52,172,318	41,023,503
Current debt.....	16,079,998	12,752,905
Noncurrent debt.....	<u>61,438,288</u>	<u>68,118,286</u>
Total liabilities.....	<u>140,133,872</u>	<u>132,120,148</u>
Net Assets:		
Capital assets net of related debt.....	169,551,297	169,360,245
Restricted.....	8,848,029	7,547,471
Unrestricted.....	<u>10,154,802</u>	<u>12,459,498</u>
Total net assets.....	<u>\$ 188,554,128</u>	<u>\$ 189,367,214</u>
Program Revenues:		
Charges for services.....	\$ 14,387,304	\$ 11,709,349
Operating grants and contributions.....	37,611,357	33,503,809
Capital grants and contributions.....	2,213,768	2,246,744
General Revenues:		
Real estate and personal property taxes.....	143,611,657	136,608,856
Tax liens.....	1,075,894	446,529
Motor vehicle and other excise taxes.....	8,898,856	7,988,143
Community preservation tax.....	2,319,559	2,217,436
Nonrestricted grants.....	8,357,186	9,319,430
Unrestricted investment income.....	277,404	388,780
Other revenues.....	<u>1,389,945</u>	<u>544,525</u>
Total revenues.....	<u>220,142,930</u>	<u>204,973,601</u>
Expenses:		
General Government.....	12,409,747	12,548,346
Public Safety.....	54,681,748	57,363,358
Education.....	119,839,129	112,799,898
Public Works.....	17,944,889	17,436,688
Community development.....	5,425,862	5,034,910
Human Services.....	2,756,414	2,818,957
Culture and recreation.....	5,258,378	5,028,081
Interest.....	<u>2,523,695</u>	<u>3,054,071</u>
Total expenses.....	<u>220,839,862</u>	<u>216,084,309</u>
Increase in net assets before transfers.....	(696,932)	(11,110,708)
Transfers.....	<u>(116,154)</u>	<u>1,944,810</u>
Change in net assets.....	<u>\$ (813,086)</u>	<u>\$ (9,165,898)</u>

Governmental expenses totaled \$220.8 million of which \$54.2 million (25%) was directly supported by program revenues consisting of charges for services, operating and capital grants and contributions. General revenues totaled \$165.9 million, primarily coming from property taxes, motor vehicle excise, non-restricted state aid and investment income.

Governmental net assets decreased by \$813,000 during the current fiscal year. This was due to the recognition of \$11.2 million of postemployment benefit liabilities, depreciation expense exceeding debt principal payments by \$2.9 million and \$609,000 of non-capitalizable expenditures in the City and School capital project funds. These decreases were offset by the recognition of a \$1.6 million capital grant to fund highway projects, a \$3.5 million revenue surplus from building permits, excise taxes and meals taxes, a \$2 million increase in the community preservation fund, a \$5.2 million increase in the internal service fund and a \$2.2 million increase in the nonmajor funds.

Business-type Activities

For the City's business-type activities, assets exceeded liabilities by \$29.4 million at the close of fiscal 2011.

	<u>Fiscal 2011</u>	<u>Fiscal 2010</u>
Assets:		
Current assets.....	\$ 26,968,682	\$ 17,374,250
Capital assets.....	24,284,603	22,992,601
Total assets.....	<u>51,253,285</u>	<u>40,366,851</u>
Liabilities:		
Current liabilities (excluding debt).....	2,183,572	640,648
Noncurrent liabilities (excluding debt).....	1,133,827	796,247
Current debt.....	5,607,829	2,692,932
Noncurrent debt.....	12,885,892	11,124,412
Total liabilities.....	<u>21,811,120</u>	<u>15,254,239</u>
Net Assets:		
Capital assets net of related debt.....	12,188,286	11,605,346
Unrestricted.....	17,253,879	13,507,266
Total net assets.....	<u>\$ 29,442,165</u>	<u>\$ 25,112,612</u>
Program Revenues:		
Charges for services.....	\$ 31,779,596	\$ 24,498,564
Capital grants and contributions.....	1,370,700	-
General Revenues:		
Unrestricted investment income.....	40,938	58,584
Total revenues.....	<u>33,191,234</u>	<u>24,557,148</u>
Expenses:		
Water.....	11,787,043	11,129,805
Sewer.....	16,776,463	17,385,085
Veterans Memorial Rink.....	414,329	384,013
Total expenses.....	<u>28,977,835</u>	<u>28,898,903</u>
Increase in net assets before transfers.....	4,213,399	(4,341,755)
Transfers.....	<u>116,154</u>	<u>(1,944,810)</u>
Change in net assets.....	<u>\$ 4,329,553</u>	<u>\$ (6,286,565)</u>

Business-type net assets of \$12.2 million (41%) represent the investment in capital assets while \$17.3 million (59%) is unrestricted. The City's business-type activities net assets increased by \$4.3 million in the current fiscal year.

The sewer department experienced an increase of \$2.8 million in net assets. Revenues increased by 30% and expenses decreased by 4%, which resulted in an increase in net assets when compared with the prior year. The increase in revenues was primarily due to an increase in the sewer rates and usage.

The water department experienced an increase of \$1.4 million in net assets. Revenues increased by 31% and expenses increased by 6%, resulting in an increase in net assets when compared with the prior year. The increase in revenues was primarily due to an increase in the water rate and usage.

The Veterans Memorial Rink experienced an increase in net assets, totaling \$84,000. The increase was primarily due to a transfer from the general fund for the prior year revenue deficit that was raised on the tax rate.

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 the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Fiscal year 2011 was the City's initial year of implementation of GASB #54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The implementation of this standard has changed the fund balance components into nonspendable, restricted, committed, assigned and unassigned. Additionally, under the new standard, the City's stabilization fund is reported within the general fund as unassigned.

As of the end of the current fiscal year, governmental funds reported combined ending fund balance of \$46.4 million. This is comprised of \$25.3 million for the general fund, a deficit of \$93,000 in the community development fund, \$16.5 million for the community preservation fund, a deficit of \$8.5 million in the city capital projects fund, and \$13.3 million in the nonmajor governmental funds. Cumulatively there was a decrease of \$1.6 million in fund balances from the prior year.

The general fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$18.5 million, while total fund balance was \$25.3 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represents 10% of the total general fund expenditures, while total fund balance represents 13% of that same amount.

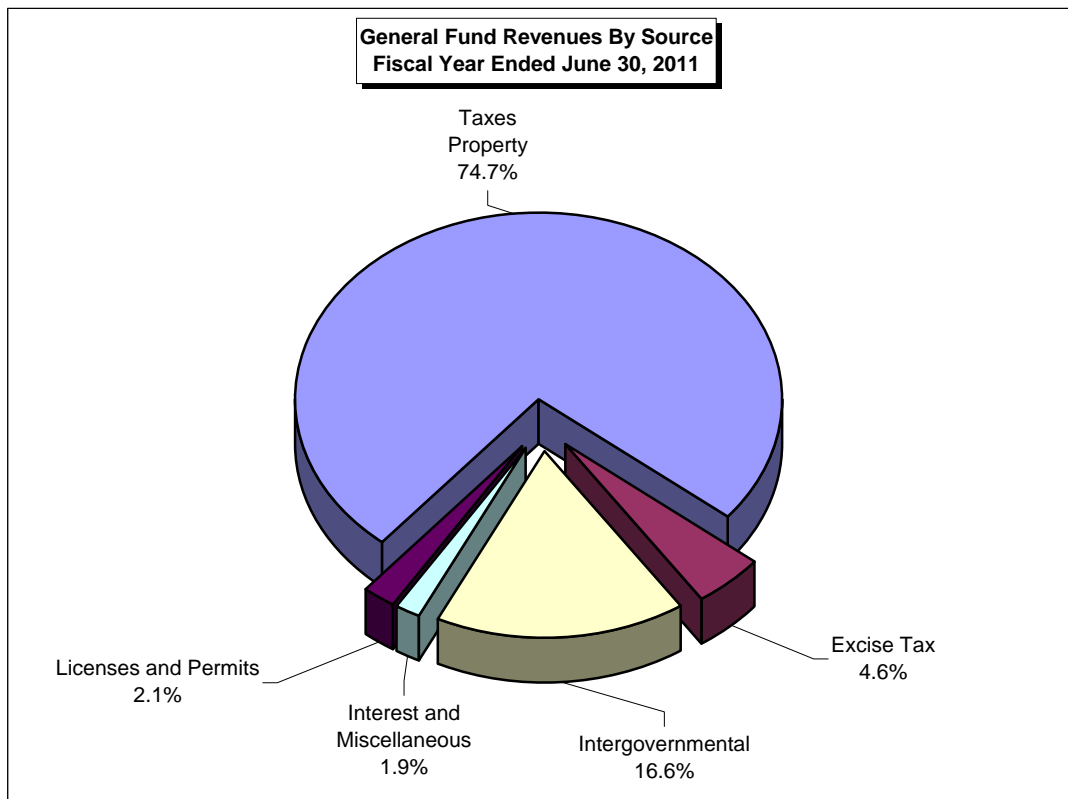
The highway projects fund is a special revenue fund used to account for construction, reconstruction and improvements to roadways, streets and sidewalks. The City spent \$955,000 on projects in fiscal year 2011 which was fully supported by state grants and therefore the fund balance remains at zero at fiscal year end.

The community development fund is used to account for the community development block grant program. The program received \$1 million in grant funding and spent \$943,000 on projects. At year end, this fund has a deficit fund balance totaling \$93,000. This deficit will be funded by future grant revenue.

The community preservation fund had a \$16.5 million fund balance at June 30, 2011. 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 fund balance increased by \$2 million which was due to timing differences between the receipt and planned use of funds.

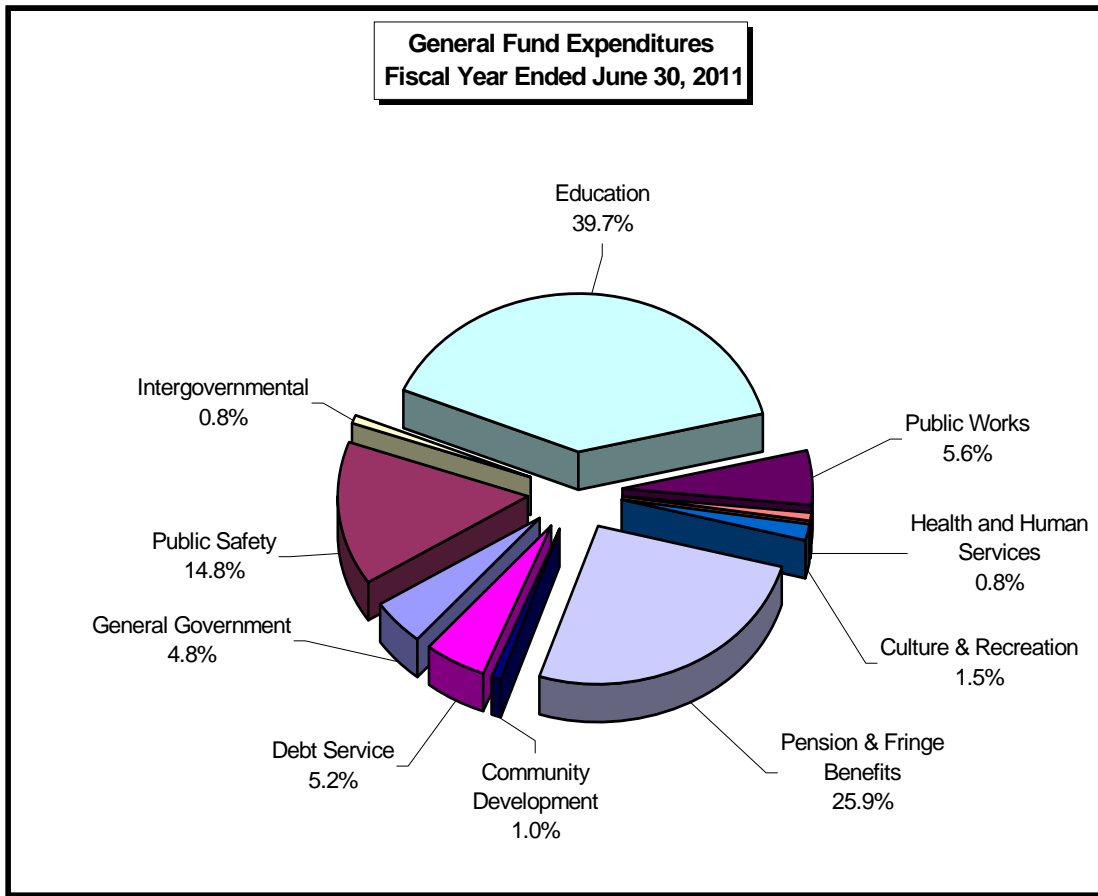
The city capital projects fund is used to account for the City's major construction projects. The fund balance decreased by \$5.6 million in fiscal 2011, which was due to expenditures on construction projects.

General Fund Revenues



- Tax revenue continues to be the most significant revenue source for the City, comprising 74% of total general fund revenue. Tax revenue increased in accordance with the provisions of the Massachusetts law, which limits such increase to 2½% over the preceding year plus an allowance for new growth.
- Intergovernmental revenue represents 17% of total revenues. This includes state aid as well as approximately \$15 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 5% 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 2011. The City is committed to providing a high-quality education through its public schools.
- Public Safety and Public Works represent a combined 21% 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 2011 were 5% of total general fund expenditures, reflecting principal and interest payments associated with building design, renovation and construction, land acquisition and development, equipment, and technology.
- Pension and fringe benefits were 25% of total general fund expenditures in fiscal 2011, reflecting high health insurance costs experienced throughout the State and the region.

The City's general fund unassigned 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, 2011 is \$9.6 million. The City remains committed to conservative budgets, tight management controls, and to maintaining reserves.

The general fund decreased by \$323,000 from the prior fiscal year. This was primarily due to current year expenditures, raised and appropriated in the prior year, exceeding current year encumbrances by \$3.7 million. This was offset by \$3.5 million of better than expected revenues.

General Fund Budgetary Highlights

The increase from the original budget to the final amended budget totaled \$3 million (2%). The majority of the supplemental appropriations are attributable to the cost of snow and ice removal, building utilities and workers' compensation.

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 higher than budgeted estimates by 2%.

Capital Asset and Debt Administration

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

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$269.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, system improvements, machinery and equipment, park facilities, roads, highways, bridges and water and sewer infrastructure. The total increase in the City's investment in capital assets for the current year was \$255,000.

Major capital asset events during the current fiscal year included 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, 2011, totaled \$67.7 million of which \$46.1 million is related to school projects, \$14.4 million for land design and acquisition, \$2.6 million for building renovations and \$4.6 million for other CIP related projects.

At year end, the sewer and water enterprise funds have \$10.1 million and \$4.4 million, respectively, of outstanding long-term debt, which are fully supported by rates and do not rely on a general fund subsidy.

The City has \$9.4 million of governmental bond anticipation notes (BAN) at year-end that are due on February 12, 2012 and bear 2% interest rates.

The City has \$4 million of business-type bond anticipation notes (BAN) at year-end that are due on February 12, 2012 and April 15, 2012 and bear 2% interest rates.

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, 2011

	<i>Primary Government</i>		
	Governmental Activities	Business-type Activities	Total
ASSETS			
CURRENT:			
Cash and cash equivalents.....	\$ 64,885,147	\$ 17,263,655	\$ 82,148,802
Investments.....	1,783,254	-	1,783,254
Receivables, net of allowance for uncollectibles:			
Real estate and personal property taxes.....	1,873,916	-	1,873,916
Tax liens.....	1,624,531	211,136	1,835,667
Motor vehicle and other excise taxes.....	620,756	-	620,756
Water fees.....	-	3,922,480	3,922,480
Sewer fees.....	-	5,328,032	5,328,032
Departmental and other.....	892,725	-	892,725
Special assessments.....	91,906	-	91,906
Intergovernmental.....	8,635,039	243,379	8,878,418
Total current assets.....	<u>80,407,274</u>	<u>26,968,682</u>	<u>107,375,956</u>
NONCURRENT:			
Receivables, net of allowance for uncollectibles:			
Real estate tax deferrals.....	455,609	-	455,609
Special assessments.....	378,472	-	378,472
Loans.....	2,139,851	-	2,139,851
Capital assets, nondepreciable.....	20,283,623	1,570,204	21,853,827
Capital assets, net of accumulated depreciation.....	225,023,171	22,714,399	247,737,570
Total noncurrent assets.....	<u>248,280,726</u>	<u>24,284,603</u>	<u>272,565,329</u>
TOTAL ASSETS.....	<u>328,688,000</u>	<u>51,253,285</u>	<u>379,941,285</u>
LIABILITIES			
CURRENT:			
Warrants payable.....	3,273,267	1,798,369	5,071,636
Health claims payable.....	3,484,000	-	3,484,000
Tax refunds payable.....	360,000	-	360,000
Accrued interest.....	735,733	112,526	848,259
Other liabilities.....	-	140,230	140,230
Compensated absences.....	2,398,268	132,447	2,530,715
Workers' compensation.....	192,000	-	192,000
Notes payable.....	9,400,000	3,977,491	13,377,491
Bonds payable.....	6,679,998	1,630,338	8,310,336
Total current liabilities.....	<u>26,523,266</u>	<u>7,791,401</u>	<u>34,314,667</u>
NONCURRENT:			
Compensated absences.....	998,939	157,786	1,156,725
Workers' compensation.....	435,000	-	435,000
Other postemployment benefits obligation.....	50,738,379	976,041	51,714,420
Bonds payable.....	61,438,288	12,885,892	74,324,180
Total noncurrent liabilities.....	<u>113,610,606</u>	<u>14,019,719</u>	<u>127,630,325</u>
TOTAL LIABILITIES.....	<u>140,133,872</u>	<u>21,811,120</u>	<u>161,944,992</u>
NET ASSETS			
Invested in capital assets, net of related debt.....	169,551,297	12,188,286	181,739,583
Restricted for:			
Loans.....	2,139,851	-	2,139,851
Permanent funds:			
Expendable.....	279,966	-	279,966
Nonexpendable.....	1,797,623	-	1,797,623
Gifts and grants.....	4,630,589	-	4,630,589
Unrestricted.....	10,154,802	17,253,879	27,408,681
TOTAL NET ASSETS.....	<u>\$ 188,554,128</u>	<u>\$ 29,442,165</u>	<u>\$ 217,996,293</u>

See notes to basic financial statements.

STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED JUNE 30, 2011

Functions/Programs	Expenses	Program Revenues				Net (Expense) Revenue
		Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:						
<i>Governmental Activities:</i>						
General government.....	\$ 14,963,171	\$ (2,553,424)	\$ 3,934,076	\$ 1,639,697	\$ -	\$ (6,835,974)
Public safety.....	53,696,991	984,757	3,493,485	3,410,951	-	(47,777,312)
Education.....	119,672,618	166,511	4,567,355	30,150,908	-	(85,120,866)
Public works.....	17,255,801	689,088	714,008	25,090	1,587,277	(15,618,514)
Community development.....	5,266,858	159,004	769,304	1,993,070	626,491	(2,036,997)
Health and human services.....	2,505,318	251,096	428,176	323,526	-	(2,004,712)
Culture and recreation.....	4,955,410	302,968	480,900	68,115	-	(4,709,363)
Interest.....	2,523,695	-	-	-	-	(2,523,695)
Total Governmental Activities...	220,839,862	-	14,387,304	37,611,357	2,213,768	(166,627,433)
<i>Business-Type Activities:</i>						
Sewer.....	16,776,463	-	18,222,159	-	1,370,700	2,816,396
Water.....	11,787,043	-	13,175,501	-	-	1,388,458
Veterans Memorial Rink.....	414,329	-	381,936	-	-	(32,393)
Total Business-Type Activities..	28,977,835	-	31,779,596	-	1,370,700	4,172,461
Total Primary Government.....	\$ 249,817,697	\$ -	\$ 46,166,900	\$ 37,611,357	\$ 3,584,468	\$ (162,454,972)

See notes to basic financial statements.

(Continued)

STATEMENT OF ACTIVITIES (Continued)

FISCAL YEAR ENDED JUNE 30, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Changes in net assets:			
Net (expense) revenue from previous page.....	\$ (166,627,433)	\$ 4,172,461	\$ (162,454,972)
<i>General revenues:</i>			
Real estate and personal property taxes, net of tax refunds payable.....	143,611,657	-	143,611,657
Tax liens.....	1,075,894	-	1,075,894
Motor vehicle and other excise taxes.....	6,233,152	-	6,233,152
Hotel/motel tax.....	2,665,704	-	2,665,704
Community preservation tax.....	2,319,559	-	2,319,559
Meals tax.....	862,461	-	862,461
Penalties and interest on taxes.....	481,134	-	481,134
Payments in lieu of taxes.....	46,350	-	46,350
Grants and contributions not restricted to specific programs.....	8,357,186	-	8,357,186
Unrestricted investment income.....	277,404	40,938	318,342
<i>Transfers, net</i>	<u>(116,154)</u>	<u>116,154</u>	<u>-</u>
Total general revenues.....	<u>165,814,347</u>	<u>157,092</u>	<u>165,971,439</u>
Change in net assets.....	(813,086)	4,329,553	3,516,467
<i>Net Assets:</i>			
Beginning of year.....	<u>189,367,214</u>	<u>25,112,612</u>	<u>214,479,826</u>
End of year.....	\$ <u>188,554,128</u>	\$ <u>29,442,165</u>	\$ <u>217,996,293</u>

(Concluded)

**GOVERNMENTAL FUNDS
BALANCE SHEET**

JUNE 30, 2011

ASSETS	<u>General</u>	<u>Highway Projects</u>	<u>Community Development</u>	<u>Community Preservation</u>
Cash and cash equivalents.....	\$ 25,037,822	\$ -	\$ -	\$ 16,478,571
Investments.....	-	-	-	-
Receivables, net of uncollectibles:				
Real estate and personal property taxes.....	1,873,916	-	-	-
Real estate tax deferrals.....	455,609	-	-	-
Tax liens.....	1,624,531	-	-	-
Motor vehicle and other excise taxes.....	620,756	-	-	-
Departmental and other.....	17,037	-	-	54,107
Special assessments.....	470,378	-	-	-
Intergovernmental.....	667,615	4,880,006	1,275,550	619,472
Loans.....	-	-	2,139,851	-
Due from other funds.....	<u>1,475,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS.....	\$ <u>32,243,164</u>	\$ <u>4,880,006</u>	\$ <u>3,415,401</u>	\$ <u>17,152,150</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Warrants payable.....	\$ 1,269,115	\$ 915,203	\$ 30,251	\$ 3,539
Tax refunds payable.....	360,000	-	-	-
Accrued interest on short-term debt.....	62,667	-	-	-
Deferred revenues.....	5,238,813	3,898,601	3,415,401	673,579
Due to other funds.....	-	66,202	62,777	-
Notes payable.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>6,930,595</u>	<u>4,880,006</u>	<u>3,508,429</u>	<u>677,118</u>
 FUND BALANCES:				
Nonspendable.....	-	-	-	-
Restricted.....	-	-	-	16,475,032
Assigned.....	6,852,796	-	-	-
Unassigned.....	<u>18,459,773</u>	<u>-</u>	<u>(93,028)</u>	<u>-</u>
TOTAL FUND BALANCES.....	<u>25,312,569</u>	<u>-</u>	<u>(93,028)</u>	<u>16,475,032</u>
TOTAL LIABILITIES AND FUND BALANCES.....	\$ <u>32,243,164</u>	\$ <u>4,880,006</u>	\$ <u>3,415,401</u>	\$ <u>17,152,150</u>

See notes to basic financial statements.

City Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,756,275	\$ 11,801,469	\$ 55,074,137
-	1,783,254	1,783,254
-	-	1,873,916
-	-	455,609
-	-	1,624,531
-	-	620,756
-	254,082	325,226
-	-	470,378
-	1,192,396	8,635,039
-	-	2,139,851
-	-	1,475,500
<u>\$ 1,756,275</u>	<u>\$ 15,031,201</u>	<u>\$ 74,478,197</u>

\$ 898,785	\$ 156,374	\$ 3,273,267
-	-	360,000
-	-	62,667
-	254,082	13,480,476
-	1,346,521	1,475,500
9,400,000	-	9,400,000
<u>10,298,785</u>	<u>1,756,977</u>	<u>28,051,910</u>
-	1,797,623	1,797,623
-	11,792,587	28,267,619
-	-	6,852,796
(8,542,510)	(315,986)	9,508,249
<u>(8,542,510)</u>	<u>13,274,224</u>	<u>46,426,287</u>
<u>\$ 1,756,275</u>	<u>\$ 15,031,201</u>	<u>\$ 74,478,197</u>

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

JUNE 30, 2011

Total governmental fund balances.....		\$ 46,426,287
Capital assets (net) used in governmental activities are not financial resources and, therefore, are not reported in the funds.....		245,306,794
Accounts receivable are not available to pay for current-period expenditures and, therefore, are deferred in the funds.....		13,480,476
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.....		6,894,509
In the statement of activities, interest is accrued on outstanding long-term debt, whereas in governmental funds interest is not reported until due.....		(673,066)
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.....	(68,118,286)	
Workers' compensation.....	(627,000)	
Compensated absences.....	(3,397,207)	
Other postemployment benefits obligation.....	<u>(50,738,379)</u>	
Net effect of reporting long-term liabilities.....		<u>(122,880,872)</u>
Net assets of governmental activities.....		<u>\$ 188,554,128</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, 2011

	General	Highway Projects	Community Development	Community Preservation	City Capital Projects
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 143,866,481	\$ -	\$ -	\$ -	-
Tax liens.....	760,070	-	-	-	-
Motor vehicle and other excise taxes.....	6,295,833	-	-	-	-
Community preservation tax.....	-	-	-	2,319,559	-
Hotel/motel tax.....	2,665,704	-	-	-	-
Meals tax.....	862,461	-	-	-	-
Charges for services.....	-	-	-	-	-
Penalties and interest on taxes.....	477,614	-	-	3,520	-
Fees and rentals.....	634,572	-	-	-	-
Payments in lieu of taxes.....	46,350	-	-	-	-
Licenses and permits.....	4,082,752	-	-	-	-
Fines and forfeitures.....	797,229	-	-	-	-
Intergovernmental.....	32,206,454	955,242	1,041,690	604,435	-
Departmental and other.....	533,675	-	60,474	-	-
Special assessments.....	150,294	-	-	-	-
Contributions.....	-	-	-	-	-
Investment income.....	118,790	-	31	57,502	-
TOTAL REVENUES.....	193,498,279	955,242	1,102,195	2,985,016	-
EXPENDITURES:					
Current:					
General government.....	9,241,835	-	-	-	615,499
Public safety.....	28,683,219	-	-	-	1,514,916
Education.....	77,041,485	-	-	-	-
Public works.....	10,808,458	955,242	-	-	2,438,264
Community development.....	1,872,250	-	942,933	999,635	656,737
Health and human services.....	1,565,945	-	-	-	-
Culture and recreation.....	2,970,526	-	-	-	389,816
Pension benefits.....	13,152,472	-	-	-	-
Employee benefits.....	37,191,542	-	-	-	-
State and county charges.....	1,560,299	-	-	-	-
Debt service:					
Principal.....	7,128,638	-	-	-	-
Interest.....	2,885,831	-	-	-	-
TOTAL EXPENDITURES.....	194,102,500	955,242	942,933	999,635	5,615,232
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	(604,221)	-	159,262	1,985,381	(5,615,232)
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bonds and notes.....	226,581	-	-	-	-
Transfers in.....	171,062	-	-	-	-
Transfers out.....	(116,154)	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	281,489	-	-	-	-
NET CHANGE IN FUND BALANCES.....	(322,732)	-	159,262	1,985,381	(5,615,232)
FUND BALANCES AT BEGINNING OF YEAR, AS REVISED.....	25,635,301	-	(252,290)	14,489,651	(2,927,278)
FUND BALANCES AT END OF YEAR.....	\$ 25,312,569	\$ -	\$ (93,028)	\$ 16,475,032	\$ (8,542,510)

See notes to basic financial statements.

	Nonmajor Governmental Funds	Total Governmental Funds
\$	-	\$ 143,866,481
	-	760,070
	-	6,295,833
	-	2,319,559
	-	2,665,704
	-	862,461
	496,126	496,126
	-	481,134
	1,401,680	2,036,252
	-	46,350
	-	4,082,752
	103,162	900,391
	9,006,719	43,814,540
	3,313,009	3,907,158
	-	150,294
	667,361	667,361
	68,264	244,587
	<u>15,056,321</u>	<u>213,597,053</u>
	72,053	9,929,387
	3,521,274	33,719,409
	7,342,138	84,383,623
	142,764	14,344,728
	1,270,798	5,742,353
	181,968	1,747,913
	192,891	3,553,233
	-	13,152,472
	-	37,191,542
	-	1,560,299
	-	7,128,638
	-	2,885,831
	<u>12,723,886</u>	<u>215,339,428</u>
	<u>2,332,435</u>	<u>(1,742,375)</u>
	-	226,581
	77,303	248,365
	<u>(248,365)</u>	<u>(364,519)</u>
	<u>(171,062)</u>	<u>110,427</u>
	2,161,373	(1,631,948)
	<u>11,112,851</u>	<u>48,058,235</u>
\$	<u><u>13,274,224</u></u>	<u><u>\$ 46,426,287</u></u>

**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, 2011

Net change in fund balances - total governmental funds..... \$ (1,631,948)

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.....	8,941,471	
Depreciation expense.....	(9,978,006)	
Net effect of reporting capital assets.....		(1,036,535)

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..... 599,899

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.....	7,128,638	
Amortization of premium from issuance of bonds and notes payable.....	61,267	
Net effect of reporting long-term debt.....		7,189,905

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.....	(77,971)	
Net change in workers' compensation.....	31,000	
Net change in accrued interest on long-term debt.....	74,288	
Net change in postemployment benefits liability.....	(11,161,157)	
Net effect of recording long-term liabilities and amortizing deferred losses.....		(11,133,840)

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.....		5,199,433
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Change in net assets of governmental activities.....		\$ (813,086)
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See notes to basic financial statements.

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PROPRIETARY FUNDS
STATEMENT OF NET ASSETS

JUNE 30, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Veterans Memorial Rink	Total	
ASSETS					
CURRENT:					
Cash and cash equivalents..... \$	8,625,257	\$ 8,465,440	\$ 172,958	\$ 17,263,655	\$ 9,811,010
Receivables, net of allowance for uncollectibles:					
Water and sewer liens.....	128,994	82,142	-	211,136	-
Water fees.....	-	3,922,480	-	3,922,480	-
Sewer fees.....	5,328,032	-	-	5,328,032	-
Departmental and other.....	-	-	-	-	567,499
Intergovernmental.....	243,379	-	-	243,379	-
Total current assets.....	<u>14,325,662</u>	<u>12,470,062</u>	<u>172,958</u>	<u>26,968,682</u>	<u>10,378,509</u>
NONCURRENT:					
Capital assets, nondepreciable.....	919,173	651,031	-	1,570,204	-
Capital assets, net of accumulated depreciation..	<u>14,248,526</u>	<u>8,331,209</u>	<u>134,664</u>	<u>22,714,399</u>	<u>-</u>
Total noncurrent assets.....	<u>15,167,699</u>	<u>8,982,240</u>	<u>134,664</u>	<u>24,284,603</u>	<u>-</u>
TOTAL ASSETS.....	<u>29,493,361</u>	<u>21,452,302</u>	<u>307,622</u>	<u>51,253,285</u>	<u>10,378,509</u>
LIABILITIES					
CURRENT:					
Warrants payable.....	908,564	833,686	56,119	1,798,369	-
Health claims payable.....	-	-	-	-	3,484,000
Accrued interest.....	84,346	28,180	-	112,526	-
Other liabilities.....	140,230	-	-	140,230	-
Compensated absences.....	41,363	84,531	6,553	132,447	-
Notes payable.....	2,635,491	1,257,000	85,000	3,977,491	-
Bonds payable.....	1,075,686	554,652	-	1,630,338	-
Total current liabilities.....	<u>4,885,680</u>	<u>2,758,049</u>	<u>147,672</u>	<u>7,791,401</u>	<u>3,484,000</u>
NONCURRENT:					
Compensated absences.....	50,287	99,683	7,816	157,786	-
Other postemployment benefits obligation.....	267,815	589,280	118,946	976,041	-
Bonds payable.....	<u>9,055,026</u>	<u>3,830,866</u>	<u>-</u>	<u>12,885,892</u>	<u>-</u>
Total noncurrent liabilities.....	<u>9,373,128</u>	<u>4,519,829</u>	<u>126,762</u>	<u>14,019,719</u>	<u>-</u>
TOTAL LIABILITIES.....	<u>14,258,808</u>	<u>7,277,878</u>	<u>274,434</u>	<u>21,811,120</u>	<u>3,484,000</u>
NET ASSETS					
Invested in capital assets, net of related debt.....	6,799,424	5,338,755	50,107	12,188,286	-
Unrestricted.....	<u>8,435,129</u>	<u>8,835,669</u>	<u>(16,919)</u>	<u>17,253,879</u>	<u>6,894,509</u>
TOTAL NET ASSETS..... \$	<u>\$ 15,234,553</u>	<u>\$ 14,174,424</u>	<u>\$ 33,188</u>	<u>\$ 29,442,165</u>	<u>\$ 6,894,509</u>

See notes to basic financial statements.

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

FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Veterans Memorial Rink	Total	
OPERATING REVENUES:					
Employee contributions	\$ -	\$ -	\$ -	\$ -	\$ 5,913,161
Employer contributions	-	-	-	-	33,950,000
Charges for services	18,222,159	13,175,501	381,936	31,779,596	-
TOTAL OPERATING REVENUES	18,222,159	13,175,501	381,936	31,779,596	39,863,161
OPERATING EXPENSES:					
Cost of services and administration	2,929,606	2,247,477	333,475	5,510,558	-
MWRA Assessment.....	11,906,428	7,639,702	-	19,546,130	-
Depreciation.....	925,935	588,431	13,905	1,528,271	-
Employee benefits	721,290	1,198,525	66,949	1,986,764	34,696,545
TOTAL OPERATING EXPENSES	16,483,259	11,674,135	414,329	28,571,723	34,696,545
OPERATING INCOME (LOSS).....	1,738,900	1,501,366	(32,393)	3,207,873	5,166,616
NONOPERATING REVENUES (EXPENSES):					
Investment income.....	20,999	19,939	-	40,938	32,817
Interest expense.....	(293,204)	(112,908)	-	(406,112)	-
Intergovernmental.....	1,370,700	-	-	1,370,700	-
TOTAL NONOPERATING REVENUES (EXPENSES), NET.....	1,098,495	(92,969)	-	1,005,526	32,817
INCOME (LOSS) BEFORE TRANSFERS.....	2,837,395	1,408,397	(32,393)	4,213,399	5,199,433
TRANSFERS:					
Transfers in.....	-	-	116,154	116,154	-
CHANGE IN NET ASSETS.....	2,837,395	1,408,397	83,761	4,329,553	5,199,433
NET ASSETS AT BEGINNING OF YEAR.....	12,397,158	12,766,027	(50,573)	25,112,612	1,695,076
NET ASSETS AT END OF YEAR.....	\$ 15,234,553	\$ 14,174,424	\$ 33,188	\$ 29,442,165	\$ 6,894,509

See notes to basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS

FISCAL YEAR ENDED JUNE 30, 2011

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Sewer	Water	Veterans Memorial Rink	Total	
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers and users.....	\$ 17,616,860	\$ 12,570,422	\$ 381,936	\$ 30,569,218	\$ -
Receipts from interfund services provided.....	-	-	-	-	39,863,161
Payments to vendors.....	(14,577,179)	(8,603,753)	(183,847)	(23,364,779)	-
Payments to employees.....	(503,875)	(1,067,077)	(95,392)	(1,666,344)	-
Payments for interfund services used.....	(646,740)	(974,876)	(33,000)	(1,654,616)	(35,134,425)
NET CASH FROM OPERATING ACTIVITIES.....	1,889,066	1,924,716	69,697	3,883,479	4,728,736
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers in.....	-	-	116,154	116,154	-
Advances from other funds.....	-	-	(13,953)	(13,953)	-
Advances to other funds.....	-	13,953	-	13,953	-
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES.....	-	13,953	102,201	116,154	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Issuance of bonds and notes.....	6,290,615	3,913,518	85,000	10,289,133	-
Acquisition and construction of capital assets.....	(612,604)	(592,075)	(83,940)	(1,288,619)	-
Principal payments on bonds and notes.....	(4,059,932)	(1,413,000)	-	(5,472,932)	-
Intergovernmental.....	1,370,700	-	-	1,370,700	-
Interest expense.....	(297,910)	(117,065)	-	(414,975)	-
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES.....	2,690,869	1,791,378	1,060	4,483,307	-
CASH FLOWS FROM INVESTING ACTIVITIES:					
Investment income.....	20,999	19,939	-	40,938	32,817
NET CHANGE IN CASH AND CASH EQUIVALENTS.....	4,600,934	3,749,986	172,958	8,523,878	4,761,553
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	4,024,323	4,715,454	-	8,739,777	5,049,457
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 8,625,257	\$ 8,465,440	\$ 172,958	\$ 17,263,655	\$ 9,811,010
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FROM OPERATING ACTIVITIES:					
Operating income (loss).....	\$ 1,738,900	\$ 1,501,366	\$ (32,393)	\$ 3,207,873	\$ 5,166,616
Adjustments to reconcile operating income (loss) to net cash from operating activities:					
Depreciation.....	925,935	588,431	13,905	1,528,271	-
Changes in assets and liabilities:					
Water and sewer liens.....	(1,175)	8,337	-	7,162	-
Water fees.....	-	(613,416)	-	(613,416)	-
Sewer fees.....	(604,124)	-	-	(604,124)	-
Departmental and other.....	-	-	-	-	(410,880)
Warrants payable.....	(239,499)	158,443	51,872	(29,184)	-
Health claims payable.....	-	-	-	-	(27,000)
Other liabilities.....	43,407	-	-	43,407	-
Accrued compensated absences.....	(48,928)	57,906	2,364	11,342	-
Other postemployment benefits obligation.....	74,550	223,649	33,949	332,148	-
Total adjustments.....	150,166	423,350	102,090	675,606	(437,880)
NET CASH FROM OPERATING ACTIVITIES.....	\$ 1,889,066	\$ 1,924,716	\$ 69,697	\$ 3,883,479	\$ 4,728,736

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET ASSETS

JUNE 30, 2011

	Pension Trust Fund (as of December 31, 2010)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds	Agency Fund
ASSETS				
Cash and cash equivalents.....	\$ 3,531,996	\$ 129,899	\$ 1,441,678	\$ 840,475
Investments:				
Government agencies.....	-	-	2,201,879	-
Pooled real estate funds.....	8,350,200	-	-	-
Pooled alternative investments.....	9,181,395	-	-	-
PRIT funds.....	130,357,564	-	-	-
Interest and dividends.....	279	-	-	-
Receivables, net of allowance for uncollectibles:				
Departmental and other.....	89,187	-	-	-
TOTAL ASSETS.....	151,510,621	129,899	3,643,557	840,475
LIABILITIES				
Warrants payable.....	11,140	-	-	30,859
Liabilities due depositors.....	-	-	-	809,616
TOTAL LIABILITIES.....	11,140	-	-	840,475
NET ASSETS				
Held in trust for pension benefits and other purposes.....	\$ 151,499,481	\$ 129,899	\$ 3,643,557	\$ -

See notes to basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2011

	Pension Trust Fund (as of December 31, 2010)	Other Postemployment Benefit Trust Fund	Private Purpose Trust Funds
ADDITIONS:			
Contributions:			
Employer.....	\$ 14,106,542	\$ 127,027	\$ -
Employee.....	4,880,317	-	-
Private donations.....	-	-	127,170
Total contributions.....	18,986,859	127,027	127,170
Net investment income (loss):			
Net change in fair value of investments.....	15,319,978	-	-
Interest.....	8,826	2,872	74,077
Dividends.....	4,194,393	-	-
Total investment income (loss).....	19,523,197	2,872	74,077
Less: investment expense.....	(939,582)	-	-
Net investment income (loss).....	18,583,615	2,872	74,077
Intergovernmental.....	715,595	-	-
Transfers from other systems.....	248,354	-	-
TOTAL ADDITIONS.....	38,534,423	129,899	201,247
DEDUCTIONS:			
Administration.....	423,886	-	-
Transfers to other systems.....	526,294	-	-
Retirement benefits and refunds.....	19,888,671	-	-
Educational scholarships.....	-	-	134,827
Housing subsidies.....	-	-	705,141
TOTAL DEDUCTIONS.....	20,838,851	-	839,968
CHANGE IN NET ASSETS.....	17,695,572	129,899	(638,721)
NET ASSETS AT BEGINNING OF YEAR.....	133,803,909	-	4,282,278
NET ASSETS AT END OF YEAR.....	\$ 151,499,481	\$ 129,899	\$ 3,643,557

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 *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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than permanent funds or capital projects.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets of the governmental funds.

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds 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 *other postemployment benefit trust fund* accumulates resources to provide funding for future OPEB (other postemployment benefits) liabilities.

The *private-purpose trust fund* is used to account for trust arrangements that exclusively benefit individuals, private organizations, or other governments. Some of these trusts have donor restrictions and trustee policies that do not allow the endowment portion and any unrealized appreciation to be spent. The 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)

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The governmental fund balance classifications are as follows:

“Nonspendable” fund balance includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact.

“Restricted” fund balance includes amounts subject to constraints placed on the use of resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or that are imposed by law through constitutional provisions or enabling legislation.

“Committed” fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government’s highest level of decision-making authority.

“Assigned” fund balance includes amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed.

“Unassigned” fund balance includes the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

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. Bonds payable are reported gross of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

Compensated absences are reported in the governmental funds only if they have matured.

O. Fund Deficits

The following funds had deficit fund balances at June 30, 2011. These deficits will be funded by grants, departmental revenues, bond proceeds and available fund balances.

<u>Fund Name</u>	<u>Amount</u>
Vocational school reserve.....	\$ (4,099)
Community development.....	(93,028)
City projects.....	(8,542,510)
Police and fire detail.....	<u>(311,887)</u>
 Total.....	 \$ <u><u>(8,951,524)</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 \$79,375,662 and the bank balance totaled \$81,000,428. Of the bank balance, \$1,303,542 was covered by Federal Depository Insurance, \$76,258,888 was collateralized and \$3,437,998 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At December 31, 2010, the carrying amount of the System's deposits totaled \$251,631 and the bank balance totaled \$541,509. 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, 2011, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>		
		<u>Under 1 Year</u>	<u>1-5 Years</u>	<u>6-10 Years</u>
<u>Debt Securities:</u>				
Government Agencies.....	\$ 1,902,296	\$ -	\$ 1,003,438	\$ 898,858
Government Sponsored Enterprises.....	1,124,550	187,960	875,115	61,475
Corporate Bonds.....	<u>958,287</u>	<u>106,038</u>	<u>456,789</u>	<u>395,460</u>
Total Debt Securities.....	3,985,133	<u>\$ 293,998</u>	<u>\$ 2,335,342</u>	<u>\$ 1,355,793</u>
<u>Other Investments:</u>				
Money Market Mutual Funds.....	702,880			
MMDT.....	<u>4,482,312</u>			
Total Investments.....	<u>\$ 9,170,325</u>			

Investments – Retirement System

As of December 31, 2010, the System had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>
<u>Other Investments:</u>	
PRIT.....	\$ 130,357,564
Money Market Mutual Funds.....	3,280,365
Pooled Real Estate Funds.....	8,350,200
Pooled Alternative Investments.....	<u>9,181,395</u>
Total Investments.....	<u>\$ 151,169,524</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 \$3,985,133 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 11.6 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, 2011, the City had the following quality ratings for its investments:

	<u>Investment Type</u>			
	<u>Government Agencies</u>	<u>Government Sponsored Enterprises</u>	<u>Corporate Bonds</u>	<u>Total</u>
Fair Value.....	\$ 1,902,296	\$ 1,124,550	\$ 958,287	\$ 3,985,133
<u>Quality Ratings:</u>				
AAA.....	\$ 1,902,296	\$ 1,124,550	\$ 130,331	\$ 3,157,177
A+.....	-	-	134,477	134,477
A.....	-	-	172,239	172,239
A-.....	-	-	240,971	240,971
A--.....	-	-	179,807	179,807
BBB+.....	-	-	100,462	100,462
Total.....	\$ 1,902,296	\$ 1,124,550	\$ 958,287	\$ 3,985,133

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, 2011, receivables for the individual major, non-major governmental funds and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Gross Amount	Allowance for Uncollectibles	Net Amount
<u>Receivables:</u>			
Real estate and personal property taxes.....	\$ 1,873,916	\$ -	\$ 1,873,916
Real estate tax deferrals.....	455,609	-	455,609
Tax liens.....	1,624,531	-	1,624,531
Motor vehicle and other excise taxes.....	1,657,056	(1,036,300)	620,756
Departmental and other.....	892,725	-	892,725
Special assessments.....	470,378	-	470,378
Intergovernmental.....	8,635,039	-	8,635,039
Loans.....	2,139,851	-	2,139,851
Total.....	\$ 17,749,105	\$ (1,036,300)	\$ 16,712,805

At June 30, 2011, 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.....	\$ 211,136	\$ -	\$ 211,136
Water fees.....	3,922,480	-	3,922,480
Sewer fees.....	5,328,032	-	5,328,032
Intergovernmental.....	243,379	-	243,379
Total.....	\$ 9,705,027	\$ -	\$ 9,705,027

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....	\$ 1,382,886	\$ -	\$ -	\$ -	\$ -	\$ 1,382,886
Real estate tax deferrals.....	455,609	-	-	-	-	455,609
Tax liens.....	1,624,531	-	-	-	-	1,624,531
Motor vehicle and other excise taxes.....	620,756	-	-	-	-	620,756
Departmental and other.....	17,038	-	-	54,107	451	71,596
Police details.....	-	-	-	-	240,307	240,307
Fire details.....	-	-	-	-	13,324	13,324
Special assessments.....	470,378	-	-	-	-	470,378
Intergovernmental.....	667,615	3,898,601	1,275,550	619,472	-	6,461,238
Loans.....	-	-	2,139,851	-	-	2,139,851
Total.....	\$ 5,238,813	\$ 3,898,601	\$ 3,415,401	\$ 673,579	\$ 254,082	\$ 13,480,476

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 18,557,357	\$ -	\$ -	\$ 18,557,357
Construction in progress.....	-	1,726,266	-	1,726,266
Total capital assets not being depreciated.....	18,557,357	1,726,266	-	20,283,623
<u>Capital assets being depreciated:</u>				
Land improvements.....	16,393,199	527,053	-	16,920,252
Buildings and improvements.....	237,716,830	951,333	-	238,668,163
Equipment.....	21,961,902	3,032,233	(570,484)	24,423,651
Infrastructure.....	47,000,691	2,454,511	(1,249,934)	48,205,268
Library books.....	1,424,434	250,075	(309,200)	1,365,309
Total capital assets being depreciated.....	324,497,056	7,215,205	(2,129,618)	329,582,643
<u>Less accumulated depreciation for:</u>				
Land improvements.....	(5,684,726)	(816,248)	-	(6,500,974)
Buildings and improvements.....	(53,355,482)	(5,560,562)	-	(58,916,044)
Equipment.....	(16,554,315)	(1,254,249)	570,484	(17,238,080)
Infrastructure.....	(20,363,866)	(2,098,893)	1,249,934	(21,212,825)
Library books.....	(752,695)	(248,054)	309,200	(691,549)
Total accumulated depreciation.....	(96,711,084)	(9,978,006)	2,129,618	(104,559,472)
Total capital assets being depreciated, net.....	227,785,972	(2,762,801)	-	225,023,171
Total governmental activities capital assets.....	\$ 246,343,329	\$ (1,036,535)	\$ -	\$ 245,306,794

	Beginning Balance	Increases	Decreases	Ending Balance
Sewer Activities:				
<u>Capital assets not being depreciated:</u>				
Land.....	\$ 38,550	\$ -	\$ -	\$ 38,550
Construction in progress.....	-	880,623	-	880,623
Total capital assets not being depreciated.....	38,550	880,623	-	919,173
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	2,315,257	369,628	-	2,684,885
Equipment.....	940,694	-	-	940,694
Infrastructure.....	32,036,481	242,976	-	32,279,457
Total capital assets being depreciated.....	35,292,432	612,604	-	35,905,036
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(1,252,563)	(70,535)	-	(1,323,098)
Equipment.....	(705,578)	(51,451)	-	(757,029)
Infrastructure.....	(18,772,434)	(803,949)	-	(19,576,383)
Total accumulated depreciation.....	(20,730,575)	(925,935)	-	(21,656,510)
Total capital assets being depreciated, net.....	14,561,857	(313,331)	-	14,248,526
Total sewer activities capital assets.....	\$ 14,600,407	\$ 567,292	\$ -	\$ 15,167,699

	Beginning Balance	Increases	Decreases	Ending Balance
Water Activities:				
<u>Capital assets not being depreciated:</u>				
Construction in progress.....	\$ -	\$ 651,031	\$ -	\$ 651,031
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	1,104,422	-	-	1,104,422
Equipment.....	1,908,232	198,716	-	2,106,948
Infrastructure.....	17,994,282	393,359	-	18,387,641
Total capital assets being depreciated.....	21,006,936	592,075	-	21,599,011
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	(897,344)	(27,611)	-	(924,955)
Equipment.....	(1,105,432)	(109,438)	-	(1,214,870)
Infrastructure.....	(10,676,595)	(451,382)	-	(11,127,977)
Total accumulated depreciation.....	(12,679,371)	(588,431)	-	(13,267,802)
Total capital assets being depreciated, net.....	8,327,565	3,644	-	8,331,209
Total water activities capital assets.....	\$ 8,327,565	\$ 654,675	\$ -	\$ 8,982,240

	Beginning Balance	Increases	Decreases	Ending Balance
Veterans Memorial Rink Activities:				
<u>Capital assets being depreciated:</u>				
Buildings and improvements.....	\$ -	\$ 83,940	\$ -	\$ 83,940
Equipment.....	113,789	-	-	113,789
Total capital assets being depreciated.....	113,789	83,940	-	197,729
<u>Less accumulated depreciation for:</u>				
Buildings and improvements.....	-	(2,526)	-	(2,526)
Equipment.....	(49,160)	(11,379)	-	(60,539)
Total accumulated depreciation.....	(49,160)	(13,905)	-	(63,065)
Total Veterans Memorial Rink activities capital assets.....	\$ 64,629	\$ 70,035	\$ -	\$ 134,664

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

Governmental Activities:	
General government.....	\$ 296,061
Public safety.....	752,857
Education.....	5,129,869
Public works.....	2,090,853
Community development.....	666,293
Health and human services.....	21,714
Culture and recreation.....	1,020,359
Total depreciation expense - governmental activities.....	\$ 9,978,006
Business-Type Activities:	
Sewer.....	\$ 925,935
Water.....	588,431
Veterans Memorial Rink.....	13,905
Total depreciation expense - business-type activities.....	\$ 1,528,271

NOTE 5 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from other funds

Receivable Fund	Payable Fund	Amount
<i>Governmental Activities:</i>		
General	Highway projects.....	\$ 66,202
General	Community development.....	62,777
General	Nonmajor governmental funds.....	1,346,521
	Total Governmental.....	\$ 1,475,500

As of June 30, 2011, the City has governmental interfund receivables and payables totaling \$1,475,500. The purpose of these balances is to cover short-term cash needs that will be funded by future grant and bond proceeds.

Interfund transfers

<u>Transfers Out:</u>	<u>Transfers In:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Veterans Memorial Rink Enterprise Fund</u>	
General Fund.....	\$ -	\$ -	\$ 116,154	\$ 116,154 (1)
Nonmajor Governmental Funds....	<u>171,062</u>	<u>77,303</u>	<u>-</u>	<u>248,365 (2)</u>
Total.....	<u>\$ 171,062</u>	<u>\$ 77,303</u>	<u>\$ 116,154</u>	<u>\$ 364,519</u>

- (1) Represents a budgeted transfer from the general fund to the Veterans Memorial Rink enterprise fund to fund the prior year revenue deficit.
- (2) Represents budgeted transfers to the general fund from receipts reserved for appropriation and transfers to close out residual grant balances.

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, 2011, is as follows:

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2010	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2011
<i>Governmental Funds</i>							
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	-
BAN	Building Renovations.....	1.00	02/22/11	-	31,000	31,000	-
BAN	Yard Structures.....	1.00	02/22/11	-	350,000	350,000	-
BAN	Design/Engineering.....	1.00	02/22/11	-	50,000	50,000	-
BAN	Equipment.....	1.00	02/22/11	-	829,000	829,000	-
BAN	Land Development.....	1.00	02/22/11	-	200,000	200,000	-
BAN	Incinerator Facility Removal.....	1.00	02/22/11	-	535,000	535,000	-
BAN	Technology.....	1.00	02/22/11	-	45,000	45,000	-
BAN	City Yard Structures.....	1.00	02/22/11	-	200,000	200,000	-
BAN	Design/Engineering.....	1.00	02/22/11	-	175,000	175,000	-
BAN	Land Acquisition.....	1.00	02/22/11	-	3,200,000	3,200,000	-
BAN	Building - Incinerator.....	1.00	02/22/11	-	150,000	150,000	-
BAN	Street/Sidewalk/Drain/Water.....	1.00	02/22/11	-	1,165,000	1,165,000	-
BAN	Land Development - Recreation.....	1.00	02/22/11	-	70,000	70,000	-
BAN	Design/Engineering.....	1.00	02/22/11	-	190,000	190,000	-
BAN	Building Renovations.....	2.00	02/22/12	-	167,000	-	167,000
BAN	Yard Structures.....	2.00	02/22/12	-	350,000	-	350,000
BAN	Equipment.....	2.00	02/22/12	-	1,716,000	-	1,716,000
BAN	Land Development.....	2.00	02/22/12	-	200,000	-	200,000
BAN	Incinerator Facility Removal.....	2.00	02/22/12	-	535,000	-	535,000
BAN	Technology.....	2.00	02/22/12	-	45,000	-	45,000
BAN	City Yard Structures.....	2.00	02/22/12	-	200,000	-	200,000
BAN	Land Acquisition.....	2.00	02/22/12	-	3,200,000	-	3,200,000
BAN	Building - Incinerator.....	2.00	02/22/12	-	185,000	-	185,000
BAN	Street/Sidewalk/Drain/Water.....	2.00	02/22/12	-	1,310,000	-	1,310,000
BAN	Land Development - Recreation.....	2.00	02/22/12	-	70,000	-	70,000
BAN	Design/Engineering.....	2.00	02/22/12	-	430,000	-	430,000
BAN	Street/Sidewalk.....	2.00	02/22/12	-	200,000	-	200,000
BAN	Traffic - Trapelo/Forest.....	2.00	02/22/12	-	320,000	-	320,000
BAN	Police.....	2.00	02/22/12	-	472,000	-	472,000
Total Governmental Funds.....				\$ 5,563,000	\$ 16,590,000	\$ 12,753,000	\$ 9,400,000

Type	Purpose	Rate (%)	Due Date	Balance at June 30, 2010	Renewed/ Issued	Retired/ Redeemed	Balance at June 30, 2011
<i>Sewer Enterprise Fund</i>							
BAN	Sewer Improvements.....	1.25	08/19/10	\$ 1,300,000	\$ -	\$ 1,300,000	\$ -
BAN	Sewer Improvements.....	1.00	02/22/11	-	1,840,000	1,840,000	-
BAN	Sewer Improvements.....	2.00	02/22/12	-	2,360,000	-	2,360,000
BAN	MWPAT Interim Note.....	2.00	04/15/12	-	275,491	-	275,491
Total Sewer Enterprise Fund.....				\$ 1,300,000	\$ 4,475,491	\$ 3,140,000	\$ 2,635,491
<i>Water Enterprise Fund</i>							
BAN	Water Mains/Sewer Drains.....	1.00	02/22/11	\$ -	\$ 405,000	\$ 405,000	\$ -
BAN	Water Mains/Sewer Drains Improvements...	1.00	02/22/11	-	535,000	535,000	-
BAN	Water Mains/Sewer Drains.....	2.00	02/22/12	-	575,000	-	575,000
BAN	Water Mains/Sewer Drains Improvements...	2.00	02/22/12	-	682,000	-	682,000
Total Water Enterprise Fund.....				\$ -	\$ 2,197,000	\$ 940,000	\$ 1,257,000
<i>Rink Enterprise Fund</i>							
BAN	Equipment.....	2.00	02/22/12	\$ -	\$ 85,000	\$ -	\$ 85,000

NOTE 7 – LONG-TERM DEBT

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

Details related to the outstanding indebtedness at June 30, 2011, and the debt service requirements are as follows:

Bonds and Notes Payable Schedule – Governmental Funds

Project	Interest Rate (%)	Outstanding at June 30, 2010	Issued	Redeemed	Outstanding at June 30, 2011
Building renovations.....	2.00-5.00	\$ 3,165,000	\$ -	\$ 546,000	\$ 2,619,000
School construction.....	2.00-5.00	49,195,120	-	3,123,638	46,071,482
Land development.....	2.00-5.00	7,176,000	-	1,134,000	6,042,000
Land acquisition.....	2.00-5.00	9,050,000	-	710,000	8,340,000
City equipment.....	2.00-5.00	2,723,000	-	701,000	2,022,000
City technology.....	2.00-5.00	415,000	-	155,000	260,000
Signals and communications.....	2.00-5.00	957,000	-	223,000	734,000
Design/engineering.....	2.00-5.00	90,000	-	90,000	-
Pond preservation.....	2.00-4.00	140,000	-	35,000	105,000
Sidewalk improvements.....	3.10-4.25	230,000	-	165,000	65,000
Streets.....	3.00-5.00	1,435,000	-	225,000	1,210,000
Drainage.....	3.00-5.00	266,000	-	21,000	245,000
Total governmental bonds payable.....		74,842,120	-	7,128,638	67,713,482
Add: unamortized premium.....		466,071	-	61,267	404,804
Total governmental bonds payable, net.....		\$ 75,308,191	\$ -	\$ 7,189,905	\$ 68,118,286

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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.....	\$ <u>67,713,482</u>	\$ <u>17,131,257</u>	\$ <u>84,844,739</u>

Bonds and Notes Payable Schedule – Sewer Enterprise Fund

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2010</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2011</u>
Sewer projects.....	2.00-5.00	\$ 3,940,000	\$ -	\$ 360,000	\$ 3,580,000
Sewer improvements.....	4.00	863,000	-	209,000	654,000
Sewer equipment.....	2.00-5.00	822,000	-	83,000	739,000
MWPAT.....	2.00	3,508,344	-	207,432	3,300,912
MWRA.....	0.00	242,000	1,675,300	60,500	1,856,800
Total Sewer Enterprise bonds payable.....		\$ <u>9,375,344</u>	\$ <u>1,675,300</u>	\$ <u>919,932</u>	\$ <u>10,130,712</u>

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012.....	\$ 1,075,686	\$ 296,417	\$ 1,372,103
2013.....	1,092,705	273,144	1,365,849
2014.....	1,089,496	248,955	1,338,451
2015.....	909,885	225,376	1,135,261
2016.....	910,871	203,993	1,114,864
2017.....	577,898	181,509	759,407
2018.....	589,089	160,424	749,513
2019.....	591,382	139,556	730,938
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.....	\$ <u>10,130,712</u>	\$ <u>2,249,234</u>	\$ <u>12,379,946</u>

Bonds and Notes Payable Schedule – Water Enterprise Fund

<u>Project</u>	<u>Interest Rate (%)</u>	<u>Outstanding at June 30, 2010</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding at June 30, 2011</u>
Water mains.....	4.10-5.00	\$ 270,000	\$ -	\$ 20,000	\$ 250,000
Water improvements.....	4.00	1,969,000	-	211,000	1,758,000
Water tower.....	2.00-4.00	160,000	-	40,000	120,000
Water projects.....	3.00-5.00	743,000	-	202,000	541,000
MWRA.....	0.00	-	1,716,518	-	1,716,518
Total Water Enterprise bonds payable.....		\$ <u>3,142,000</u>	\$ <u>1,716,518</u>	\$ <u>473,000</u>	\$ <u>4,385,518</u>

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, 2011, the City has \$3,573,318 outstanding with the MWRA.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012.....	\$ 554,652	\$ 96,989	\$ 651,641
2013.....	549,652	83,277	632,929
2014.....	414,651	72,436	487,087
2015.....	349,652	64,596	414,248
2016.....	309,652	57,883	367,535
2017.....	309,651	52,412	362,063
2018.....	284,652	48,107	332,759
2019.....	284,652	43,587	328,239
2020.....	277,652	38,394	316,046
2021.....	277,652	33,624	311,276
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.....	\$ <u>4,385,518</u>	\$ <u>710,027</u>	\$ <u>5,095,545</u>

The City is subject to various debt limits by statute and may issue additional general obligation debt under the normal debt limit.

At June 30, 2011, the City had the following authorized and unissued debt:

<u>Purpose</u>	<u>Amount</u>
School design/construction.....	\$ 3,371,642
Water improvements.....	3,906,482
Sewer improvements.....	10,588,380
Traffic improvements.....	1,800,000
Street construction.....	4,173,463
Design/engineering.....	1,625,000
Removal of solid waste disposal facility.....	721,000
Land acquisition and development.....	4,131,000
Technology.....	145,000
Equipment.....	1,946,000
City yard structures.....	550,000
Police communication system.....	572,000
Building remodeling.....	<u>1,195,000</u>
Total.....	\$ <u>34,724,967</u>

Changes in Long-term Liabilities

During the fiscal year ended June 30, 2011, the following changes occurred in long-term liabilities:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Long-term bonds payable.....	\$ 74,842,120	\$ -	\$ (7,128,638)	\$ 67,713,482	\$ 6,623,638
Add: unamortized premium.....	466,071	-	(61,267)	404,804	56,360
Total bonds payable.....	75,308,191	-	(7,189,905)	68,118,286	6,679,998
Workers' compensation.....	658,000	263,000	(294,000)	627,000	192,000
Compensated absences.....	3,319,236	2,402,926	(2,324,955)	3,397,207	2,398,268
Other postemployment benefits obligation.....	39,577,222	35,234,739	(24,073,582)	50,738,379	-
Total governmental activity long-term liabilities.....	\$ 118,862,649	\$ 37,900,665	\$ (33,882,442)	\$ 122,880,872	\$ 9,270,266
Business-Type Activities:					
Long-term bonds and notes.....	\$ 12,517,344	\$ 3,391,818	\$ (1,392,932)	\$ 14,516,230	\$ 1,630,338
Compensated absences.....	278,891	137,879	(126,537)	290,233	132,447
Other postemployment benefits obligation.....	643,893	994,029	(661,881)	976,041	-
Total business-type activity long-term liabilities.....	\$ 13,440,128	\$ 4,523,726	\$ (2,181,350)	\$ 15,782,504	\$ 1,762,785

Long-term 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 – GOVERNMENTAL FUND BALANCE CLASSIFICATIONS

In fiscal year 2011, the City implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The intention of the GASB is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the City's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

Massachusetts General Law Ch.40 §5B allows for the establishment of stabilization funds for one or more different purposes. The creation of a fund requires a two-thirds vote of the legislative body and must clearly define the purpose of the fund. Any change to the purpose of the fund along with any additions to or appropriations from the fund requires a two-thirds vote of the legislative body.

At year end, the balance of the general stabilization fund is \$1,680,312 and is reported as unassigned fund balance within the general fund. The general fund beginning balance has been revised by \$1,699,589 to include the stabilization fund and totals \$25,635,301.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items, inventories, and principal (corpus) of an endowment fund. The City has reported principal portions of endowment funds as nonspendable.

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

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- **Assigned:** fund balances that contain self-imposed constraints of the government to be used for a particular purpose.
- **Unassigned:** fund balance of the general fund that is not constrained for any particular purpose.

The City has classified its fund balances with the following hierarchy.

	<u>General</u>	<u>Community Development</u>	<u>Community Preservation</u>	<u>City Capital Projects</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCES:						
Nonspendable:						
Permanent fund principal.....\$	-	-	-	-	1,797,623	1,797,623
Restricted for:						
Community preservation.....	-	-	16,475,032	-	-	16,475,032
Other special revenue.....	-	-	-	-	2,294,730	2,294,730
School federal grants.....	-	-	-	-	106,459	106,459
City state grants.....	-	-	-	-	183,056	183,056
School state grant.....	-	-	-	-	9,282	9,282
Insurance recovery.....	-	-	-	-	20,996	20,996
Gifts.....	-	-	-	-	920,668	920,668
Sale of lots/graves.....	-	-	-	-	1,161,705	1,161,705
Revenue reserve.....	-	-	-	-	1,342,746	1,342,746
School lunch.....	-	-	-	-	526,006	526,006
Parking meters.....	-	-	-	-	1,426,968	1,426,968
UDAG Nova Biomedical.....	-	-	-	-	88,751	88,751
Public safety trust funds.....	-	-	-	-	791,348	791,348
Traffic impact fund.....	-	-	-	-	1,734,607	1,734,607
School capital projects.....	-	-	-	-	905,299	905,299
Cemetery trust funds.....	-	-	-	-	30,466	30,466
Other permanent funds.....	-	-	-	-	249,500	249,500
Assigned to:						
General government.....	490,046	-	-	-	-	490,046
Public safety.....	783,714	-	-	-	-	783,714
Education.....	4,204,568	-	-	-	-	4,204,568
Public works.....	921,269	-	-	-	-	921,269
Community development.....	264,381	-	-	-	-	264,381
Health and human services.....	25,325	-	-	-	-	25,325
Culture and recreation.....	48,237	-	-	-	-	48,237
Employee benefits.....	115,256	-	-	-	-	115,256
Unassigned.....	<u>18,459,773</u>	<u>(93,028)</u>	<u>-</u>	<u>(8,542,510)</u>	<u>(315,986)</u>	<u>9,508,249</u>
TOTAL FUND BALANCES (DEFICIT)..... \$	<u>25,312,569</u>	<u>(93,028)</u>	<u>16,475,032</u>	<u>(8,542,510)</u>	<u>13,274,224</u>	<u>46,426,287</u>

NOTE 9 – 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, 2011, the amount of the liability for health insurance claims totaled \$3,484,000. This liability is the best estimate based on available information. Changes in the reported liability since July 1, 2009, 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 2011.....	3,511,000	34,809,000	(34,836,000)	3,484,000	3,484,000

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, 2011, the amount of the liability for workers’ compensation claims totaled \$627,000. Changes in the reported liability since July 1, 2009, 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 2011.....	658,000	263,000	(294,000)	627,000	192,000

NOTE 10 – 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 \$14,978,000 for the fiscal year ended June 30, 2011, 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, 2010, the System’s membership consists of the following:

Active members.....	891
Inactive members.....	114
Retirees and beneficiaries currently receiving benefits.....	<u>762</u>
Total.....	<u><u>1,767</u></u>

Funding Policy - Plan members are required to contribute to the System at rates ranging from 5% to 11% of annual covered compensation. The City is required to pay into the System its share of the system-wide actuarial determined contribution that is apportioned among the employers based on active current payroll. Administrative expenses are funded through investment earnings. The current and two preceding fiscal years’ apportionment of the annual pension cost between the two employers required the City to contribute 97%, 98% and 98%, respectively 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, 2011, 2010, and 2009 were approximately \$13,720,000, \$13,427,000, and \$12,878,000, respectively, which equaled its required contribution for each fiscal year. At June 30, 2011, the City did not have a net pension obligation. The required contribution was determined as part of the January 1, 2011, 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 and a five-year smoothing of unrealized gains and losses. 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, 2011, was 20 years.

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll ((B-A)/C)
01/01/11	\$ 168,017,364	\$ 301,356,797	\$ 133,339,433	55.8%	\$ 48,493,764	275.0%
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%

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

Noncontributory Retirement Allowance – The City pays the entire retirement allowance for certain retirees who are eligible for noncontributory benefits and are not members of the System. The general fund expenditure for fiscal year 2011 totaled approximately \$187,000.

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 11 – 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 2011, the City contributed \$24.7 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.....	\$ 35,869,480
Interest on net OPEB obligation.....	1,608,845
Adjustment to annual required contribution.....	<u>(1,249,557)</u>
Annual OPEB cost (expense).....	36,228,768
Contributions made.....	<u>(24,735,463)</u>
Increase in net OPEB obligation.....	11,493,305
Net OPEB obligation - beginning of year.....	<u>40,221,115</u>
Net OPEB obligation - end of year.....	<u>\$ 51,714,420</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 2011 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$ 36,228,768	68%	\$ 51,714,420
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.

The Commonwealth of Massachusetts passed special legislation that has allowed the City to establish the postemployment benefit trust fund and to enable the City to raise taxes necessary to begin pre-funding its OPEB liabilities. During fiscal year 2011, the City pre-funded future OPEB liabilities in the amount of approximately \$127,000.

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, an annual health care cost trend rate of 8.5% initially, graded to 5% over 8 years and a 4.5% inflation rate. 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, 2011 is 26 years.

The schedule of actuarial methods and assumptions, presented as required supplementary information, following the notes to the basic financial statements, presents factors that significantly affect the identification of trends in the amounts reported.

NOTE 12 – COMMITMENTS

The City has various commitments totaling approximately \$34.1 million for projects related to street/water/sewer infrastructure, building renovations, equipment and land development. Approximately \$28.2 million has been spent on these projects at June 30, 2011.

NOTE 13 – 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, 2011, 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, 2011, cannot be ascertained, management believes any resulting liability should not materially affect the financial position at June 30, 2011.

NOTE 14 – IMPLEMENTATION OF NEW GASB PRONOUNCEMENTS

During fiscal year 2011, the following GASB pronouncements were implemented:

- GASB Statement #54, *Fund Balance Reporting and Governmental Fund Type Definitions*, was implemented in fiscal year 2011. Financial statement changes include new fund balance designations and the reclassification of the stabilization fund from the special revenue fund to the general fund. Notes to the basic financial statements were changed to provide additional disclosure on the new designations of fund balance.
- GASB Statement #59, *Financial Instruments Omnibus*, was implemented in fiscal year 2011 and did not impact the financial statements.

Future implementation of GASB pronouncements:

- The GASB issued Statement #60, Accounting and Financial Reporting for Service Concession Arrangements, which is required to be implemented in fiscal year 2013. Management expects that the implementation of this pronouncement will have an impact on the basic financial statements.
- The GASB issued Statement #61, The Financial Reporting Entity: Omnibus, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.
- The GASB issued Statement #62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will not have a significant impact on the basic financial statements.
- The GASB issued Statement #63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, which is required to be implemented in fiscal year 2013. Management's current assessment is that this pronouncement will have a significant impact on the basic financial statements.
- The GASB issued Statement #64, Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53, which is required to be implemented in fiscal year 2012. Management does not believe that this pronouncement will require additional disclosure or impact the basic financial statements.

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, 2011

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
REVENUES:					
Real estate and personal property taxes, net of tax refunds.....	\$ 143,087,963	\$ 143,087,963	\$ 143,224,247	\$ -	136,284
Tax liens.....	-	-	760,070	-	760,070
Motor vehicle and other excise taxes.....	5,809,000	5,809,000	6,295,833	-	486,833
Hotel/motel tax.....	2,200,000	2,200,000	2,665,704	-	465,704
Meals tax.....	900,000	900,000	862,461	-	(37,539)
Penalties and interest on taxes.....	505,000	505,000	477,614	-	(27,386)
Fees and rentals.....	465,800	465,800	634,572	-	168,772
Payments in lieu of taxes.....	33,500	33,500	46,350	-	12,850
Licenses and permits.....	2,271,500	2,271,500	4,082,752	-	1,811,252
Fines and forfeitures.....	865,000	865,000	797,229	-	(67,771)
Intergovernmental.....	17,064,242	17,064,242	17,228,750	-	164,508
Departmental and other.....	727,200	727,200	533,675	-	(193,525)
Special assessments.....	280,000	280,000	150,294	-	(129,706)
Investment income.....	160,000	160,000	112,464	-	(47,536)
TOTAL REVENUES.....	174,369,205	174,369,205	177,872,015	-	3,502,810
EXPENDITURES:					
Current:					
General government					
City Council					
Personnel.....	270,345	273,845	272,675	-	1,170
General.....	62,700	62,700	59,182	-	3,518
Equip/Unusual.....	32,325	32,325	-	32,325	-
Capital Improvement.....	982	982	-	982	-
Total.....	366,352	369,852	331,857	33,307	4,688
Mayor's Office					
Personnel.....	261,769	267,669	256,315	-	11,354
General.....	24,850	24,850	23,719	-	1,131
Equip/Unusual.....	626,556	289,956	121,631	164,108	4,217
Capital Improvement.....	-	10,000	3,800	6,200	-
Total.....	913,175	592,475	405,465	170,308	16,702
Auditors					
Personnel.....	558,222	579,722	560,126	-	19,596
General.....	8,062	8,062	5,527	213	2,322
Equip/Unusual.....	5,748	5,749	-	5,749	-
Capital Improvement.....	804	804	-	804	-
Total.....	572,836	594,337	565,653	6,766	21,918
Treasurer and Collector					
Personnel.....	804,558	836,758	832,332	-	4,426
General.....	268,944	283,944	265,136	9,800	9,008
Equipment/Unusual.....	5,000	5,000	-	5,000	-
Capital Improvement.....	1,000	1,000	-	1,000	-
Total.....	1,079,502	1,126,702	1,097,468	15,800	13,434
Assessors					
Personnel.....	396,161	412,861	354,937	-	57,924
General.....	62,865	62,865	51,916	8,000	2,949
Capital Improvement.....	950	950	340	610	-
Total.....	459,976	476,676	407,193	8,610	60,873

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Purchasing					
Personnel.....	190,598	198,298	193,928	-	4,370
General.....	5,860	5,861	5,831	-	30
Special.....	237,611	237,611	219,376	-	18,235
Total.....	434,069	441,770	419,135	-	22,635
Trust Funds					
Personnel.....	4,000	4,000	3,600	-	400
General.....	17,086	17,086	15,967	1,119	-
Total.....	21,086	21,086	19,567	1,119	400
Law Department					
Personnel.....	703,110	729,310	722,766	-	6,544
General.....	50,603	50,603	46,215	2,813	1,575
Equipment/Unusual.....	116,028	156,622	55,343	101,279	-
Capital Improvement.....	17,298	17,298	4,920	12,378	-
Total.....	887,039	953,833	829,244	116,470	8,119
Building General Support and Maintenance					
Personnel.....	1,397,360	1,404,560	1,364,869	-	39,691
General.....	290,101	325,101	282,958	15,974	26,169
Equipment/Unusual.....	10,000	10,000	-	10,000	-
Capital Improvement.....	32,782	32,782	16,460	16,322	-
Total.....	1,730,243	1,772,443	1,664,287	42,296	65,860
Utilities					
General.....	1,028,025	1,181,024	1,181,021	-	3
Central Telephone Service					
Personnel.....	27,707	27,707	24,387	-	3,320
General.....	186,082	186,082	175,405	8,406	2,271
Equipment/Unusual.....	27,000	27,000	27,000	-	-
Total.....	240,789	240,789	226,792	8,406	5,591
Personnel					
Personnel.....	284,699	294,399	280,535	-	13,864
General.....	5,024	5,023	4,925	-	98
Equipment/Unusual.....	26,125	26,125	15,327	10,798	-
Total.....	315,848	325,547	300,787	10,798	13,962
Work Study					
General.....	8,454	8,454	4,527	-	3,927
City Clerk					
Personnel.....	331,163	338,563	338,563	-	-
General.....	32,700	32,700	29,021	-	3,679
Total.....	363,863	371,263	367,584	-	3,679
Information Technology					
Personnel.....	918,770	933,670	926,290	-	7,380
General.....	269,395	269,395	267,618	-	1,777
Equipment/Unusual.....	16,185	16,185	1,870	14,315	-
Capital Improvement.....	99,055	99,055	37,204	61,851	-
Total.....	1,303,405	1,318,305	1,232,982	76,166	9,157

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Voter Registration					
Personnel.....	208,838	215,038	214,529	-	509
General.....	90,835	90,835	89,000	-	1,835
Total.....	299,673	305,873	303,529	-	2,344
Total General Government.....	10,024,335	10,100,429	9,357,091	490,046	253,292
Public safety					
Police and Animal Control					
Personnel.....	12,866,779	12,888,779	12,851,771	-	37,008
General.....	274,049	324,049	288,006	26,515	9,528
Equipment/Unusual.....	157,319	157,319	130,450	10,893	15,976
Special.....	149,800	149,800	138,586	876	10,338
Total.....	13,447,947	13,519,947	13,408,813	38,284	72,850
Dispatch					
Personnel.....	1,394,640	1,394,640	1,371,507	-	23,133
General.....	18,820	18,820	9,237	-	9,583
Special.....	6,600	6,600	5,247	103	1,250
Total.....	1,420,060	1,420,060	1,385,991	103	33,966
Fire					
Personnel.....	13,353,402	13,365,302	12,488,448	684,700	192,154
General.....	279,052	304,052	239,303	36,406	28,343
Equipment/Unusual.....	68,807	68,807	45,555	14,506	8,746
Special.....	164,650	164,650	133,044	1,222	30,384
Capital Improvement.....	169,702	169,702	169,702	-	-
Total.....	14,035,613	14,072,513	13,076,052	736,834	259,627
Emergency Management					
Personnel.....	65,939	67,639	67,613	-	26
General.....	6,400	6,400	6,400	-	-
Equipment/Unusual.....	13,608	13,608	8,113	5,495	-
Special.....	3,500	3,500	3,500	-	-
Total.....	89,447	91,147	85,626	5,495	26
Wires General Support and Inspection					
Personnel.....	542,739	548,939	517,268	-	31,671
General.....	234,076	234,076	189,334	2,998	41,744
Equipment/Unusual.....	5,000	5,000	4,572	-	428
Total.....	781,815	788,015	711,174	2,998	73,843
Licensing					
Personnel.....	12,600	12,600	12,600	-	-
General.....	3,900	3,900	2,963	-	937
Total.....	16,500	16,500	15,563	-	937
Total Public Safety.....	29,791,382	29,908,182	28,683,219	783,714	441,249
Education					
Personnel.....	51,929,004	51,929,004	46,628,033	3,558,126	1,742,845
General.....	15,617,221	15,279,993	14,827,294	635,442	(182,743)
Professional Development.....	267,620	269,226	318,709	-	(49,483)
Capital Improvement.....	116,345	451,967	253,644	11,000	187,323
Total Education.....	67,930,190	67,930,190	62,027,680	4,204,568	1,697,942

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2011

	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.....	3,706,832	3,905,832	3,891,585	-	14,247
General.....	872,858	941,858	920,156	7,311	14,391
Equipment/Unusual.....	585,596	585,596	184,340	312,307	88,949
Capital Improvement.....	81,658	125,840	-	125,840	-
Total.....	5,246,944	5,559,126	4,996,081	445,458	117,587
Snow and Ice Removal					
General.....	429,000	2,629,000	2,586,090	7,368	35,542
Street Lighting					
General.....	548,779	548,779	470,575	16,382	61,822
Collection and Disposal of Rubbish					
Equipment and unusual.....	5,530,175	5,461,175	4,529,681	452,061	479,433
Cemetery Commission					
Personnel.....	3,000	3,000	2,900	-	100
Total Public Works.....	11,757,898	14,201,080	12,585,327	921,269	694,484
Community Development					
City Planner					
Personnel.....	193,928	206,127	187,229	-	18,898
General.....	850	851	851	-	-
Equipment/Unusual.....	72,905	72,905	629	70,050	2,226
Capital Improvement.....	589,722	589,723	490,354	99,369	-
Total.....	857,405	869,606	679,063	169,419	21,124
Housing					
Personnel.....	186,087	198,087	229,730	-	(31,643)
General.....	1,350	1,350	1,350	-	-
Total.....	187,437	199,437	231,080	-	(31,643)
Board of Survey and Planning					
Personnel.....	17,000	17,000	9,300	-	7,700
General.....	3,900	3,900	2,725	-	1,175
Total.....	20,900	20,900	12,025	-	8,875
Zoning Board of Appeals					
Personnel.....	17,600	17,600	16,600	-	1,000
General.....	20,000	20,000	16,530	592	2,878
Total.....	37,600	37,600	33,130	592	3,878
Traffic Engineering					
Personnel.....	202,366	211,766	205,456	-	6,310
General.....	43,882	43,882	23,085	5,830	14,967
Equipment/Unusual.....	41,300	106,300	99,786	6,514	-
Capital Improvement.....	4,693	4,693	-	4,693	-
Total.....	292,241	366,641	328,327	17,037	21,277
Conservation Commission					
Personnel.....	70,593	72,793	59,480	-	13,313
General.....	2,575	2,575	1,599	-	976
Capital Improvement.....	53,915	53,915	-	53,915	-
Total.....	127,083	129,283	61,079	53,915	14,289

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Historical Commission					
Personnel.....	30,500	30,500	28,800	-	1,700
General.....	4,106	4,106	3,760	281	65
Equipment/Unusual.....	10,372	10,372	5,838	4,534	-
Total.....	44,978	44,978	38,398	4,815	1,765
Paine Estate					
Personnel.....	96,421	99,121	98,973	-	148
General.....	34,780	34,780	27,898	1,967	4,915
Total.....	131,201	133,901	126,871	1,967	5,063
Engineering					
Personnel.....	382,216	388,316	351,058	-	37,258
General.....	7,010	7,010	6,724	-	286
Equipment/Unusual.....	14,738	14,738	-	14,738	-
Capital Improvement.....	5,393	5,393	3,495	1,898	-
Total.....	409,357	415,457	361,277	16,636	37,544
Total Community Development.....	2,108,202	2,217,803	1,871,250	264,381	82,172
Health and Human Services					
Health					
Personnel.....	708,062	720,662	719,213	-	1,449
General.....	45,025	45,025	41,733	137	3,155
Equipment/Unusual.....	600	600	442	-	158
Total.....	753,687	766,287	761,388	137	4,762
Veterans					
Personnel.....	153,036	159,136	158,862	-	274
General.....	210,360	210,360	179,286	-	31,074
Total.....	363,396	369,496	338,148	-	31,348
Council on Aging / Meals on Wheels					
Personnel.....	304,316	316,916	303,230	-	13,686
General.....	163,462	163,462	146,102	12,508	4,852
Total.....	467,778	480,378	449,332	12,508	18,538
Celebration of Holidays					
General.....	21,100	21,100	11,000	10,000	100
Disabilities Services Commission					
Personnel.....	7,000	7,000	7,000	-	-
General.....	200	200	77	-	123
Capital Improvements.....	2,680	2,680	-	2,680	-
Total.....	9,880	9,880	7,077	2,680	123
Total Health and Human Services.....	1,615,841	1,647,141	1,566,945	25,325	54,871
Culture and Recreation					
Library					
Personnel.....	1,810,506	1,820,206	1,788,554	-	31,652
General.....	248,532	303,055	295,006	7,900	149
Equipment/Unusual.....	62,134	62,134	57,604	4,530	-
Total.....	2,121,172	2,185,395	2,141,164	12,430	31,801

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
Recreation					
Personnel.....	423,844	446,720	423,006	-	23,714
General.....	14,299	9,423	8,333	-	1,090
Equipment/Unusual.....	26,000	26,000	25,624	-	376
Capital Improvement.....	90	90	-	90	-
Total.....	464,233	482,233	456,963	90	25,180
Playgrounds					
Personnel.....	48,000	48,000	44,111	-	3,889
General.....	202,100	202,100	177,796	23,365	939
Equipment/Unusual.....	3,500	3,500	2,052	-	1,448
Total.....	253,600	253,600	223,959	23,365	6,276
Summer Fun					
Personnel.....	59,796	59,796	59,796	-	-
General.....	13,755	13,755	9,227	2,352	2,176
Total.....	73,551	73,551	69,023	2,352	2,176
Support of Recreation Activities					
General.....	102,000	102,000	71,403	10,000	20,597
Equipment/Unusual.....	10,000	10,000	8,014	-	1,986
Total.....	112,000	112,000	79,417	10,000	22,583
Total Culture and Recreation	3,024,556	3,106,779	2,970,526	48,237	88,016
Pension Benefits					
Contributory Retirement.....	13,800,000	13,800,000	13,720,447	-	79,553
Non-Contributory Retirement.....	210,000	210,000	186,598	-	23,402
Total.....	14,010,000	14,010,000	13,907,045	-	102,955
Employee Benefits					
Worker's Compensation.....	337,855	517,854	514,684	3,170	-
Optional Medical Extension.....	1,550,000	1,550,000	1,550,000	-	-
Hospital and Medical Insurance.....	35,344,412	35,344,412	35,237,417	106,995	-
Group Life Insurance - City.....	103,872	103,873	69,336	5,091	29,446
Social Security.....	30,000	30,000	30,000	-	-
Unemployment.....	119,154	119,154	79,549	-	39,605
Total.....	37,485,293	37,665,293	37,480,986	115,256	69,051
State and county charges.....	1,547,786	1,547,786	1,596,400	-	(48,614)
Debt service:					
Principal.....	7,133,638	7,128,638	7,128,638	-	-
Interest.....	2,988,265	2,993,265	2,823,164	-	170,101
Total.....	10,121,903	10,121,903	9,951,802	-	170,101
TOTAL EXPENDITURES.....	189,417,386	192,456,586	181,998,271	6,852,796	3,605,519
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(15,048,181)	(18,087,381)	(4,126,256)	(6,852,796)	7,108,329

(continued)

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

FISCAL YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budgetary Amounts	Amounts Carried Forward To Next Year	Variance to Final Budget
	Original Budget	Final Budget			
OTHER FINANCING SOURCES (USES):					
Premium from issuance of bonds.....	-	-	226,581	-	226,581
Transfers in.....	2,936,142	3,016,267	3,132,807	-	116,540
Transfers out.....	(116,154)	(116,154)	(116,154)	-	-
TOTAL OTHER FINANCING SOURCES (USES).....	2,819,988	2,900,113	3,243,234	-	343,121
NET CHANGE IN FUND BALANCE.....	(12,228,193)	(15,187,268)	(883,022)	(6,852,796)	7,451,450
BUDGETARY FUND BALANCE, Beginning of year.....	24,446,917	24,446,917	24,446,917	-	-
BUDGETARY FUND BALANCE, End of year.....	<u>\$ 12,218,724</u>	<u>9,259,649</u>	<u>\$ 23,563,895</u>	<u>\$ (6,852,796)</u>	<u>\$ 7,451,450</u>

(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)
01/01/11	\$ 168,017,364	\$ 301,356,797	\$ 133,339,433	55.8%	\$ 48,493,764	275.0%
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%

Schedule of Employer Contributions

Fiscal Year Ended	System Wide			City of Waltham		
	Annual Required Contributions	Actual Contributions Made	Percentage Contributed	Actual Contributions Made	City Contributions as a Percentage of System Wide Contributions	
2011	\$ 14,106,542	\$ 14,106,542	100%	\$ 13,738,814	97%	
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%	

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
6/30/2011	\$ 35,869,480	\$ 24,735,463	69%
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%

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 June 30, 2011

Actuarial Assumptions:

Investment rate of return.....	4.0%, pay-as-you-go
Healthcare cost trend rate.....	8.5% graded to 5.0% over 8 years
Inflation rate.....	4.50%

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 2011 approved budget authorized approximately \$178.9 million in appropriations and other amounts to be raised. Also approved were carry forwards from fiscal year 2010 totaling \$10.6 million. During fiscal year 2011, the Council also approved supplemental appropriations totaling approximately \$3 million (2% of initial budget). Approximately 83% of the supplemental appropriations are attributable to the cost of snow and ice removal and building utilities.

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, 2011, is presented below:

Net change in fund balance - budgetary basis.....	\$ (883,022)
<u>Perspective difference:</u>	
Activity of the stabilization fund recorded in the general fund for GAAP.....	(19,277)
<u>Basis of accounting differences:</u>	
Net change in revenues in recording 60 day receipts.....	134,234
Net change in revenues in recording tax refunds payable.....	508,000
Net difference in recognition of expenditures.....	(62,667)
Increase in revenues due to on-behalf payments.....	14,977,704
Increase in expenditures due to on-behalf payments.....	<u>(14,977,704)</u>
Net change in fund balance - GAAP basis.....	<u>\$ (322,732)</u>

3. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2011, the City's expenditures exceeded appropriations for housing. This appropriation deficit will be funded by future grant receipts.

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 \$14,978,000 for the fiscal year ended June 30, 2011, 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 97%, 98% and 98%, respectively, of the total. Chapter 32 of the MGL governs the contributions of plan members and the City.

At June 30, 2011, the City did not have a net pension obligation. The required contribution was determined as part of the January 1, 2011, 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 and a five-year smoothing of unrealized gains and losses. 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, 2011, was 20 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 combined pre-funded and pay-as-you-go basis. However, the funded ratio (actuarial value of assets expressed as a percentage of the actuarial accrued liability) is 0% as of 7/1/09 the most actuarial valuation date. 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 multiyear 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.

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

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, 2011

	Special Revenue Funds					
	Other Special Revenue	School Federal Grants	City State Grants	School State Grants	Insurance Recovery	Gifts
ASSETS						
Cash and cash equivalents.....	\$ 2,308,062	\$ -	\$ 214,447	\$ -	\$ 24,643	\$ 925,947
Investments.....	-	-	-	-	-	-
Receivables, net of uncollectibles:						
Departmental and other.....	451	-	-	-	-	-
Intergovernmental.....	-	1,158,453	-	33,943	-	-
TOTAL ASSETS.....	\$ 2,308,513	\$ 1,158,453	\$ 214,447	\$ 33,943	\$ 24,643	\$ 925,947
LIABILITIES AND FUND BALANCES						
LIABILITIES:						
Warrants payable.....	\$ 13,332	\$ 31,234	\$ 31,391	\$ 10,787	\$ 3,647	\$ 5,279
Deferred revenues.....	451	-	-	-	-	-
Due to other funds.....	-	1,020,760	-	13,874	-	-
TOTAL LIABILITIES.....	13,783	1,051,994	31,391	24,661	3,647	5,279
FUND BALANCES:						
Nonspendable.....	-	-	-	-	-	-
Restricted.....	2,294,730	106,459	183,056	9,282	20,996	920,668
Unassigned.....	-	-	-	-	-	-
TOTAL FUND BALANCES.....	2,294,730	106,459	183,056	9,282	20,996	920,668
TOTAL LIABILITIES AND FUND BALANCES..	\$ 2,308,513	\$ 1,158,453	\$ 214,447	\$ 33,943	\$ 24,643	\$ 925,947

Special Revenue Funds					
Sale of Lots/Graves	Revenue Reserve	School Lunch	Parking Meters	UDAG Nova Biomedical	Vocational School Reserve
\$ 1,161,705	\$ 1,347,925	\$ 552,371	\$ 1,429,269	\$ 88,751	\$ 3,281
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,161,705</u>	<u>\$ 1,347,925</u>	<u>\$ 552,371</u>	<u>\$ 1,429,269</u>	<u>\$ 88,751</u>	<u>\$ 3,281</u>
\$ -	\$ 5,179	\$ 26,365	\$ 2,301	\$ -	\$ 7,380
-	-	-	-	-	-
-	-	-	-	-	-
-	5,179	26,365	2,301	-	7,380
-	-	-	-	-	-
1,161,705	1,342,746	526,006	1,426,968	88,751	-
-	-	-	-	-	(4,099)
<u>1,161,705</u>	<u>1,342,746</u>	<u>526,006</u>	<u>1,426,968</u>	<u>88,751</u>	<u>(4,099)</u>
<u>\$ 1,161,705</u>	<u>\$ 1,347,925</u>	<u>\$ 552,371</u>	<u>\$ 1,429,269</u>	<u>\$ 88,751</u>	<u>\$ 3,281</u>

(Continued)

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET**

JUNE 30, 2011

	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.....	\$ 797,712	\$ 1,734,607	\$ -	\$ 10,588,720	\$ 918,414
Investments.....	-	-	-	-	-
Receivables, net of uncollectibles:					
Departmental and other.....	-	-	253,631	254,082	-
Intergovernmental.....	-	-	-	1,192,396	-
TOTAL ASSETS.....	\$ 797,712	\$ 1,734,607	\$ 253,631	\$ 12,035,198	\$ 918,414
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Warrants payable.....	\$ 6,364	\$ -	\$ -	\$ 143,259	\$ 13,115
Deferred revenues.....	-	-	253,631	254,082	-
Due to other funds.....	-	-	311,887	1,346,521	-
TOTAL LIABILITIES.....	6,364	-	565,518	1,743,862	13,115
FUND BALANCES:					
Nonspendable.....	-	-	-	-	-
Restricted.....	791,348	1,734,607	-	10,607,322	905,299
Unassigned.....	-	-	(311,887)	(315,986)	-
TOTAL FUND BALANCES.....	791,348	1,734,607	(311,887)	10,291,336	905,299
TOTAL LIABILITIES AND FUND BALANCES.....	\$ 797,712	\$ 1,734,607	\$ 253,631	\$ 12,035,198	\$ 918,414

Permanent Funds				Total Governmental Funds
Cemetery Trust Funds	Other Permanent Funds	Subtotal		
\$ 223,321	\$ 71,014	\$ 294,335	\$ 11,801,469	
1,392,611	390,643	1,783,254	1,783,254	
-	-	-	254,082	
-	-	-	1,192,396	
<u>\$ 1,615,932</u>	<u>\$ 461,657</u>	<u>\$ 2,077,589</u>	<u>\$ 15,031,201</u>	
\$ -	\$ -	\$ -	\$ 156,374	
-	-	-	254,082	
-	-	-	1,346,521	
-	-	-	1,756,977	
1,585,466	212,157	1,797,623	1,797,623	
30,466	249,500	279,966	11,792,587	
-	-	-	(315,986)	
<u>1,615,932</u>	<u>461,657</u>	<u>2,077,589</u>	<u>13,274,224</u>	
<u>\$ 1,615,932</u>	<u>\$ 461,657</u>	<u>\$ 2,077,589</u>	<u>\$ 15,031,201</u>	

(Concluded)

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

FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue Funds				
	Other Special Revenue	School Federal Grants	City State Grants	School State Grants	Insurance Recovery
REVENUES:					
Charges for services.....	\$ -	\$ -	\$ -	\$ -	\$ -
Fees and rentals.....	-	-	-	-	-
Fines and forfeitures.....	-	-	-	-	-
Intergovernmental.....	61,345	4,846,202	1,659,168	388,848	-
Departmental and other.....	624,687	-	-	-	54,692
Contributions.....	66,111	-	-	-	-
Investment income.....	-	-	24	-	-
TOTAL REVENUES.....	752,143	4,846,202	1,659,192	388,848	54,692
EXPENDITURES:					
Current:					
General government.....	9,320	-	13,283	-	25,499
Public safety.....	-	-	989,081	-	5,638
Education.....	-	4,046,237	-	340,423	-
Public works.....	-	-	-	-	29,487
Community development.....	2,078	-	630,110	-	-
Human services.....	86,676	-	67,738	-	-
Culture and recreation.....	183,462	-	1,432	-	-
TOTAL EXPENDITURES.....	281,536	4,046,237	1,701,644	340,423	60,624
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES.....	470,607	799,965	(42,452)	48,425	(5,932)
OTHER FINANCING SOURCES (USES):					
Transfers in.....	-	-	-	-	-
Transfers out.....	(54,522)	(152,703)	-	(36,140)	-
TOTAL OTHER FINANCING SOURCES (USES).....	(54,522)	(152,703)	-	(36,140)	-
NET CHANGE IN FUND BALANCES.....	416,085	647,262	(42,452)	12,285	(5,932)
FUND BALANCES AT BEGINNING OF YEAR.....	1,878,645	(540,803)	225,508	(3,003)	26,928
FUND BALANCES AT END OF YEAR.....	\$ 2,294,730	\$ 106,459	\$ 183,056	\$ 9,282	\$ 20,996

Special Revenue Funds						
Gifts	Sale of Lots/Graves	Revenue Reserve	School Lunch	Parking Meters	UDAG Nova Biomedical	Vocational School Reserve
\$ -	\$ -	\$ -	\$ -	\$ 496,126	\$ -	\$ -
-	-	545,200	805,700	-	-	50,780
-	-	-	-	103,162	-	-
-	-	1,065,152	986,004	-	-	-
-	81,850	30,072	16,753	-	-	-
522,150	-	51,850	-	-	-	-
119	-	258	116	-	243	-
<u>522,269</u>	<u>81,850</u>	<u>1,692,532</u>	<u>1,808,573</u>	<u>599,288</u>	<u>243</u>	<u>50,780</u>
21,330	-	-	-	-	-	-
63,531	-	-	-	-	-	-
-	-	953,874	1,690,222	-	-	50,110
-	-	-	-	-	-	-
25,563	-	-	-	520,252	30,879	-
27,554	-	-	-	-	-	-
7,997	-	-	-	-	-	-
<u>145,975</u>	<u>-</u>	<u>953,874</u>	<u>1,690,222</u>	<u>520,252</u>	<u>30,879</u>	<u>50,110</u>
<u>376,294</u>	<u>81,850</u>	<u>738,658</u>	<u>118,351</u>	<u>79,036</u>	<u>(30,636)</u>	<u>670</u>
-	-	77,303	-	-	-	-
-	-	-	-	(5,000)	-	-
-	-	77,303	-	(5,000)	-	-
376,294	81,850	815,961	118,351	74,036	(30,636)	670
<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>
\$ <u>920,668</u>	\$ <u>1,161,705</u>	\$ <u>1,342,746</u>	\$ <u>526,006</u>	\$ <u>1,426,968</u>	\$ <u>88,751</u>	\$ <u>(4,099)</u>

(Continued)

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FISCAL YEAR ENDED JUNE 30, 2011

	Special Revenue Funds			Subtotal
	Public Safety Trust Funds	Traffic Impact Fund	Police and Fire Detail	
REVENUES:				
Charges for services.....	\$ -	\$ -	\$ -	496,126
Fees and rentals.....	-	-	-	1,401,680
Fines and forfeitures.....	-	-	-	103,162
Intergovernmental.....	-	-	-	9,006,719
Departmental and other.....	85,327	-	2,419,478	3,312,859
Contributions.....	-	-	-	640,111
Investment income.....	2,451	1,433	-	4,644
TOTAL REVENUES.....	87,778	1,433	2,419,478	14,965,301
EXPENDITURES:				
Current:				
General government.....	-	-	-	69,432
Public safety.....	89,804	-	2,373,220	3,521,274
Education.....	-	-	-	7,080,866
Public works.....	-	-	-	29,487
Community development.....	-	61,916	-	1,270,798
Human services.....	-	-	-	181,968
Culture and recreation.....	-	-	-	192,891
TOTAL EXPENDITURES.....	89,804	61,916	2,373,220	12,346,716
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES.....	(2,026)	(60,483)	46,258	2,618,585
OTHER FINANCING SOURCES (USES):				
Transfers in.....	-	-	-	77,303
Transfers out.....	-	-	-	(248,365)
TOTAL OTHER FINANCING SOURCES (USES).....	-	-	-	(171,062)
NET CHANGE IN FUND BALANCES.....	(2,026)	(60,483)	46,258	2,447,523
FUND BALANCES AT BEGINNING OF YEAR.....	793,374	1,795,090	(358,145)	7,843,813
FUND BALANCES AT END OF YEAR.....	\$ 791,348	\$ 1,734,607	\$ (311,887)	\$ 10,291,336

Capital Projects		Permanent Funds			Total Governmental Funds
School Capital Projects	Cemetery Trust Funds	Other Permanent Funds	Subtotal		
\$ -	\$ -	\$ -	\$ -	\$ -	496,126
-	-	-	-	-	1,401,680
-	-	-	-	-	103,162
-	-	-	-	-	9,006,719
-	-	150	150	-	3,313,009
-	27,250	-	27,250	-	667,361
-	55,615	8,005	63,620	-	68,264
-	82,865	8,155	91,020	-	15,056,321
-	-	2,621	2,621	-	72,053
-	-	-	-	-	3,521,274
261,272	-	-	-	-	7,342,138
-	113,277	-	113,277	-	142,764
-	-	-	-	-	1,270,798
-	-	-	-	-	181,968
-	-	-	-	-	192,891
261,272	113,277	2,621	115,898	-	12,723,886
(261,272)	(30,412)	5,534	(24,878)	-	2,332,435
-	-	-	-	-	77,303
-	-	-	-	-	(248,365)
-	-	-	-	-	(171,062)
(261,272)	(30,412)	5,534	(24,878)	-	2,161,373
1,166,571	1,646,344	456,123	2,102,467	-	11,112,851
\$ 905,299	\$ 1,615,932	\$ 461,657	\$ 2,077,589	\$ -	\$ 13,274,224

(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, 2011

	Private Purpose Trust Funds		
	Scholarship Trust Funds	Housing Trust Funds	Total
ASSETS			
Cash and cash equivalents.....	\$ 388,357	\$ 1,053,321	\$ 1,441,678
Government agencies.....	2,201,879	-	2,201,879
TOTAL ASSETS.....	2,590,236	1,053,321	3,643,557
NET ASSETS			
Held in trust for other purposes.....	\$ 2,590,236	\$ 1,053,321	\$ 3,643,557

PRIVATE PURPOSE TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS

FISCAL YEAR ENDED JUNE 30, 2011

	Private Purpose Trust Funds		
	Scholarship Trust Funds	Housing Trust Funds	Total
ADDITIONS:			
Contributions:			
Private donations.....	\$ 127,170	\$ -	\$ 127,170
Net investment income (loss):			
Interest.....	69,070	5,007	74,077
TOTAL ADDITIONS.....	196,240	5,007	201,247
DEDUCTIONS:			
Educational scholarships.....	134,827	-	134,827
Housing subsidies.....	-	705,141	705,141
TOTAL DEDUCTIONS.....	134,827	705,141	839,968
CHANGE IN NET ASSETS.....	61,413	(700,134)	(638,721)
NET ASSETS AT BEGINNING OF YEAR.....	2,528,823	1,753,455	4,282,278
NET ASSETS AT END OF YEAR.....	\$ 2,590,236	\$ 1,053,321	\$ 3,643,557

Agency Fund

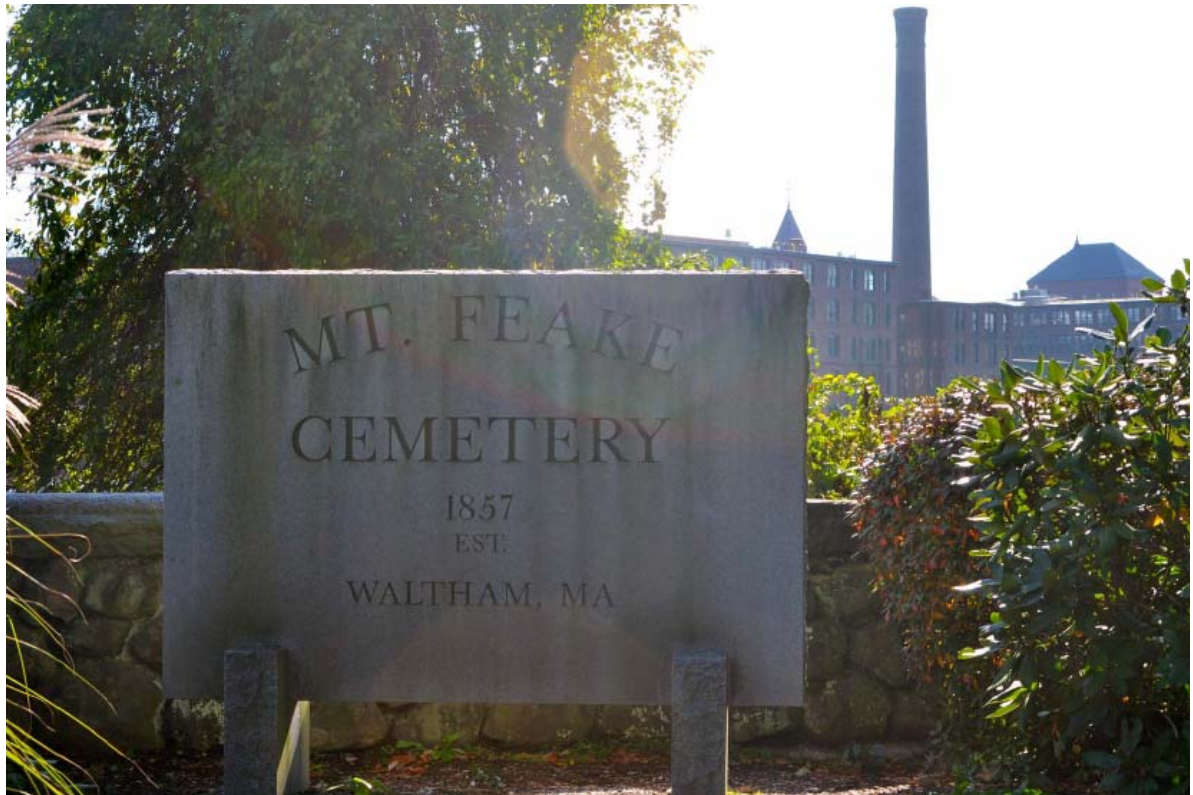
This fund is used primarily to account for confiscated police property and security deposits.

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FISCAL YEAR ENDED JUNE 30, 2011

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
ASSETS				
CURRENT:				
Cash and cash equivalents.....	\$ 776,629	\$ 1,018,311	\$ (954,465)	\$ 840,475
LIABILITIES				
Warrants payable.....	\$ 38,857	\$ 30,859	\$ (38,857)	\$ 30,859
Liabilities due depositors.....	737,772	987,452	(915,608)	809,616
TOTAL LIABILITIES.....	\$ 776,629	\$ 1,018,311	\$ (954,465)	\$ 840,475

Statistical Section



Mt. Feake Cemetery

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 Ten Fiscal Years

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 169,551,297
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	8,848,029
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	10,154,802
Total governmental activities net assets.....	\$ 85,132,977	\$ 126,102,099	\$ 140,614,531	\$ 177,445,442	\$ 207,198,742	\$ 213,236,543	\$ 214,058,762	\$ 198,533,112	\$ 189,367,214	\$ 188,554,128
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	\$ 12,188,286
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	17,253,879
Total business-type activities net assets.....	\$ 21,667,550	\$ 26,301,357	\$ 27,319,285	\$ 27,769,934	\$ 27,797,922	\$ 28,424,194	\$ 32,359,870	\$ 31,399,177	\$ 25,112,612	\$ 29,442,165
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	\$ 181,739,583
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	8,848,029
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	27,408,681
Total primary government net assets.....	\$ 106,800,527	\$ 152,403,456	\$ 167,933,816	\$ 205,215,376	\$ 234,996,664	\$ 241,660,737	\$ 246,418,632	\$ 229,932,289	\$ 214,479,826	\$ 217,996,293

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City of Waltham, Massachusetts
Changes in Net Assets
Last Ten 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>997,638</u>	<u>389,211</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>\$ (110,119,859)</u>	<u>\$ (92,818,316)</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
Meals tax.....	-	-	-	-	-	-
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)	-	277,404	(100,000)	(59,052)
Total governmental activities.....	<u>122,620,122</u>	<u>114,791,870</u>	<u>125,629,929</u>	<u>130,315,843</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.....	<u>92,500</u>	<u>138,416</u>	<u>-</u>	<u>40,938</u>	<u>100,000</u>	<u>59,052</u>
Total business-type activities.....	<u>105,939</u>	<u>178,911</u>	<u>20,290</u>	<u>102,376</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>\$ 130,418,219</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	\$ 37,108,316	\$ 16,019,835	\$ 6,037,801
Business-type activities.....	<u>3,184,041</u>	<u>2,092,685</u>	<u>1,017,928</u>	<u>491,587</u>	<u>27,988</u>	<u>626,272</u>
Total primary government.....	<u>\$ 5,954,191</u>	<u>\$ 24,468,422</u>	<u>\$ 15,530,360</u>	<u>\$ 37,599,903</u>	<u>\$ 16,047,823</u>	<u>\$ 6,664,073</u>

Fiscal Year

	2008	2009	2010	2011
\$	12,828,297	\$ 12,936,686	\$ 12,548,346	\$ 12,409,747
	57,670,691	56,145,799	57,363,358	54,681,748
	109,656,513	113,953,264	112,799,898	119,839,129
	17,408,819	18,303,644	17,436,688	17,944,889
	5,796,409	5,810,281	5,034,910	5,425,862
	2,717,555	2,696,784	2,818,957	2,756,414
	4,705,448	4,230,997	5,028,081	5,258,378
	-	-	-	-
	<u>2,596,363</u>	<u>2,448,936</u>	<u>3,054,071</u>	<u>2,523,695</u>
	<u>213,380,095</u>	<u>216,526,391</u>	<u>216,084,309</u>	<u>220,839,862</u>
	14,657,691	15,512,343	17,385,085	16,776,463
	10,077,596	11,198,348	11,129,805	11,787,043
	419,504	434,579	384,013	414,329
	<u>25,154,791</u>	<u>27,145,270</u>	<u>28,898,903</u>	<u>28,977,835</u>
\$	<u>238,534,886</u>	<u>243,671,661</u>	<u>244,983,212</u>	<u>249,817,697</u>
\$	5,228,939	\$ 5,163,594	\$ 1,969,326	\$ 3,934,076
	2,552,702	2,857,635	3,443,664	3,493,485
	2,961,479	3,700,154	3,908,483	4,567,355
	975,061	415,032	666,730	714,008
	1,674,251	1,723,028	1,721,146	1,678,380
	31,048,318	33,649,763	33,503,809	37,611,357
	<u>24,884,028</u>	<u>1,915,581</u>	<u>2,246,744</u>	<u>2,213,768</u>
	<u>69,324,778</u>	<u>49,424,787</u>	<u>47,459,902</u>	<u>54,212,429</u>
	-	-	-	-
	16,311,578	14,557,425	14,029,718	18,222,159
	12,353,427	10,869,955	10,089,418	13,175,501
	351,698	355,196	379,428	381,936
	-	247,500	-	1,370,700
	<u>29,016,703</u>	<u>26,030,076</u>	<u>24,498,564</u>	<u>33,150,296</u>
\$	<u>98,341,481</u>	<u>75,454,863</u>	<u>71,958,466</u>	<u>87,362,725</u>
\$	(138,596,449)	\$ (162,808,858)	\$ (168,624,407)	\$ (166,627,433)
	<u>3,861,912</u>	<u>(1,115,194)</u>	<u>(4,400,339)</u>	<u>4,172,461</u>
\$	<u>(134,734,537)</u>	<u>(163,924,052)</u>	<u>(173,024,746)</u>	<u>(162,454,972)</u>
\$	117,203,576	\$ 126,943,021	\$ 136,608,856	\$ 143,611,657
	358,871	1,282,908	446,529	1,075,894
	6,585,465	6,039,430	6,013,280	6,233,152
	2,177,556	1,916,727	1,974,863	2,665,704
	2,215,987	2,088,829	2,217,436	2,319,559
	-	-	-	862,461
	449,873	440,482	510,939	481,134
	9,600	45,834	33,586	46,350
	13,611,256	11,841,812	9,319,430	8,357,186
	2,265,352	976,911	388,780	277,404
	-	-	-	-
	-	-	1,944,810	(116,154)
	<u>144,877,536</u>	<u>151,575,954</u>	<u>159,458,509</u>	<u>165,814,347</u>
	73,764	154,501	58,584	40,938
	-	-	(1,944,810)	116,154
	<u>73,764</u>	<u>154,501</u>	<u>(1,886,226)</u>	<u>157,092</u>
\$	<u>144,951,300</u>	<u>151,730,455</u>	<u>157,572,283</u>	<u>165,971,439</u>
\$	6,281,087	\$ (11,232,904)	\$ (9,165,898)	\$ (813,086)
	<u>3,935,676</u>	<u>(960,693)</u>	<u>(6,286,565)</u>	<u>4,329,553</u>
\$	<u>10,216,763</u>	<u>(12,193,597)</u>	<u>(15,452,463)</u>	<u>3,516,467</u>

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Reserved.....	\$ 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.....	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	-
Assigned.....	-	-	-	-	-	-	-	-	-	6,852,796
Unassigned.....	-	-	-	-	-	-	-	-	-	18,459,773
Total general fund.....	\$ 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	\$ 25,312,569
All Other Governmental Funds										
Reserved.....	\$ 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.....	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.....	(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	-
Nonspendable.....	-	-	-	-	-	-	-	-	-	1,797,623
Restricted.....	-	-	-	-	-	-	-	-	-	28,267,619
Unassigned.....	-	-	-	-	-	-	-	-	-	(8,951,524)
Total all other governmental funds.....	\$ (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	\$ 21,113,718

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

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

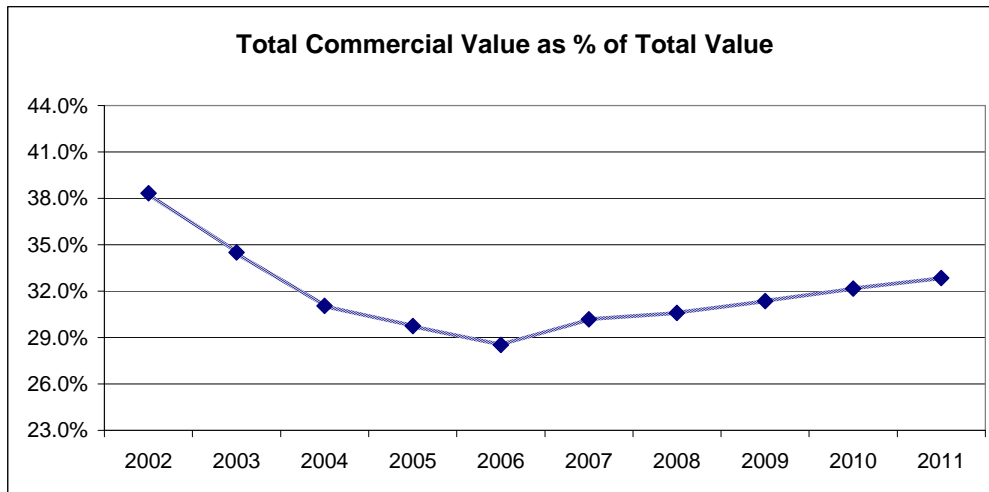
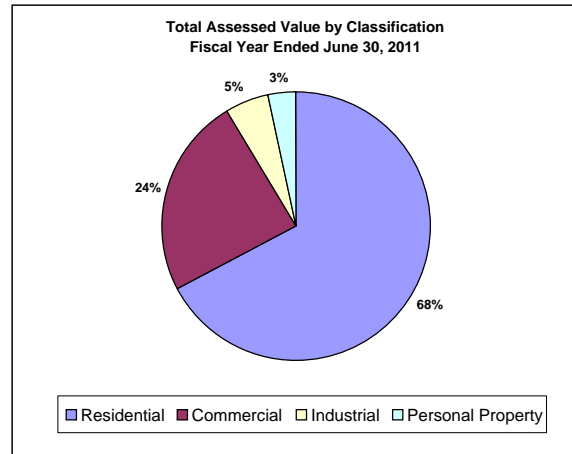
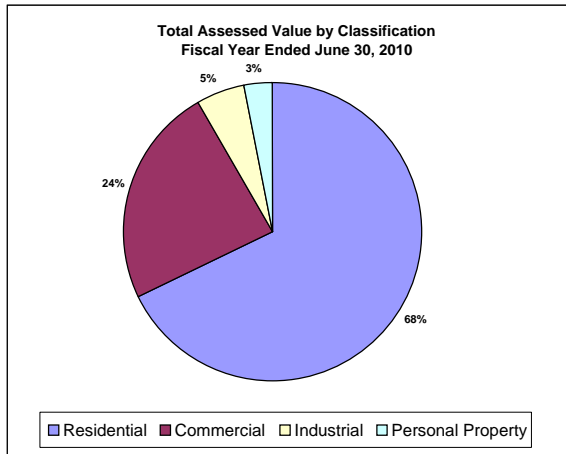
	Fiscal Year										
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	
Revenues:											
Real estate and personal property taxes,											
net of tax refunds.....	\$ 95,023,169	\$ 100,332,563	\$ 106,199,284	\$ 108,293,615	\$ 111,573,036	\$ 114,743,267	\$ 116,937,707	\$ 126,844,968	\$ 136,176,138	\$ 143,866,481	
Tax liens.....	598,125	316,588	577,972	568,874	388,786	271,339	249,893	509,178	685,462	760,070	
Motor vehicle and other excise taxes.....	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	6,295,833	
Community preservation tax.....	-	-	-	-	1,797,283	2,126,162	2,215,987	2,088,829	2,217,436	2,319,559	
Hotel/motel tax.....	-	-	1,494,529	1,577,119	1,791,211	1,983,506	2,177,556	1,916,727	1,974,863	2,665,704	
Meals tax.....	-	-	-	-	-	-	-	-	-	862,461	
Charges for services.....	4,527,541	4,481,348	406,699	362,048	350,460	342,937	436,355	469,206	498,741	496,126	
Penalties and interest on taxes.....	767,868	586,956	511,752	457,007	404,635	449,572	449,873	440,482	510,939	481,134	
Fees and rentals.....	-	-	370,277	428,481	405,660	501,438	536,719	450,611	2,032,365	2,036,252	
Payment in lieu of taxes.....	255,976	82,257	43,113	45,000	95,301	33,200	9,600	45,834	33,586	46,350	
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	4,082,752	
Fines and forfeitures.....	562,872	528,875	522,345	522,629	482,128	544,149	585,032	640,202	1,045,306	900,391	
Intergovernmental.....	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	43,814,540	
Departmental and other.....	1,500,020	2,648,918	3,712,530	4,156,154	6,080,410	4,606,553	5,383,033	5,213,436	3,437,837	3,907,158	
Special assessments.....	-	-	151,837	191,038	121,514	118,998	106,883	98,438	282,434	150,294	
Contributions.....	868,234	179,929	759,407	333,040	539,784	155,691	260,074	281,259	314,517	667,361	
Investment income.....	1,946,079	1,170,914	871,766	1,501,818	2,497,639	2,921,715	1,979,159	889,116	350,319	244,587	
Total Revenue.....	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	213,597,053	
Expenditures:											
General government.....	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	9,313,888	
Public safety.....	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	32,204,493	
Education.....	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	84,122,351	
Public works.....	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	11,906,464	
Community development.....	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	5,085,616	
Health and human services.....	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	1,747,913	
Culture and recreation.....	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	3,163,417	
Pension benefits.....	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	13,152,472	
Employee benefits.....	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	37,191,542	
Claims and judgments.....	2,693	63,977	-	-	-	-	-	-	-	-	
State and county charges.....	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	1,560,299	
Capital outlay.....	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	5,876,504	
Debt service.....											
Principal.....	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	7,128,638	
Interest.....	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	2,885,831	
Total Expenditures.....	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	215,339,428	
Excess of revenues over (under) expenditures.....	<u>(23,946,882)</u>	<u>(33,216,230)</u>	<u>(36,621,698)</u>	<u>(23,473,502)</u>	<u>13,538,165</u>	<u>22,097,575</u>	<u>(22,605,996)</u>	<u>(15,426,475)</u>	<u>(6,222,468)</u>	<u>(1,742,375)</u>	
Other Financing Sources (Uses)											
Issuance of bonds and notes.....	-	17,140,000	25,635,000	19,885,000	10,355,000	18,470,000	29,633,658	5,040,000	-	-	
Premium from issuance of bonds and notes.....	-	1,360,141	980,374	403,197	95,134	619,952	37,364	526,073	35,619	226,581	
Sale of capital assets.....	308,000	28,750	-	-	-	-	-	-	-	-	
Transfers in.....	6,406,687	4,727,086	4,145,419	2,604,231	1,813,554	1,700,597	1,903,390	2,864,687	5,317,960	248,365	
Transfers out.....	(6,499,187)	(4,865,502)	(4,145,419)	(2,604,231)	(1,913,554)	(1,759,649)	(1,903,390)	(2,864,687)	(3,373,150)	(364,519)	
Total other financing sources (uses).....	215,500	18,390,475	26,615,374	20,288,197	10,350,134	19,030,900	29,671,022	5,566,073	1,980,429	110,427	
Net change in fund balance.....	\$ (23,731,382)	\$ (14,825,755)	\$ (10,006,324)	\$ (3,185,305)	\$ 23,888,299	\$ 41,128,475	\$ 7,065,026	\$ (9,860,402)	\$ (4,242,039)	\$ (1,631,948)	
Debt service as a percentage of noncapital expenditures.....	2.07%	1.88%	3.86%	4.61%	4.47% (a)	4.76%	4.22%	4.11%	5.43%	4.85%	

Notes:

- In fiscal year 2004, the on-behalf payments by the Commonwealth for teachers pension benefits were reported for the first time.
(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
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
2011	\$5,635,369,835	\$13.09	\$2,045,047,523	\$440,775,576	\$271,782,840	\$ 2,757,605,939	\$30.43	\$18.79	\$8,392,975,774



(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 Eight Years Ago**

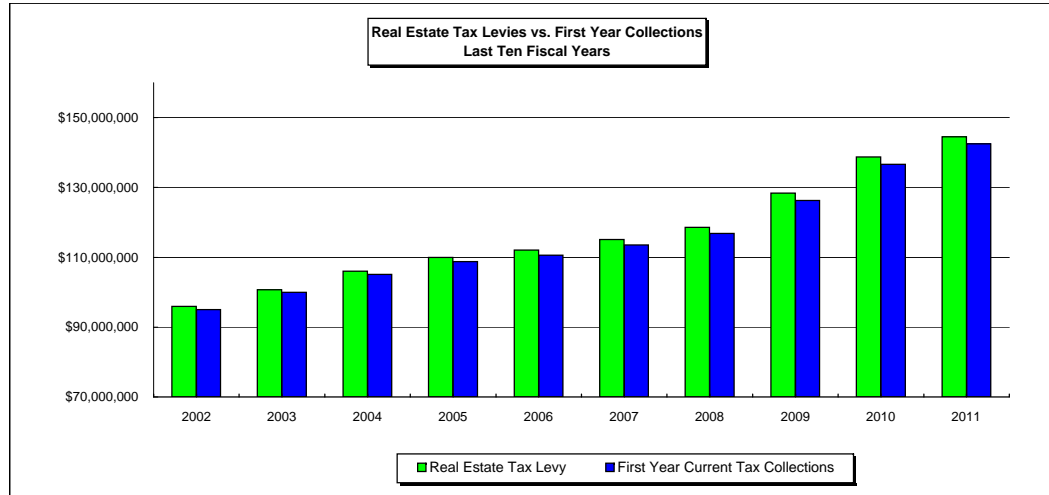
Name	Nature of Business	2011			2003		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
BCCC Property LLC	Office Building	\$150,512,710	1	1.76%	-	-	-
Astra	Office Building	\$95,614,400	2	1.12%	-	-	-
NSTAR	Utility	\$74,946,750	3	0.88%	-	-	-
BP Reservoir Place, LLC	Office Building	\$74,584,300	4	0.87%	\$127,479,800	2	2.14%
Windsor Village	Apartments	\$62,629,440	5	0.73%	\$74,857,800	3	1.25%
MMS Lot & MMS Winter St LLC	Office Building	\$59,111,040	6	0.69%	\$59,596,200	8	1.00%
404 Wyman St.	Office Building	\$58,221,340	7	0.68%	\$71,257,900	5	1.19%
PD Winter Street Trust	Office Building	\$56,407,300	8	0.66%	-	-	-
Longview Place, LLC. Hope Ave.	Apartments	\$54,495,300	9	0.64%	-	-	-
Gardencrest Apartments	Apartments	\$54,180,000	10	0.60%	\$72,621,100	4	1.63%
Brandeis University	Office Building	-	-	-	\$57,709,300	10	0.97%
SRI Two Rtly Tr. Bay Colony	Office Building	-	-	-	\$174,881,800	1	2.93%
ASN - Mass Holdings	Manufacturing Facility	-	-	-	\$70,401,400	6	1.18%
Prospect Hill Acquisition Tr.	Office Building	-	-	-	\$67,990,700	7	1.14%
Cronin's Landing	Mixed Use	-	-	-	\$58,348,200	9	0.98%
Totals		\$740,702,580		8.64%	\$835,144,200		14.40%

Source: Assessor's Department, City of Waltham

The City did not have the 2002 taxpayer information available, so the 2003 data has been presented.

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
2002	\$ 97,132,870	\$ 1,192,539	\$ 95,940,331	98.77%	\$ 95,010,950	99.03%	\$ 319,187	\$ 95,330,137	99.36%	\$ 610,194	0.64%
2003	\$ 101,680,103	\$ 946,821	\$ 100,733,282	99.07%	\$ 99,955,013	99.23%	\$ 109,208	\$ 100,064,221	99.34%	\$ 669,061	0.66%
2004 (1)	\$ 106,597,742	\$ 579,050	\$ 106,018,692	99.46%	\$ 105,093,822	99.13%	\$ 120,830	\$ 105,214,652	99.24%	\$ 804,040	0.76%
2005	\$ 110,522,720	\$ 526,233	\$ 109,996,487	99.52%	\$ 108,786,615	98.90%	\$ 803,002	\$ 109,589,617	99.63%	\$ 406,870	0.37%
2006	\$ 112,831,612	\$ 729,197	\$ 112,102,415	99.35%	\$ 110,628,939	98.69%	\$ 339,620	\$ 110,968,559	98.99%	\$ 1,133,856	1.01%
2007 (1)	\$ 115,760,050	\$ 650,404	\$ 115,109,646	99.44%	\$ 113,547,290	98.64%	\$ 1,193,164	\$ 114,740,454	99.68%	\$ 369,192	0.32%
2008	\$ 119,538,305	\$ 918,871	\$ 118,619,434	99.23%	\$ 116,826,578	98.49%	\$ 895,509	\$ 117,722,087	99.24%	\$ 897,347	0.76%
2009	\$ 129,065,767	\$ 674,763	\$ 128,391,004	99.48%	\$ 126,252,280	98.33%	\$ 1,405,679	\$ 127,657,959	99.43%	\$ 733,045	0.57%
2010 (1)	\$ 139,964,888	\$ 1,264,748	\$ 138,700,140	99.10%	\$ 136,591,479	98.48%	\$ 913,858	\$ 137,505,337	99.14%	\$ 1,194,803	0.86%
2011	\$ 145,976,141	\$ 1,467,306	\$ 144,508,835	98.99%	\$ 142,459,955	98.58%	\$ -	\$ 142,459,955	98.58%	\$ 2,048,880	1.42%



(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
2002	59,255	\$1,406,121,150	\$7,455,289,200	\$6,915,000	\$0	\$117	0.49%	0.09%
2003	59,073	\$1,406,114,619	\$7,455,289,200	\$22,325,000	\$0	\$378	1.59%	0.30%
2004	58,894	\$1,431,124,200	\$8,289,720,700	\$44,095,000	\$0	\$749	3.08%	0.53%
2005	59,232	\$1,523,387,808	\$8,289,720,700	\$59,860,000	\$0	\$1,011	3.93%	0.72%
2006	59,556	\$1,641,780,252	\$9,255,808,700	\$45,160,000	\$0	\$758	2.75%	0.49%
2007	59,352	\$1,760,795,784	\$9,264,421,800	\$58,110,000	\$0	\$979	3.30%	0.63%
2008	60,325	\$1,819,402,000	\$9,934,066,400	\$82,473,658	\$0	\$1,367	4.53%	0.83%
2009	60,236	\$1,819,428,380	\$9,934,066,400	\$82,398,658	\$0	\$1,368	4.53%	0.83%
2010	60,605	\$1,819,422,705	\$9,205,804,000	\$74,842,120	\$0	\$1,235	4.11%	0.81%
2011	60,605	\$1,819,422,705	\$9,212,986,100	\$67,713,482	\$0	\$1,117	3.72%	0.73%

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
2002	\$6,426,304	\$0	\$13,341,304	\$225	0.95%	0.18%
2003	\$5,688,547	\$0	\$28,013,547	\$474	1.99%	0.38%
2004	\$6,166,873	\$0	\$50,261,873	\$853	3.51%	0.61%
2005	\$5,474,582	\$0	\$65,334,582	\$1,103	4.29%	0.79%
2006	\$4,322,291	\$0	\$49,482,291	\$831	3.01%	0.53%
2007	\$10,717,569	\$0	\$68,827,569	\$1,160	3.91%	0.74%
2008	\$11,719,771	\$0	\$94,193,429	\$1,561	5.18%	0.95%
2009	\$13,540,855	\$0	\$95,939,513	\$1,593	5.27%	0.97%
2010	\$12,517,344	\$0	\$87,359,464	\$1,441	4.80%	0.95%
2011	\$14,516,230	\$0	\$82,229,712	\$1,357	4.52%	0.89%

(1) Sewer and Water Funds

Source: Audited Financial Statements, U. S. Census, Division of Local Services
Population estimates obtained from the Division of Local Services

City of Waltham, Massachusetts
Direct and Overlapping Governmental Activities Debt

As of June 30, 2011

<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.....	\$ 2,034,145,000	3.855%	\$ 78,416,290	\$ 7,698,671
MWRA Sewer.....	4,004,845,000	2.886%	115,579,827	12,347,461
MBTA.....	5,665,346,351	0.800%	<u>45,322,771</u>	<u>1,217,406</u>
Subtotal.....			239,318,887	<u>\$ 21,263,538</u>
City direct debt.....			<u>67,713,482</u>	
Total direct and overlapping debt.....			<u>\$ 307,032,369</u>	

Source: Official Statement for Sale of Bonds

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Equalized Valuation.....	\$ 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	\$ 9,212,986,100
Debt Limit -5% of Equalized Valuation..	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	460,649,305
Less:										
Outstanding debt applicable to limit...	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	77,849,194
Authorized and unissued debt.....	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	30,413,485
Legal debt margin.....	<u>\$ 193,065,804</u>	<u>\$ 181,416,650</u>	<u>\$ 224,990,617</u>	<u>\$ 231,897,051</u>	<u>\$ 330,475,290</u>	<u>\$ 325,684,970</u>	<u>\$ 383,369,803</u>	<u>\$ 388,325,834</u>	<u>\$ 347,215,183</u>	<u>\$ 352,386,626</u>
Total debt applicable to the limit as a percentage of debt limit.....	48.21%	51.33%	45.72%	44.05%	28.59%	29.69%	22.82%	21.82%	24.57%	23.50%

Source: City Auditor's Office, City of Waltham

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

Employer	Nature of Business	2011			2003		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brandeis University	Higher Education	1,512	1	4.51%	1,512	2	4.30%
Bentley University	Higher Education	800	2	2.39%	1,037	4	2.95%
Bank of America	Financial Services	660	3	1.97%	-	-	-
Keyspan	Utility	650	4	1.94%	-	-	-
AM-FM Cleaning Corporation	Janitorial Contracting	600	5	1.79%	600	10	1.71%
Nova Biomedical Corporation	BioTech Research	600	6	1.79%	600	8	1.71%
Raytheon Corporation	Electronics	587	7	1.75%	-	-	-
Verizon	Communications	520	8	1.55%	-	-	-
Parexel International Corporation	R&D Consultant	500	9	1.49%	-	-	-
Automatic Data Processing	Payroll Services	420	10	1.25%	-	-	-
FleetBoston	Financial Services	-	-	-	1,700	1	4.83%
Tufts Health Plan	Health Care	-	-	-	1,500	3	4.26%
Deaconess Waltham Hospital	Health Care	-	-	-	994	5	2.83%
IBM Corporation	Computers	-	-	-	800	6	2.27%
Terra Lycos	Software Development	-	-	-	600	7	1.71%
Parametric Technology Corporation	Computer Systems	-	-	-	600	9	1.71%
		<u>6,849</u>		<u>20.45%</u>	<u>9,943</u>		<u>28.26%</u>

Source: Massachusetts Department of Employment and Training

The City did not have the 2002 taxpayer information available, so the 2003 data has been presented.

**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
2002	59,255	1,406,121,150	\$23,730	34.2	4,975	4.9%
2003	59,073	1,406,114,619	\$23,803	34.2	5,068	4.9%
2004	58,894	1,431,124,200	\$24,300	34.2	4,825	3.2%
2005	59,232	1,523,387,808	\$25,719	34.2	4,669	4.0%
2006	59,556	1,641,780,252	\$27,567	34.2	4,718	4.0%
2007	59,352	1,760,795,784	\$29,667	34.2	4,836	3.6%
2008	60,325	1,819,402,000	\$30,160	34.2	4,725	4.2%
2009	60,236	1,819,428,380	\$30,205	34.2	4,751	6.8%
2010	60,605	1,819,422,705	\$30,021	34.2	4,763	6.7%
2011	60,605	1,819,422,705	\$30,021	34.2	4,796	5.7%

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

Median age is based on most recent census data

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>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>	<u>2011</u>
Function:										
General government.....	127	123	123	122	110	107	107	106	102	96
Public safety.....	380	384	367	377	374	369	370	359	358	355
Education.....	903	880	871	872	869	913	906	918	911	927
Consolidated public works.....	67	64	58	58	72	71	71	67	63	60
Community development.....	15	27	25	26	31	28	30	27	26	25
Health and human services.....	17	17	18	20	20	20	20	19	18	18
Culture and recreation.....	32	32	29	29	23	25	26	25	24	25
Water/sewer.....	<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>	<u>27</u>
 Total	<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>	<u>1,533</u>

Source: City records.

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

Function/Program	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Cash flow (millions).....	375	400	440	460	480	500	520	540	550	580
Accounts payable invoices processed.....	31,109	31,778	36,640	37,000	37,000	37,000	36,000	36,000	36,000	36,000
Payroll checks processed.....	61,892	63,223	72,885	73,000	73,000	73,000	72,000	72,000	72,000	72,000
Police										
Arrests.....	1,334	1,175	1,058	1,074	1,193	1,137	1,194	1,006	1,181	1,097
Traffic citations.....	14,439	10,803	12,297	15,406	16,496	14,569	13,914	11,140	10,363	11,260
Parking violations.....	6,671	4,531	4,652	5,311	5,170	5,181	4,939	5,150	5,247	4,546
Service calls.....	44,394	40,837	42,079	38,563	35,119	34,494	34,694	35,000	35,000	35,000
Major investigations.....	709	1,092	1,470	1,542	1,607	1,721	1,826	1,880	1,587	1,607
Fire										
Inspections - schools/nursing homes/hospitals.....	240	240	223	220	200	100	100	100	100	100
Inspections - commercial/industrial.....	714	749	254	270	260	525	520	550	550	550
Emergency responses - box alarms.....	1,033	1,090	1,125	1,082	1,150	1,200	1,200	1,200	1,360	1,800
Emergency responses - still alarms.....	3,905	3,500	5,723	5,588	5,800	5,650	5,500	6,000	5,990	6,500
Emergency responses - false alarms.....	123	195	203	200	150	160	170	190	150	200
Water										
Consumption in gallons (billions/year).....	3.2	2.9	2.9	2.7	3	3	3	3	2.8	2.8
Leak detection (miles).....	n/a	160	155	155	160	151	165	165	165	165
Service repairs.....	n/a	165	158	208	183	225	150	155	91	100
Sewer										
Service repairs.....	n/a	n/a	23	25	30	45	43	40	26	30
Stoppages - mains.....	n/a	n/a	118	98	18	150	125	100	79	72
Stoppages - services.....	n/a	n/a	232	290	41	275	249	300	238	175
Health and Human Services										
Permits - public health.....	924	925	822	797	771	760	746	885	833	850
Senior citizen programs.....	10	10	15	26	26	26	26	26	26	26
Senior citizen programs - participants.....	2,400	2,000	2,350	2,400	2,400	2,500	2,351	2,200	2,613	2,615
Recreation activities.....	163	159	165	166	170	230	195	200	220	230
Recreation activities - participants.....	22,700	16,406	17,085	17,080	17,125	15,050	13,000	14,000	13,982	14,225
Veterans cases.....	550	550	570	640	750	850	950	1,050	1,050	1,050
Cemetery burials.....	246	251	208	230	230	215	168	100	200	200
Libraries										
Items circulated.....	553,950	591,727	642,884	641,497	645,000	640,000	578,192	575,000	527,956	507,500
Registered borrowers.....	30,000	28,640	29,963	31,744	32,500	32,500	30,268	32,000	28,991	28,900

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government										
Number of Buildings.....	58	59	60	59	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	7	7	7	7	6	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	159	159	159	159
Fire hydrants.....	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176	1,176
Sanitary sewers (miles).....	160	160	160	160	160	160	160	160	160	160
Storm sewers (miles).....	121	121	121	121	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	7	7	7	7	7	7	7
Fields (soccer/multi-purpose).....	4	4	4	8	8	8	8	8	8	8
Wading pools/spray parks.....	3	4	4	5	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